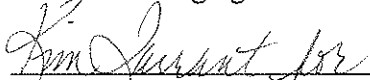


## PUBLIC NOTICE

### DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, February 14, 2012, 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

February 14, 2012  
1:30 p.m.

Abilene Life Sciences Accelerator  
1325 Pine St.

1. Call the meeting to order.
2. Approval of minutes from the January 31, 2012, board meeting.
3. Sales tax revenue report for February 2012 and Status of Funds report for December 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 Fehr Foods, Inc.
6. Discussion and possible approval of a resolution authorizing amended assistance for Broadwind Towers (f/k/a Tower Tech Systems, Inc. dba Texas TTSI).

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 \_\_\_\_\_, 2012, 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**  
**JANUARY 31, 2012**

**MEMBERS PRESENT:** Paul Cannon Dani Ramsay  
Mike Schweikhard Marelyn Shedd  
Scott Senter

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

**GUESTS PRESENT:** Bill Ehrie, Abilene Industrial Foundation

**1. CALL TO ORDER.** Paul Cannon called the meeting to order at 1:34 p.m. in the conference room of the Abilene Life Sciences Accelerator, 1325 Pine Street, Abilene, Texas.

**2. APPROVAL OF MINUTES FROM THE JANUARY 10, 2012 BOARD MEETING.** Mike Schweikhard moved to approve the minutes from the January 10, 2012 board meeting. The motion was seconded by Dani Ramsay and passed by unanimous consent.

**3. SALES TAX REPORT FOR JANUARY 2012.** Mike Rains noted that the sales tax rebate for economic development of \$941,066 for January represents November sales. This is 35.77% above November 2010 sales. Cumulative sales tax is up 26.81% above last year for the period October through January. Abilene ranked second in the state to Grand Prairie for sales tax increase. Mr. Rains stated retail sales and energy (utilities) attributed significantly to this increase.

**4. OFFICER ELECTIONS: PRESIDENT, VICE PRESIDENT, SECRETARY/TREASURER.** This item was tabled at the January 10, 2012 meeting. A motion was made by Scott Senter to un-table this item for discussion and voting. Dani Ramsay seconded and the motion carried.

The current officers are: President – Paul Cannon, Vice President – Mike Schweikhard, and Secretary/Treasurer – Marelyn Shedd. Scott Senter moved to re-elect the same slate of officers for calendar year 2012. The motion was seconded by Dani Ramsay and passed by unanimous consent.

**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 January 31, 2012, and the time is 1:40 p.m. Mr. Cannon later announced the date is still January 31, 2012, and the time is 2:25 p.m. No vote or action was taken in Executive Session.

**6. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A CONTRACT AND FUNDS TO REBUILD THE PARKING LOT OF THE DCOA-OWNED BUILDING AT 4109 VINE ST.** Staff requests the DCOA approve a contract with J.H. Strain & Sons and funding of up to \$160,580, which includes an 8.5% contingency of \$12,580, to rebuild the parking lot at 4109 Vine St. Also requested is additional funding of \$75,000 for the FY12 Property Maintenance budget for all DCOA-owned properties in order to handle the additional expense load of the Vine St. property.

Scott Senter moved to approve Resolution No. DCOA-2012.10 as presented. Dani Ramsay seconded and the motion carried.

- 7. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING FUNDING TO EXTEND THE FAST TRACK WELDING TRAINING PROGRAM.** There was no discussion on this item.

A motion was made by Mike Schweikhard to approve Resolution No. DCOA-2012.09 authorizing funding up to \$417,438.00 to extend the Fast Track Welding training program six more sections (sections 10 through 15). Each 6-week section will allow for 14 trainees (total of 84) that will receive 192 hours of intensive welding training, preparing them for AWS Procedure Tests in the following: 1G, 2G, 3G and 6G positions. Each will also receive a 10-hour OSHA Safety Training and Certification and the Weld Expert Computerized Assessment. The motion was seconded by Dani Ramsay, and the motion carried.

- 8. ADJOURNMENT.** The next meeting is February 14, 2012. There being no further business, the meeting was adjourned.

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Paul Cannon, President

**MEMORANDUM**

February 8, 2012

**TO:** Larry D. Gilley, City Manager  
**FROM:** Mindy Patterson, Director of Finance  
**SUBJECT:** February Sales Tax

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The sales tax rebate for February is \$4,703,517.25 which represents December sales. This is 20.12% above last year. The breakdown of the February rebate is \$3,527,637.94 to the General Fund and \$1,175,879.31 for economic development. Of this rebate, \$76,637 is from prior periods, audit payments, future payments, and unidentified payments. Based on this rebate, sales tax is 25.07% above last year for the period of October through February. I have requested the detail from the state.

Should you have any questions, please contact me.

MP:ls

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

**CITY OF ABILENE  
SALES TAX COMPARISON**

<b>Accounting Period Month</b>	<b>GENERAL FUND Actual 2010-11</b>	<b>ECONOMIC DEVELOPMENT Actual 2010-11</b>	<b>TOTAL 2010-11</b>	<b>GENERAL FUND Actual 2011-12</b>	<b>ECONOMIC DEVELOPMENT Actual 2011-12</b>	<b>TOTAL 2011-12</b>
October	\$1,985,576.13	\$661,858.71	\$2,647,434.84	\$2,671,157.84	\$890,385.94	\$3,561,543.78
November	2,324,513.46	774,837.82	3,099,351.28	2,894,423.44	964,807.81	3,859,231.25
December	1,941,356.20	647,118.73	2,588,474.93	2,175,827.99	725,276.00	2,901,103.99
January	2,079,342.18	693,114.06	2,772,456.24	2,823,199.08	941,066.36	3,764,265.44
February	2,936,669.76	978,889.92	3,915,559.68	3,527,637.94	1,175,879.31	4,703,517.25
<b>YTD</b>	<b>\$11,267,457.73</b>	<b>\$3,755,819.24</b>	<b>\$15,023,276.97</b>	<b>\$14,092,246.29</b>	<b>\$4,697,415.42</b>	<b>\$18,789,661.71</b>
March	1,938,924.19	646,308.06	2,585,232.25			
April	1,923,931.42	641,310.47	2,565,241.89			
May	2,845,240.04	948,413.35	3,793,653.39			
June	2,224,901.30	741,633.77	2,966,535.07			
July	2,249,301.71	749,767.23	2,999,068.94			
August	3,040,179.23	1,013,393.08	4,053,572.31			
September	2,397,520.25	799,173.41	3,196,693.66			
<b>FY TOTAL</b>	<b>\$27,887,455.87</b>	<b>\$9,295,818.61</b>	<b>\$37,183,274.48</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 revenue based upon the month the sales tax is paid by the vendor in accordance with GASB 33 requirements.

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

<b>Accounting Period Month</b>	<b>Actual 2010-11</b>	<b>Actual 2011-12</b>	<b>% Change</b>
October	\$661,859	\$890,386	34.53%
November	774,838	964,808	24.52%
December	647,119	725,276	12.08%
January	693,114	941,066	35.77%
February	978,890	1,175,879	20.12%
<b>YTD</b>	<u>\$3,755,819</u>	<b>\$4,697,415</b>	<b>25.07%</b>
March	646,308		
April	641,310		
May	948,413		
June	741,634		
July	749,767		
August	1,013,393		
September	799,173		
<b>FY TOTAL</b>	<u><u>\$9,295,819</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 revenue based upon the month the sales tax is paid by the vendor in accordance with GASB 33 requirements.

Revenue for February '12 represents December '11 sales. Approximately \$19,159 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**  
*Five 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>	<b>Actual 2011-12</b>
October	\$676,406	\$703,442	\$671,904	\$661,859	\$890,386
November	764,578	893,442	758,231	774,838	964,808
December	644,727	707,339	602,230	647,119	725,276
January	626,702	660,623	594,761	693,114	941,066
February	977,610	955,889	898,241	978,890	1,175,879
Year-to-Date Total	<u>\$3,690,023</u>	<u>\$3,920,735</u>	<u>\$3,525,367</u>	<u>\$3,755,819</u>	<u>\$4,697,415</u>
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	
September	723,753	653,828	649,391	799,173	
<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>\$ 9,295,819</u></u>	<u><u>\$ 4,697,415</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 revenue based upon the month the sales tax is paid by the vendor in accordance with GASB 33 requirements.



## CITY OF ABILENE, TEXAS

## DEVELOPMENT CORPORATION OF ABILENE, INC.

Balance Sheet

December 30, 2011

**ASSETS:**

Cash and Investments	\$13,786,064
Notes receivable	15,572,051
Accounts receivable	35,292
Due from other governments	1,427,749
Total Current Assets	<u>\$30,821,156</u>

**OTHER ASSETS:**

Fixed assets	\$39,567,941
Accumulated depreciation	(5,993,881)
Total Other Assets	<u>33,574,060</u>

## TOTAL ASSETS

\$64,395,216**LIABILITIES:**

Vouchers payable	\$42,940
Total Liabilities	<u>\$42,940</u>

**FUND BALANCES:**

Investment in general fixed assets	\$33,574,060
Reserved for contractual obligations(external)	17,518,548
Reserved for obligated programs(internal)	2,001,575
Undesignated Balance	11,258,093
Total Fund Balance	<u>\$64,352,276</u>

## TOTAL LIABILITIES AND FUND BALANCES

\$64,395,216**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
922 N. 13th Street	35,735			35,735
Buildings and Improvements:				
2601 Airport Blvd.	1,563,210	540,633	471,853	1,631,990
2809 Airport Blvd.	396,519	444,583	369,157	471,945
2841 Airport Blvd.	456,736	62,923	309,030	210,629
4002 Loop 322	1,290,916	2,384,892	1,536,343	2,139,465
Five Pts Bus Park	0	8,227,560	755,599	7,471,961
6450 Five Points Parkway	5,809,354	7,016,797	1,595,349	11,230,802
Grant Bldg 341 Pine	147,194	405,726	224,282	328,638
2742 Lance Dr. (EASI Storage)	2,527,408	9,987	379,844	2,157,551
4109 Vine St	583,524	180,855	108,220	656,159
4009 Vine St	583,524	0	87,529	495,995
Leasehold improvements	1,366,201		113,850	1,252,351
Equipment	116,660	0	24,814	91,846
Vehicle: 2005 Dodge Caravan	18,011	0	18,011	0
Construction in Progress		3,908,792		3,908,792
TOTAL FIXED ASSETS	<u>\$16,385,193</u>	<u>\$23,182,748</u>	<u>\$5,993,881</u>	<u>\$33,574,060</u>

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

(MARCH, 1990)

Object	Beginning I-T-D Revenues	Current Month Revenues	Current FY Revenues	(MARCH, 1990) Ending I-T-D Revenues
<b>REVENUE-TO-DATE</b>				
City Sales Tax	\$ 137,410,600.66	\$ 720,742.40	\$ 2,566,809.04	\$ 139,977,409.70
Sales Tax Retained	452,331.95	4,533.60	13,660.71	465,992.66
Princ. - Loans & Assess	3,119,599.24	-	148,929.03	3,268,528.27
Int. - Loans & Assess	2,242,615.88	-	485.27	2,243,101.15
Interest on Investments	6,979,819.62	3,716.66	11,292.86	6,991,112.48
Land Lease	16,019.76	-	782.00	16,801.76
Building/Space Rent	6,368,901.57	55,854.50	213,968.79	6,582,870.36
Miscellaneous Federal	1,322,526.00	-	-	1,322,526.00
Miscellaneous State Grants	26,500.00	-	-	26,500.00
Other Contributions	140,712.60	-	-	140,712.60
Interfund Recovery	1,534,976.08	-	-	1,534,976.08
Miscellaneous Recovery	2,176,501.50	-	-	2,176,501.50
Miscellaneous Prior Year	27,720.38	-	-	27,720.38
Miscellaneous Revenue	991,664.20	-	466.35	992,130.55
Sale of Land	392,446.27	-	83,147.23	475,593.50
Sale of Buildings & Equipment	3,976,326.19	-	-	3,976,326.19
Gain (loss) Sale of Asset	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
	<b>\$ 169,965,938.90</b>	<b>\$ 784,847.16</b>	<b>\$ 3,039,541.28</b>	<b>\$ 173,005,480.18</b>

DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ DECEMBER 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		\$ 83,011,481.01	\$ -	\$ -	\$ 83,011,481.01	
Business Services Division	Div 2760	8,453,109.02	63,680.11	158,008.12	8,611,117.14	40,000.00
Life Sciences Property - Pine	Div 2765	1,110,106.57	128,852.14	324,149.01	1,434,255.58	-
DCOA Annual Contracts	Div 2775	2,462,356.75	62,443.56	254,701.90	2,717,058.65	-
Abilene Industrial Foundation	2775-62571	13,218,417.51	45,122.67	104,056.79	13,322,474.30	
TTU Small Business Dev Cntr	2775-62572	2,851,327.30	28,443.75	28,443.75	2,879,771.05	221,556.25
Chamber Military Affairs	2775-62573	1,266,511.16	-	-	1,266,511.16	60,000.00
Airport Business Dev Mgr	2775-62574	753,217.55	21,038.18	21,038.18	774,255.73	-
Murf Systems	4998	199,665.00	-	-	199,665.00	-
EASI 04	5213	2,131,546.52	-	-	2,131,546.52	345,391.14
Fehr Food	5220	3,161,220.00	-	-	3,161,220.00	-
Bandag Building Improv	5228	8,000.00	-	-	8,000.00	-
CBER Website	5240	7,067.07	-	-	7,067.07	1,249.93
TTU Pharmacy School	5242	658,436.00	-	-	658,436.00	-
PWP (Project LF)	5251	2,507,898.97	-	-	2,507,898.97	1,676,000.00
Genesis Network	5258	1,615,416.69	-	-	1,615,416.69	-
SBIR/STTR	5263	85,535.86	-	190.00	85,725.86	185,574.49
EASI 7th Doc	5265	239,175.14	-	-	239,175.14	34,081.10
TTU HSC Research	5273	1,623,721.66	-	-	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	22,924.00	-	-	22,924.00	2,469,000.00
Tower Tech	5285	2,622,973.37	278,933.14	398,933.14	3,021,906.51	2,160,809.09
Texas Metal 08	5288	106,666.66	-	-	106,666.66	-
Project BG	5295	-	-	-	-	748,000.00
Coca Cola Abilene	5296	-	-	-	-	900,000.00
ETI Contract	5304	807,685.54	-	124,374.84	932,060.38	448,119.62
TTU 842 Pine	5308	173,181.72	-	-	173,181.72	40,318.28
AIC Eq Lease	5312	129,512.83	2,995.30	10,372.56	139,885.39	
Nation Wide Prod	5313	31,150.00	31,216.67	31,216.67	62,366.67	42,883.33
LM Wind Power	5314	-	-	-	-	566,250.00
Texas Healthcare Linen	5315	118,891.00	-	-	118,891.00	-
Enavail, LLC	5316	331,063.88	5,704.00	35,671.55	366,755.43	120,865.77
Cisco College Biotech Training	5318	11,184.80	-	-	11,184.80	56,465.20
Energy Maintenance Serv-Gearbox	5319	140,000.00	-	-	140,000.00	202,500.00
EASI Hanger Design	5320.1	347,109.34	2,078.64	4,157.28	351,266.62	50,546.19
EASI Hanger Construction	5320.2	2,310,367.60	596,529.16	1,167,574.06	3,477,941.66	1,286,507.64
EASI Hanger Fire Safety	5320.3	926,252.29	5,464.00	220,340.97	1,146,593.26	1,299,957.24
Pepsi Beverage Co.	T5321	-	-	-	-	350,000.00
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
Smith Pipe (SPA Coat.) Ph 1 & 2	5330	-	-	-	-	928,868.00
ALSA Contribution	5332	53,918.00	-	-	53,918.00	-
TMAC FY12	5333	-	-	-	-	88,000.00
Miscellaneous Activities	2785	354,189.86	-	-	354,189.86	-
<b>TOTAL ENCUMB. / EXPENDITURES</b>		<b>\$ 139,504,602.92</b>	<b>\$ 1,270,501.32</b>	<b>\$ 2,883,228.82</b>	<b>\$ 142,387,831.74</b>	<b>\$ 17,518,547.96</b>
<b>TOTAL FUND BALANCE</b>					<b>\$ 30,617,648.44</b>	
<b>UNENCUMBERED FUND BALANCE</b>						<b>\$ 13,099,100.48</b>

DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ DECEMBER 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	\$ 626,895.00	\$ -	\$ 63,680.11	\$ 158,008.12	\$ 428,886.88	
Life Sciences Property -Pine	Div 2765	825,910.00	-	126,852.14	324,149.01	501,760.99	
DCOA Annual Contracts	Div 2775	297,320.00	-	62,443.56	254,701.90	42,618.10	
Abilene Industrial Foundation	2775-4950	746,850.00	-	45,122.67	104,056.79	642,793.21	
TTU Small Business Dev Cntr	2775-4951	250,000.00	-	28,443.75	28,443.75	-	
Chamber Military Affairs	2775-4952	60,000.00	-	-	60,000.00	-	
Airport Business Dev Mgr	2775-4953	160,813.00	-	21,038.18	21,038.18	139,774.82	
Murf Systems	4998	199,665.00	199,665.00	-	-	-	
EASI 04	5213	2,476,938.00	2,131,546.52	-	345,391.14	0.34	
Fehr Food	5220	3,161,220.00	3,161,220.00	-	-	-	
Bandag Building improv	5228	8,000.00	8,000.00	-	-	-	
CBER Website	5240	8,317.00	7,067.07	-	1,249.93	-	
TTU Pharmacy School	5242	658,436.00	658,436.00	-	-	-	
PWP (Project LF)	5251	4,183,899.00	2,507,898.97	-	1,676,000.00	0.03	
Genesis Network	5258	1,615,417.00	1,615,416.69	-	-	0.31	
SBIR/STTR	5263	271,400.00	85,535.86	-	190.00	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	1,623,721.66	-	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	2,491,924.00	22,924.00	-	2,469,000.00	-	
Tower Tech	5285	5,182,726.00	2,622,973.37	278,933.14	398,933.14	10.40	
Texas Metal 08	5288	160,001.00	106,666.66	-	-	53,334.34	
Run Energy	5295	748,000.00	-	-	748,000.00	-	
Coca Cola Abilene	5296	900,000.00	-	-	900,000.00	-	
ETI Contract	5304	1,380,180.00	807,685.54	-	124,374.84	-	
TTU 842 Pine	5308	213,500.00	173,181.72	-	40,318.28	-	
AIC Equipment Lease/Purchase	5312	165,000.00	129,512.83	2,995.30	10,372.56	25,114.61	
Nation Wide Products	5313	105,250.00	31,150.00	31,216.67	31,216.67	-	
LM Wind Power	5314	566,250.00	-	-	566,250.00	-	
Texas Healthcare Linen	5315	118,891.00	118,891.00	-	-	-	
Enavail, LLC	5316	487,980.00	331,083.88	5,704.00	35,671.55	358.80	
Cisco College Biotech Training	5318	67,650.00	11,184.80	-	56,465.20	-	
Energy Maintenance Serv-Gearbox	5319	342,500.00	140,000.00	-	202,500.00	-	
EASI Hanger Design	5320.1	403,272.00	347,109.34	2,078.64	4,157.28	1,459.19	
EASI Hanger Construction	5320.2	4,770,000.00	2,310,367.60	596,529.16	1,167,574.06	5,550.70	
EASI Hanger Fire Safety	5320.3	2,592,097.00	926,252.29	5,464.00	220,340.97	145,546.50	
Pepsi Beverage Co.	5321	350,000.00	-	-	350,000.00	-	
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	-	
Smith Pipe (SPA Coat.) Ph 1 & 2	5330	928,868.00	-	-	928,868.00	-	
ALSA Contribution	5332	53,918.00	53,918.00	-	-	-	
TMAC FY12	5333	88,000.00	-	-	88,000.00	-	
Miscellaneous Activities	2785	354,189.86	354,189.86	-	-	-	
<b>BALANCE OF OBLIGATED PROGRAMS</b>		<b>\$ 48,781,427.86</b>	<b>\$ 26,378,076.05</b>	<b>\$ 1,270,501.32</b>	<b>\$ 2,883,228.82</b>	<b>\$ 17,518,547.96</b>	<b>\$ 2,001,575.03</b>

**UNDESIGNATED FUND BALANCE (unencumbered balance less obligated programs and contingent liabilities) \$ 11,097,525.45**

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	1,884,356 05/22/2012
TTUHSC School of Pharm expansion 5242	916,941 01/12/2012
Marketing for 2nd Airline 5334	200,000 01/26/2012
Project ML	297,000 02/09/2012
Project MBO	765,000 02/23/2012
Smith Pipe Phase 3	521,790 04/11/2012
Vine Warehouse Lighting 5335.1	52,677 06/16/2012
EASI Hangar Roof & Prkg Lot Repairs	58,267 06/16/2012
	<u>12,169,996</u>

3.8

# DEVELOPMENT CORPORATION OF ABILENE, INC.

## BOARD AGENDA

MEETING DATE: February 14, 2012

**PROJECT:** Fehr Foods, Inc.

**STAFF:** Richard Burdine, CEO

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### THE COMPANY

Fehr Foods, Inc. (Fehr) began operations in 1992 with 27 employees after Steve Fehr purchased the assets of Magic Dream Cookies from the FDIC and Bankruptcy Court. In 1997 Fehr Baking Company, Inc., a wholly owned subsidiary, was merged into Fehr and relocated to Abilene. Fehr manufactured cookies that were sold under the name of Lil' Dutch Maid and private labels.

A summary of all assistance provided by DCOA is as follows:

#### February 1992 - Total assistance of \$300,000 –Retention of 27 existing FTE's

Real Estate - purchase of 5425 North 1<sup>st</sup> Street property – 50% loan participation with FNBA not to exceed \$185,000 and Equipment - purchase existing equipment of Magic Dream Cookie Company – 50% loan participation with FNBA not to exceed \$115,000.

#### July 1997 & January 1998 -Total assistance of \$2,101,000 –Creation of 85 and retention of 100 FTE's

Real Estate - 40% loan participation with FNBA not to exceed \$1,266,000; Equipment – reduced from 44% to 40% loan participation with FNBA not to exceed \$500,000; Relocation of equipment & fire suppression code compliance – in a maximum amount of \$90,000; Training assistance in a maximum amount of \$85,000; Architectural & Engineering – fees associated with the expansion up to \$160,000.

#### May 2001 - New Agreement for \$650,000-Retention of 185 FTE's and capital improvements of \$1 million

New 40% participation with FNBA up to \$185,868 for R/E improvements; New 40% participation with FNBA up to \$314,132 for new equipment purchases; Relocation of utilities and A/E fees grant up to \$150,000 associated with the R/E improvements. Fehr expanded its existing facility by approximately 36,000 sq ft, made improvements to operations, and purchased new equipment for the packaging and mixing departments. Fehr did not project the creation of new jobs but did project increased skills levels, which resulted in higher wages for existing employees. Fehr agreed to retain 185 FTE's and make capital improvements of \$1 million.

#### August 2004 & July 2006 – New Agreement for \$3,000,000-Retention of 185 FTE's and creation of 65, and capital investment in facilities and equipment totaling \$9,000,000

New loan for \$3,000,000 at 0% interest to be earned through job creation at the rate of \$1,200 per year per job and an annual reduction of \$150,000 based on 12% of capital investment for a 7 year period. This expansion increased substantially in size and scope when implemented, whereby the total qualified capital investment increased to \$12,396,000 and the projected job growth to 326 FTE's.

Due to the increase in the costs of expansion and the increase in the number of jobs being created, DCOA assisted the company while not expending additional funds, by converting the three existing bank loans with outstanding balances totaling \$1,055,505 to an in-house earnable loan and combined it with the existing \$3,000,000 earnable loan. Also, the training funds not used from previous assistance packages of \$78,000 were reinstated. The resulting note for \$4,043,853 has been earned down and paid down each year by Fehr and now has an outstanding balance of \$600,633, which will be paid off

after the final job certification due under the existing agreement is submitted for the period ended June 30, 2012. The company's FTE total through June 2011 was 263.7.

November 2004 & November 2011 – Fehr began leasing Warehouse A containing 70,000 sq ft at 4109 Vine from the DCOA at \$1.50/sq ft/year in November 2004. The lease was extended in 2009 at \$1.67/sq ft/year. In 2011, when Affiliated Foods ceased operations in the remainder of the warehouses and office space on Vine St., Fehr began leasing the adjacent Warehouse B totaling 42,362 sq ft at \$1.67/sq ft/year.

On October 15, 2010, 100% of the stock of Fehr Holdings, LLC (“Fehr”) was acquired along with its affiliates Fehr Foods, Inc., Oktex Baking, LP, and Oktex Baking GP, LLC. The Fehr Group is devoted to the production and merchandising of cookies, through its two production platforms, one located in Texas and the other in Oklahoma. The company mainly merchandises its products under the brands Lil’ Dutch Maid, Sun Valley, and Tru-Blu that are sold in 43 states in the United States, in Mexico, and in Panama.

With this new acquisition, Grupo Nacional de Chocolates (now known as Grupo Nutresa) has strengthened its share of the regional biscuits business and has taken another step forward in making its long-term vision a reality. Also, due to the strategic location of that company's production and distribution centers, it will be able to produce Noel and Pozuelo brand cookies and much more efficiently attend to its target market in the United States, mainly the Hispanic population, in Mexico, and in the Caribbean. In addition, its proximity to wheat production centers, one of the main raw materials in the biscuit business, will mean significant savings and the development of that supply chain toward Colombia and Costa Rica.

Grupo Nutresa's purchase of Fehr made the Abilene operation the only one in the U.S. In 2011, Grupo Nutresa purchased an ice cream company in the Dominican Republic. These two acquisitions are strategically located in their target region – promising to provide increased market share, diversification and improvement of international sales, potential additional synergies for the Cookies and Ice Cream divisions, and potential improvement in the company's mix of products.

### **THE REQUEST**

Grupo Nutresa's (holding company of Fehr Foods, Inc.) investment in Abilene since 2010 includes \$900,000 in equipment and quality improvements. Upcoming investments include \$4.1 million for Project El Dorado, which is the addition of a new cream cookie line that will be the most modern of any line in the company. It will increase the cream cookie capacity by 18 million pounds per year, a 30% increase and allow the company to develop different packaging alternatives. 39 new jobs will be created, there will be more flexibility from the production lines, they will make use of equipment that is not being used (i.e. oven, conveyors, cream machinery), and reduce occupational hazards by using cutting edge technology. Additional investments planned for 2012 include \$1 million for plant improvements and \$1 million for SAP implementation.

I recommend an assistance package of \$510,000 for the company's capital investment in Project El Dorado projected to be \$4.1 million plus \$1 million for additional plant improvements for total projected capital investment by the company of \$5.1 million. Since the job creation goals set in the existing agreement haven't been met, funding for the additional jobs related to Project El Dorado don't qualify for assistance; however, the company has taken steps to improve attendance and increase its wages. They currently pay hourly employees an average of 35% above minimum wage.

Project El Dorado Capital Investment – Up to \$410,000, or 10% of eligible capital costs of up to \$4,100,000, paid over 3 years at \$136,667 per year. Costs include mixing and cookie formation, oven

chamber overhaul, existing creamer machines overhaul, on-the-go (individual servings) and tray packaging solutions, cookie transport conveyors, and installation and adaptation of surroundings.

Plant Improvements Capital Investment – Up to \$100,000, or 10% of eligible capital costs of up to \$1 million, paid over 3 years at \$33,333 per year. Costs include upgrades to the plant, technology and equipment.

**FISCAL IMPACT**

New Line capital investment incentive	\$410,000 (paid over 3 years)
Plant Improvements investment incentive	<u>\$100,000</u> (paid over 3 years)
TOTAL	\$510,000

**STAFF RECOMMENDATION**

Staff recommends approval of resolution DCOA-2012.11 authorizing \$510,000 assistance for Project Fehr Foods, Inc. to assist with capital investment in two projects to be paid over 3 years.

**ATTACHMENTS**

Resolution DCOA-2012.11

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## **RESOLUTION NO. DCOA-2012.11**

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS, AUTHORIZING ASSISTANCE FOR FEHR FOODS INC. ("FEHR").

WHEREAS, Fehr began operations in 1992 with 27 employees after Steve Fehr purchased the assets of Magic Dream Cookies from the FDIC and Bankruptcy Court. Fehr manufactured cookies that were sold under the name of Lil' Dutch Maid and private labels; and,

WHEREAS, on October 15, 2010, 100% of the stock of Fehr Holdings, LLC ("Fehr") was acquired along with its affiliates and is devoted to the production and merchandising of cookies through its two production platforms, one located in Texas and the other in Oklahoma. The company mainly merchandises its products under the brands Lil' Dutch Maid, Sun Valley, and Tru-Blu that are sold in 43 states in the United States, Mexico, and Panama; and,

WHEREAS, with this new acquisition, Grupo Nacional de Chocolates (now known as Grupo Nutresa) has strengthened its share of the regional biscuits business, and due to the strategic location of its production and distribution centers, it will be able to produce Noel and Pozuelo brand cookies and much more efficiently attend to its target market in the United States, Mexico, and the Caribbean; and,

WHEREAS, Grupo Nutresa's (holding company of Fehr Foods, Inc.) investment in Abilene since 2010 includes \$900,000 in equipment and quality improvements, and upcoming investments include \$4.1 million for Project El Dorado, which is the addition of a new cream cookie line that will be the most modern of any line in the company and another \$1 million for plant improvements; and,

WHEREAS, staff requests the DCOA authorize an assistance package of \$510,000 for the company's capital investment in Project El Dorado projected to be \$4.1 million plus \$1 million for additional plant improvements for total projected capital investment by the Fehr of \$5.1 million.

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

**PART 1.** DCOA hereby authorizes funding of Five Hundred Ten Thousand and no/100's (\$510,000.00) for Fehr Foods, Inc. as an incentive for Fehr's capital investment totaling \$5.1 million in two projects with the assistance disbursed as follows:

1) Project El Dorado Capital Investment – Up to \$410,000, or 10% of eligible capital costs of up to \$4,100,000, paid over 3 years at \$136,667 per year. Costs include mixing and cookie formation, oven chamber overhaul, existing creamer machines overhaul, on-the-go (individual servings) and tray packaging solutions, cookie transport conveyors, and installation and adaptation of surroundings.

2) Plant Improvements Capital Investment – Up to \$100,000, or 10% of eligible capital costs of up to \$1 million, paid over 3 years at \$33,333 per year. Costs include upgrades to the plant, technology and equipment.

**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 14th day of February, 2012.

ATTEST:

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

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

APPROVED:

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

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# DEVELOPMENT CORPORATION OF ABILENE, INC.

## BOARD AGENDA

MEETING DATE: February 14, 2012

**PROJECT: Broadwind Towers (f/k/a Tower Tech Systems, Inc. dba Texas TTSI) Amended Assistance No. 2**

**STAFF: Richard Burdine, CEO**

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### THE COMPANY

Broadwind Towers, formerly known as Tower Tech Systems, Inc. dba Texas TTSI, Inc. is based in Manitowoc, Wisconsin. Broadwind also owns Broadwind Services, formerly Energy Maintenance Services, a wind turbine blade repair and gearbox refurbishment/repair operation in the former Lockheed plant.

In 2008, the DCOA approved resolution DCOA-2008.14 authorizing an assistance package for Broadwind Towers in the total amount of \$3,816,250 in direct incentives for job creation of 150 and capital investment of \$20+ million for construction of a new manufacturing plant in the Five Points Business Park and equipment purchases. The package also includes indirect incentives totaling about \$911,250 for job training through the Fast Track Welding Training program, conveyance by the DCOA of 41.6 acres on Arnold Blvd. (north of PWP Industries), and rail service to the south boundary of the new construction site.

Broadwind Towers experienced higher than expected construction costs, due in large part to the topography of the land and their need for a large, compacted surface to store wind turbine towers. In late 2008, the DCOA approved an additional \$700,000 for capital investment incentive paid at 10% of the company's actual cost, which was around \$27.5 million. Construction was completed in early 2009, and two Fast Track Welding training sessions were held in 2008 and early 2009.

Below is a summary of the assistance package approved in 5/08 and amended in 10/08:

#### Direct Incentives

1. Job Creation Incentive - \$1,816,250 for the creation of 150 new jobs paid out over 5 years with 70% of the jobs expected to pay from \$40,000 to \$50,000/year. **Paid three years through 10/11 totaling \$714,917.**
2. Capital Investment Incentive - \$2,700,000 paid in arrears to the company over 5 years at 10% of actual capital costs in an amount not to exceed \$540,000/year upon receipt by the DCOA of invoices evidencing the company's investment in construction and purchase of equipment. **Paid three years totaling \$1,620,024.**

#### Indirect Incentives

1. Training Incentive - \$75,000 to expand the Fast Track Welding Training program through Cisco College to meet the company's needs in the first year of operation. Students trained through the program could work for Broadwind Towers or any other company. **Paid \$70,225 for two Fast Track Welding training sessions.**

2. Land and Rail Service Incentives - \$236,250 to extend rail service to the south boundary of the new site and conveyance of 41.6 acres of land in the Five Points Business Park with an estimated value of \$600,000. **Paid all \$236,250 for rail spur. Company has earned \$360,000 of the \$600,000 forgivable land note.**

FTE counts reported by the company were 98 through 10/10 and 109 through 10/11. Due to the economic downturn, the company experienced layoffs and furloughs of employees. The company recently signed a contract with Caterpillar (CAT) to manufacture masts for heavy oilfield trucks used in this area. The company currently has 25 employees, but needs to add about 97 welders to fulfill the contract with CAT and to fulfill 2012 tower orders.

On November 8, 2011, the DCOA approved resolution DCOA-2012.02 authorizing the reallocation of \$20,500 from job creation incentive funds for Broadwind to be used instead for advanced welder training conducted by TSTC for 15 current and returning employees. The employees were trained in late 2011 and payment was made for Advanced Gas Metal Arc Welding and Advanced Flux Cored Welding.

To help fulfill the welder need of our local fabricators, the DCOA approved on January 31, 2012, resolution DCOA-2012.09 authorizing \$417,438 to extend the Fast Track Welding training program another 6 session to train up to 84 people with no prior welding experience. The program was publicly announced on February 9, 2012, and will begin in March. This training is conducted by Cisco College and is not advanced enough to fulfill Broadwind's needs.

**THE PROJECT**

Broadwind will extend its advanced welding training to include 20 more employees and asks the DCOA to consider amending their agreement again to reallocate another \$38,400 as follows:

- 1) \$30,000 for advanced welding training for 20 students

<b>Advanced Welding Master Skills</b>				
<b>Course Title</b>	<b>Hours</b>	<b>Cost</b>	<b># of Students</b>	<b>Total</b>
<b>Adv. FCAW</b>	100	\$ 500.00	20	\$ 10,000.00
<b>Adv. GMAW</b>	100	\$ 500.00	20	\$ 10,000.00
<b>Supplies</b>		\$ 500.00	20	\$ 10,000.00
<b>Total</b>				\$ 30,000.00

- TSTC will allow Broadwind to use 5 Lincoln welders as training aids for the term of the agreement.
- These 20 new welders are in addition to what was added and trained in 2011.
- Broadwind will do all pre-employment screening of applicants. They will be hired as full time employees prior to start of training. Average wage for fabricators is \$17.00 per hour. Rate of pay for supervisors is \$ 24.00 per hour @ 56 hours for 8 employees.

- 2) \$8,400 for leadership training for the supervisory team.

Total cost for Broadwind \$ 78,752.00 (wages during training)

**FISCAL IMPACT**

No new funds. Reallocation of \$38,400 from job creation incentive funds to advanced welder training for 20 additional employees.

**STAFF RECOMMENDATION**

Staff recommends approval of resolution DCOA-2012.12 authorizing another reallocation of job creation incentive funds for Broadwind Towers of \$38,400 to be used instead for advanced welder training for 20 new employees in 2012.

**ATTACHMENTS**

Resolution DCOA-2012.12

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## **RESOLUTION NO. DCOA-2012.12**

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA"), ABILENE, TEXAS AUTHORIZING A SECOND AMENDMENT TO THE FINANCIAL ASSISTANCE AGREEMENT FOR BROADWIND TOWERS (F/K/A TOWER TECH SYSTEMS, INC. DBA TEXAS TTSI, INC.) ("BT") FOR ADVANCED WELDING TRAINING.

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

WHEREAS, BT is a manufacturer of utility-scale wind tower, monopole and wind turbine structures and assembly located in the Five Points Business Park on Arnold Blvd.; and,

WHEREAS, in 2008, the DCOA approved resolution DCOA-2008.14 authorizing an assistance package for BT in the amount of \$3,816,250 plus an additional \$700,000 in direct incentives for job creation of 150 and capital investment of \$20+ million for construction of a new manufacturing plant and equipment purchases; and,

WHEREAS, the package also includes indirect incentives totaling about \$911,250 for job training through the Fast Track Welding Training program, conveyance by the DCOA of 41.6 acres on Arnold Blvd. (north of PWP Industries), and rail service to the south boundary of the new construction site; and,

WHEREAS, in 2011, BT signed a contract with Caterpillar (CAT) to manufacture masts for heavy oilfield trucks used in this area and was in need of training money for 15 current and returning employees; and,

WHEREAS, on November 8, 2011, the DCOA approved resolution DCOA-2012.02 authorizing the reallocation of \$20,500 from job creation incentive funds for BT to be used instead for advanced welder training conducted by TSTC for 15 current and returning employees. The employees were trained in late 2011 and payment was made for Advanced Gas Metal Arc Welding and Advanced Flux Cored Welding; and,

WHEREAS, BT will extend its advanced welding training to include 20 new employees and asks the DCOA to consider amending its agreement again to reallocate another \$38,400 for advanced welding training.

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

**PART 1.** DCOA authorizes a second reallocation of assistance originally approved for job creation for Broadwind Towers (formerly known as Tower Tech Systems) in 2008 in an amount up to Thirty-Eight Thousand Four Hundred and no/100's Dollars (\$38,400) to instead be used for advanced welder training for 20 new employees. All other assistance as outlined in the Agreement for Financial Assistance, Addendum A and Addendum B shall remain unchanged. The reallocated funding will be disbursed as follows:

- 1) \$30,000 for advanced welding training for 20 students

Advanced Welding Master Skills				
Course Title	Hours	Cost	# of Students	Total
Adv. FCAW	100	\$ 500.00	20	\$ 10,000.00
Adv. GMAW	100	\$ 500.00	20	\$ 10,000.00
Supplies		\$ 500.00	20	\$ 10,000.00
<b>Total</b>				<b>\$ 30,000.00</b>

- TSTC will allow Broadwind to use 5 Lincoln welders as training aids for the term of the agreement.
- These 20 new welders are in addition to what was added and trained in 2011.
- Broadwind will do all pre-employment screening of applicants. They will be hired as full time employees prior to start of training. Average wage for fabricators is \$17.00 per hour. Rate of pay for supervisors is \$ 24.00 per hour @ 56 hours for 8 employees.

2) \$8,400 for leadership training for the supervisory team.

**PART 2.** Funding under this resolution is contingent upon execution of all necessary agreements. The funding commitment authorized under this resolution shall expire without notice 180 days from the date of adoption of same unless all required documents and agreements are executed prior to that expiration date or the commitment herein is extended in writing by the DCOA.

**PART 3.** The Chief Executive Officer of the Development Corporation of Abilene, Inc. is hereby authorized to negotiate, enter into and execute any contract and all other related documents on behalf of the DCOA.

ADOPTED this the 14th day of February, 2012.

ATTEST:

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

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

APPROVED:

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