

PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, April 10, 2012, at the former Affiliated Foods building, 4109 Vine St., Abilene, Texas, commencing at 12:00 p.m. to consider the following agenda:

SIGNED:


Richard Burdine, Asst. City Manager for Economic Development

AGENDA

April 10, 2012
12:00 p.m.

Former Affiliated Foods Building
4109 Vine St.

1. Call the meeting to order.
2. Approval of minutes from the March 13, 2012, board meeting.
3. Status of Funds report for February 2012.
4. Presentation of the FY11 audit performed by Davis Kinard & Co, P.C.
5. Executive Session: Pursuant to Tex. Gov't Code Sec. 551.087, an executive session may be held (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or (2) to deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1). After discussion in executive session, any action or vote will be taken in public.

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

Pursuant to Tex. Gov't Code Sec. 551.071, an executive session may be held to consult with the DCOA attorney regarding pending or contemplated litigation or a settlement offer regarding DCOA funded projects or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Government Code. After discussion of the contemplated legal matters in executive session, any action or vote will be taken in public.

6. Discussion and possible approval of a revised Letter of Support for the CPRIT grant application for ALSA operations.

7. Discussion and possible approval of a resolution authorizing revised assistance for Pactiv (formerly PWP Industries).
8. Tour of 4109 Vine Street.
9. 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
MARCH 13, 2012**

MEMBERS PRESENT: Paul Cannon Mike Schweikhard
Dani Ramsay Scott Senter

MEMBER ABSENT: Marelyn Shedd

STAFF PRESENT: Richard Burdine Kim Tarrant
Dan Santee

GUESTS PRESENT: Gavin Roberts, Abilene Reporter-News

1. **CALL TO ORDER.** President Paul Cannon called the meeting to order in the conference room of the Abilene Life Sciences Accelerator, 1325 Pine Street, Abilene, Texas, at about 1:30 pm.
2. **APPROVAL OF MINUTES FROM THE FEBRUARY 27, 2012 BOARD MEETING.** A motion was made by Mike Schweikhard to approve the minutes from the February 27, 2012 board meeting. Scott Senter seconded the motion and passed by unanimous consent.
3. **SALES TAX FOR MARCH 2012 AND STATUS OF FUNDS REPORT FOR JANUARY 2012.** In the absence of a representative from the City's finance dept., Richard Burdine reviewed this information with the board. The sales tax rebate for March, for economic development, was \$732,189 which represents January sales. This amount is 23.34% above last year for the period October through March.

On the status of funds report for January 2012, Mr. Burdine pointed out that the undesignated fund balance was at a little over \$12 million. There are several DCOA Board approved projects waiting for signed contracts including Coca-Cola, West Texas Innovation Network, and Project CD-Phase 1. If funds have been obligated to a project and the project is cancelled, those funds are returned to the undesignated fund balance, making them available again.

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

President Paul Cannon announced the date is March 13, 2012, and the time is 1:45 p.m. Mr. Cannon later announced the date is still March 13, 2012, and the time is 2:35 p.m. No vote or action was taken in Executive Session.

5. **DISCUSSION AND POSSIBLE AUTHORIZATION FOR THE PRESIDENT TO SIGN A LETTER IN SUPPORT OF AN APPLICATION TO THE CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS FOR A TEXAS LIFE SCIENCE INCUBATOR INFRASTRUCTURE AWARD FOR THE ABILENE LIFE SCIENCES ACCELERATOR.** Staff has been working with Dr. Weidanz, TTUHSC Pharmacy School and a representative from The University of Texas on an application for a Texas Life Sciences Incubator Infrastructure Award, solicited by the Cancer Prevention and Research Institute of Texas (CPRIT). CPRIT's objective is to establish a network of incubators for life science companies in the state. This is the second request for applications they have issued; however they haven't acted on the first round of applications yet.

The deadline is 3/15/12 to submit the application. The letter that the board would authorize the DCOA president to sign on behalf of the board would go in with this application packet. Part of the review process is that we may be invited to present our application in May 2012 to reviewers. CPRIT's intention is to make award notifications by the end of July for a 3-year grant period beginning Sept. 1, 2012.

The DCOA would be committing approximately \$2.18 million, which represents the ALSA operating funding support for the next 3 years the DCOA already expects to provide. Local investors will commit to another \$2.0 million for total local match of \$4.18 million. The application would request twice that amount from CPRIT, making a total grant request of about \$8.36 million. CPRIT will foster cancer research as well as product and service development in Texas by providing financial support for a wide variety of projects relevant to cancer.

The end game benefit for us is that we will create a stable team in our life sciences incubator that can be available to help companies grow.

Staff recommends the board approve funding of up to \$2,180,788 over the next three years as a partial match for a requested total CPRIT funding of \$8,361,576 and to authorize the board president to sign a letter supporting the CPRIT application to be submitted by 3/15/12.

Scott Senter moved to approve funding of up to \$2,180,788 over the next 3 years, to begin in FY 2013 and to authorize the board president to sign a letter supporting the CPRIT application as mentioned above. The motion was seconded by Dani Ramsay and carried.

- 6. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING CONTRACTS AND FUNDING FOR INTERIOR DEMOLITION WORK AND OTHER COSTS ASSOCIATED WITH 4109 VINE ST.** There is currently 7,000 sq ft of office space and 80,000 sq ft of warehouse space that can't be utilized because of fire suppression problems and because ADA requirements have not been met to allow a tenant(s) in this space.

Lighting in Warehouses B, C, and D and the Ryder building has been upgraded. In exchange the DCOA received an incentive payment of \$8,844 from AEP to improve energy efficiency. The parking lot at 4109 Vine St. is being rebuilt. The DCOA had previously approved contracts and funding to design a new dry pipe system for the offices, Warehouses C and D, and to prepare construction documents showing alterations required to satisfy TAS for access to the building and restrooms, and compliance with building codes.

However, previous bids to demo the existing fire suppression system, install a new dry pipe system and an alternate to demo and dispose of existing insulated ceiling panes, were rejected by the board for expense and safety issues. To save money and time, staff will contract directly to have the ceiling panels removed and disposed of in accordance with regulations due to the presence of asbestos-containing materials. Rebidding and replacing the fire suppression system will be made easier and result in fewer safety hazards during construction and any inspections or repairs in the future if the ceiling panels are permanently removed. The new bids will be lower since bidders will have access to and can see exactly what they are bidding.

Much work requiring an electrician, a fire suppression contractor, and a demolition contractor is needed before the ceiling panels are removed. Because of the failure of the air compressor and the

pipes filling with water, staff has solicited bids and contracted with three vendors to begin the work listed above in advance of board funding approval. Therefore, staff requests the board ratify the following agreements and approve funding of \$29,739 as follows:

1. Wyatt Electrical Services - \$20,777 to remove and replace lighting.
2. The CFP Group - \$1,462 to remove existing sprinkler pipe beneath insulated ceiling panels and drain and red-tag the riser.
3. Troy Penney - \$7,500 to demo the interior temporary structures and remove existing refrigeration units.

Additionally, staff requests contracts and funding of \$70,750 as follows:

1. AML Environmental - \$2,150 to abate asbestos and demolish current fire riser room in Warehouse C to make way for new risers.
2. Enprotec/Hibbs & Todd - \$1,150 to provide asbestos consulting services for riser room abatement.
3. AML Environmental - \$59,950 to remove and dispose of the asbestos-containing ceiling panels in Warehouse D.
4. Contingency for all items mentioned above - \$7,500 for the “unknowns”.

Dani Ramsay moved to approve Resolution No. DCOA-2012.15 as presented. Mike Schweikhard seconded and the motion carried.

7. **ADJOURNMENT.** The next regularly scheduled meeting is March 27th. There being no further business, the meeting was adjourned.

Paul Cannon, President

CITY OF ABILENE, TEXAS

DEVELOPMENT CORPORATION OF ABILENE, INC.

Balance Sheet
February 29, 2012

ASSETS:

Cash and Investments	\$14,646,473
Notes receivable	15,458,336
Accounts receivable	35,292
Due from other governments	1,846,504
Total Current Assets	<u>\$31,986,605</u>

OTHER ASSETS:

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

TOTAL ASSETS

\$65,560,665**LIABILITIES:**

Vouchers payable	\$49,355
Total Liabilities	<u>\$49,355</u>

FUND BALANCES:

Investment in general fixed assets	\$33,574,060
Reserved for contractual obligations(external)	17,243,219
Reserved for obligated programs(internal)	1,415,861
Undesignated Balance	13,278,170
Total Fund Balance	<u>\$65,511,310</u>

TOTAL LIABILITIES AND FUND BALANCES

\$65,560,665**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 @ FEBRUARY 29, 2012

(MARCH, 1990)

Object	Beginning I-T-D Revenues	Current Month Revenues	Current FY Revenues	(MARCH, 1990) Ending I-T-D Revenues
REVENUE-TO-DATE				
City Sales Tax	\$ 137,410,600.66	\$ 1,171,513.80	\$ 4,674,605.46	\$ 142,085,206.12
Sales Tax Retained	452,331.95	4,365.51	22,809.96	475,141.91
Princ. - Loans & Assess	3,119,599.24	-	148,929.03	3,268,528.27
Int. - Loans & Assess	2,242,615.88	20.40	551.40	2,243,167.28
Interest on Investments	6,979,819.62	2,724.62	17,245.20	6,997,064.82
Land Lease	16,019.76	-	782.00	16,801.76
Building/Space Rent	6,368,901.57	75,584.50	385,482.66	6,754,384.23
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	33,571.64	33,571.64	61,292.02
Miscellaneous Revenue	991,664.20	-	6,968.41	998,632.61
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	2,403,949.11	-	-	2,403,949.11
	\$ 170,538,845.90	\$ 1,287,780.47	\$ 5,374,092.99	\$ 175,912,938.89

DEVELOPMENT CORPORATION OF ABILENE
STATUS OF FUNDS @ FEBRUARY 29, 2012

	Project	Beginning I-T-D Expenditures	Current Month Expenditures	Current FY Expenditures	Ending I-T-D Expenditures	Outstanding Contracts
CONTRACTS ENCUMBERED/ EXPENDITURES-TO-DATE						
Prior Years Programs		\$ 83,011,481.01	\$ -	\$ -	\$ 83,011,481.01	
Business Services Division	Div 2760	8,453,109.02	43,560.36	244,862.94	8,697,971.96	40,000.00
Life Sciences Property - Pine	Div 2765	1,110,106.57	31,408.64	390,411.06	1,500,517.63	-
DCOA Annual Contracts	Div 2775	2,462,356.75	18,193.70	293,653.45	2,756,010.20	-
Abilene Industrial Foundation	2775-62571	13,218,417.51	45,552.15	200,244.69	13,418,662.20	418,259.63
TTU Small Business Dev Cntr	2775-62572	2,851,327.30	-	41,193.75	2,892,521.05	208,806.25
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	9,554.21	43,489.18	796,706.73	-
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	-	285.00	85,820.86	185,479.49
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	63,023.47	63,023.47	248,270.07	621,623.53
Genesis Network Phase II	5284	22,924.00	-	-	22,924.00	2,469,000.00
Tower Tech	5285	2,622,973.37	-	398,933.14	3,021,906.51	2,122,409.09
Texas Metal 08	5288	106,666.66	53,333.76	53,333.76	160,000.42	-
Project BG	5295	-	-	-	-	748,000.00
Coca Cola Abilene	5296	-	-	-	-	900,000.00
ETI Contract	5304	807,685.54	-	230,546.22	1,038,231.76	341,948.24
TTU 842 Pine	5308	173,181.72	-	-	173,181.72	40,318.28
AIC Eq Lease	5312	129,512.83	-	18,484.86	147,997.69	-
Nation Wide Prod	5313	31,150.00	-	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	331,083.88	(4,375.00)	37,240.00	368,323.88	110,632.82
Texas Metal 10	5317	-	14,683.33	14,683.33	14,683.33	-
Cisco College Biotech Training	5318	11,184.80	2,809.15	2,809.15	13,993.95	53,656.05
Energy Maintenance Serv-Gearbox	5319	140,000.00	9,660.00	9,660.00	149,660.00	192,840.00
EASI Hanger Design	5320.1	347,109.34	-	4,157.28	351,266.62	50,546.19
EASI Hanger Construction	5320.2	2,310,367.60	261,798.25	2,011,538.50	4,321,904.10	439,145.00
EASI Hanger Fire Safety	5320.3	926,252.29	4,791.00	227,314.59	1,153,566.88	1,297,600.12
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	-	-	92,550.00	92,550.00	282,450.00
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
Vine St. Warehouse	5335.1	-	55,457.00	55,457.00	55,457.00	-
Vine St. Fire Safety	5335.2	-	-	-	-	4,900.00
Vine St. Parking Lot	5335.3	-	-	-	-	1,730.00
Vine St. Construction	5335.4	-	-	-	-	25,300.00
EASI hanger Skylight	5336	-	-	-	-	25,455.00
Springboard Challenge	5337	-	-	5,000.00	5,000.00	-
Land 2 Acres Hwy 36	5338	-	1,000.00	1,000.00	1,000.00	17,000.00
Welder Training	5339	-	-	-	-	417,438.00
Miscellaneous Activities	2785	354,189.86	-	-	354,189.86	-
TOTAL ENCUMB. / EXPENDITURES		\$ 139,504,602.92	\$ 610,450.02	\$ 4,471,086.04	\$ 143,975,688.96	\$ 17,243,218.88
TOTAL FUND BALANCE					\$ 31,937,249.93	
UNENCUMBERED FUND BALANCE						\$ 14,694,031.05

DEVELOPMENT CORPORATION OF ABILENE
STATUS OF FUNDS @ FEBRUARY 29, 2012

Project	Amount Obligated	Prior Years Disbursed	Current Month Disbursed	Current Year Disbursed	Amount Encumbered	Balance Reserved for Obligated Programs	
BALANCE OF OBLIGATED PROGRAMS							
Business Services Division	Div 2760	\$ 626,895.00	\$ -	\$ 43,560.36	\$ 244,862.94	\$ 342,032.06	
Life Sciences Property -Pine	Div 2765	825,910.00	-	31,408.64	390,411.06	435,498.94	
DCOA Annual Contracts	Div 2775	297,320.00	-	18,193.70	293,653.45	3,666.55	
Abilene Industrial Foundation	2775-4950	746,850.00	-	45,552.15	200,244.69	128,345.68	
TTU Small Business Dev Cntr	2775-4951	250,000.00	-	-	41,193.75	208,806.25	
Chamber Military Affairs	2775-4952	60,000.00	-	-	60,000.00	-	
Airport Business Dev Mgr	2775-4953	160,813.00	-	9,554.21	43,489.18	117,323.82	
Murf Systems	4998	199,665.00	199,665.00	-	-	-	
EASI 04	5213	2,476,938.00	2,131,546.52	-	-	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	
Genesis Network	5258	1,815,417.00	1,815,416.69	-	-	0.31	
SBIR/STTR	5263	271,400.00	85,535.86	-	285.00	185,479.49	
EASI 7th Doc	5265	273,257.00	239,175.14	-	-	34,081.10	
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	
Energy Maintenance Service	5282	869,894.00	185,246.60	63,023.47	63,023.47	621,623.53	
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	-	398,933.14	2,122,409.09	
Texas Metal 08	5288	160,001.00	106,666.66	53,333.76	53,333.76	-	
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	-	230,546.22	341,948.24	
TTU 842 Pine	5308	213,500.00	173,181.72	-	-	40,318.28	
A/C Equipment Lease/Purchase	5312	165,000.00	129,512.83	-	18,484.86	-	
Nation Wide Products	5313	105,250.00	31,150.00	-	31,216.67	42,883.33	
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	(4,375.00)	37,240.00	110,632.82	
Texas Metal 10	5317	14,684.00	-	14,683.33	14,683.33	-	
Cisco College Biotech Training	5318	67,650.00	11,184.80	2,809.15	2,809.15	53,656.05	
Energy Maintenance Serv-Gearbox	5319	342,500.00	140,000.00	9,660.00	9,660.00	192,840.00	
EASI Hanger Design	5320.1	403,272.00	347,109.34	-	4,157.28	50,546.19	
EASI Hanger Construction	5320.2	4,770,000.00	2,310,367.60	261,798.25	2,011,536.50	439,145.00	
EASI Hanger Fire Safety	5320.3	2,592,097.00	926,252.29	4,791.00	227,314.59	1,297,600.12	
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	-	-	-	
Teleperformance USA	5326	375,000.00	-	-	92,550.00	282,450.00	
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	
Vine St. Warehouse	5335.1	55,457.00	-	55,457.00	55,457.00	-	
Vine St. Fire Safety	5335.2	4,900.00	-	-	-	4,900.00	
Vine St. Parking Lot	5335.3	160,580.00	-	-	-	1,730.00	
Vine St. Construction	5335.4	25,300.00	-	-	-	25,300.00	
EASI hanger Skylight	5336	25,455.00	-	-	-	25,455.00	
Springboard Challenge	5337	5,000.00	-	-	5,000.00	-	
Land 2 Acres Hwy 36	5338	18,000.00	-	1,000.00	1,000.00	17,000.00	
Welder Training	5339	417,438.00	-	-	-	417,438.00	
Miscellaneous Activities	2785	354,189.86	354,189.86	-	-	-	
BALANCE OF OBLIGATED PROGRAMS		\$ 49,508,241.86	\$ 26,378,076.05	\$ 610,450.02	\$ 4,471,086.04	\$ 17,243,218.88	\$ 1,415,860.89

UNDESIGNATED FUND BALANCE (unencumbered balance less obligated programs and contingent liabilities) \$ 13,278,170.16

DCOA Board approved projects waiting for signed contracts	Expiration Date
Coca Cola - Capital Investment 5296.1	07/10/2012
West Texas Innovation Network 5328	09/30/2012
Project CD-Phase 1 5329	09/30/2012
Project CD-Phase 2	09/30/2012
Project CD-Spec 3 Buildout	09/30/2012
TTUHSC School of Nursing 5331	09/30/2012
TTUHSC School of Pharm expansion 5242	09/30/2012
Marketing for 2nd Airline 5334	09/30/2012
Project ML	09/30/2012
Fehr Foods '12	08/14/2012
Bridgestone Bandag	08/27/2012

16,117,562

3.4

CITY OF ABILENE, TEXAS

ANNUAL FINANCIAL REPORT

With Supplemental Information for
Development Corporation of Abilene

Year Ended September 30, 2011

CITY OF ABILENE, TEXAS
 Annual Financial Report
 Year Ended September 30, 2011

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
City of Abilene, Texas:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Abilene, Texas, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Abilene, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Abilene, Texas, as of September 30, 2011, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2012 on our consideration of the City of Abilene, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and other required supplementary information on pages 3 through 15 and 57 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Abilene, Texas' basic financial statements. The supplemental information for Development Corporation of Abilene on pages 60 through 66 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Abilene, Texas. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Certified Public Accountants

Abilene, Texas
February 20, 2012

CITY OF ABILENE, TEXAS
Development Corporation of Abilene
Statement of Net Assets
September 30, 2011
With Comparative Totals for the Year Ended September 30, 2010

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS:		
Cash and cash investments	\$ 14,365,965	\$ 13,770,588
Investments	-	373,212
Accounts receivable	35,293	98,211
Due from other governments	1,846,504	1,427,749
Prepaid expenses	988	300
	<u>16,248,750</u>	<u>15,670,060</u>
NONCURRENT ASSETS:		
Notes receivable	15,834,501	15,380,893
Capital assets not being depreciated	5,434,728	1,490,201
Capital assets net of accumulated depreciation	<u>28,139,332</u>	<u>28,870,286</u>
	<u>49,408,561</u>	<u>45,741,380</u>
	<u>65,657,311</u>	<u>61,411,440</u>
TOTAL ASSETS		
LIABILITIES:		
Current:		
Accounts payable	846,820	55,927
Accrued liabilities	53,256	55,051
Notes payable	-	160,541
	<u>900,076</u>	<u>271,519</u>
	<u>900,076</u>	<u>271,519</u>
NET ASSETS:		
Investment in capital assets, net of related debt	33,574,060	30,199,946
Restricted for contractual obligations	19,525,046	16,519,953
Unrestricted, designated for purposes of trust	<u>11,658,129</u>	<u>14,420,022</u>
	<u>\$ 64,757,235</u>	<u>\$ 61,139,921</u>

CITY OF ABILENE, TEXAS
Development Corporation of Abilene
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2011
With Comparative Totals for the Year Ended September 30, 2010

	<u>2011</u>	<u>2010</u>
REVENUES:		
Sales and use taxes	\$ 9,714,574	\$ 8,319,106
Rental income	1,022,890	937,016
Interest income	136,756	125,197
Gain on sale of capital assets	-	101,826
Intergovernmental revenue	142,500	20,000
Miscellaneous revenue	<u>356,012</u>	<u>91,666</u>
Total Revenues	<u>11,372,732</u>	<u>9,594,811</u>
EXPENSES		
Current:		
Trust	<u>7,755,418</u>	<u>7,534,330</u>
Total Expenses	<u>7,755,418</u>	<u>7,534,330</u>
CHANGE IN NET ASSETS	3,617,314	2,060,481
NET ASSETS AT BEGINNING OF YEAR	<u>61,139,921</u>	<u>59,079,440</u>
NET ASSETS AT END OF YEAR	<u>\$ 64,757,235</u>	<u>\$ 61,139,921</u>

CITY OF ABILENE
Development Corporation of Abilene
Schedule of Revenues and Expenditures - Budget Basis
Year Ended September 30, 2011

	Year Ended September 30, 2011	Inception To-Date
REVENUES:		
Sales and use taxes	\$ 9,295,819	\$ 137,862,933
Principal on loans and assessments	18,276	3,119,599
Interest on loans and assessments	75,789	2,242,616
Interest on investments	60,995	6,979,820
Land lease	1,332	16,020
Sale of land and buildings	-	4,968,772
Building/space rent	1,021,558	6,368,901
Miscellaneous recovery	259,849	2,176,501
Miscellaneous revenue	96,163	991,640
Miscellaneous prior year	-	27,720
Federal grants	142,500	1,322,526
Miscellaneous state grants	-	26,500
Interfund recovery	-	1,534,976
GASB 22 restatement	-	355,635
GASB 34 restatement	-	1,831,068
Other contributions	-	140,712
Total Revenues	10,972,281	169,965,939
EXPENDITURES:		
Current:		
Prior year programs	-	80,244,141
Business Services Division	595,085	8,453,109
Life Sciences Property	544,658	1,110,106
DCOA Annual Contracts	232,479	2,462,356
Abilene Industrial Foundation	643,807	13,218,417
Caruth Small Business Development Center	220,706	2,851,327
Chamber Military Affairs	60,000	1,266,511
Airport Business Development MGR	148,165	753,218
Murf Systems	48,000	199,665
Bandag Training	76,088	800,574
EASI 04	317,412	2,131,546
Fehr Foods	526,590	3,161,220
Bandag Building Improvements	8,000	8,000
Robinson Fan	104,803	574,415
Reg Website	-	7,067
TTU Pharmacy School	165,740	658,436
Teleperformance USA	99,830	470,110
PWP Industries	488,582	2,507,899
Integrated Clinic Research	-	7,440
Genesis Network	240,083	1,615,417
Fehr Foods	-	118,091
SBIR/STTR	957	85,536
EASI 7th Doc	-	239,175
TTU HSC Research	631,712	1,623,722
Spec 3 Construction	-	5,432,321

CITY OF ABILENE
Development Corporation of Abilene
Schedule of Revenues and Expenditures - Budget Basis
Year Ended September 30, 2011

	Year Ended September 30, 2011	Inception To-Date
EXPENDITURES - continued:		
Current - continued:		
Energy Maintenance Service	\$ -	\$ 185,247
Genesis Network Phase II	15,199	22,924
Tower Tech	894,007	2,622,973
Texas Metal 08	-	106,667
TMAC 09	33,000	59,000
Land 122 acres N 5 Pts	165,357	507,090
ETI Contract	395,933	807,686
EASI Flooring	19,712	220,620
TTU 842 Pine	51,502	173,182
AIC Eq Lease	80,047	129,513
Nationwide Products	31,150	31,150
Texas Healthcare Linen	118,891	118,891
Enavail, LLC	331,084	331,084
Cisco College Biotech Training	11,185	11,185
Energy Maintenance Service	140,000	140,000
EASI Hanger Design	347,109	347,109
EASI Hanger Construction	2,310,368	2,310,368
EASI Hanger Fire Safety	926,252	926,252
WTCIC	5,000	5,000
Springboard 11	5,000	5,000
Land 922 N. 13th Street	35,735	35,735
ALSA Contribution	53,918	53,918
Miscellaneous Activities	-	354,190
	<u>11,123,146</u>	<u>139,504,603</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES-BUDGET BASIS	(150,865)	<u>\$ 30,461,336</u>
Add: Fixed Assets Capitalized	3,955,484	
Add: Change in Sales Tax Revenue Accrual	418,755	
Less: Change in accrued expense	(6,415)	
Less: GASB 34 Adjustment	142,265	
Less: Depreciation	<u>(741,910)</u>	
CHANGE IN NET ASSETS-GAAP BASIS	<u>\$ 3,617,314</u>	

CITY OF ABILENE, TEXAS
Development Corporation of Abilene
Schedule of Obligated Fund Balance - Budget Basis
Year Ended September 30, 2011

	FY 2011 Obligated	FY 2011 Amount Disbursed	Balance
OBLIGATED PROGRAMS:			
Business Services Division	\$ 639,155	\$ 595,085	\$ 44,070
Life Sciences Property	710,290	544,658	165,632
DCOA Annual Contracts	232,590	232,479	111
Abilene Industrial Foundation	739,850	643,807	96,043
Caruth Small Business Development Center	250,000	220,706	29,294
Chamber Military Affairs	60,000	60,000	-
Airport Business Development MGR	163,830	148,165	15,665
Murf Systems	48,000	48,000	-
Bandag Training	76,088	76,088	-
EASI 04	662,806	317,412	345,394
Fehr Foods	526,590	526,590	-
Bandag Building Improvements	8,000	8,000	-
Robinson Fan	104,803	104,803	-
Reg Website	1,250		1,250
TTU Pharmacy School	165,740	165,740	-
Teleperformance USA	99,830	99,830	-
PWP Industries	2,164,582	488,582	1,676,000
Genesis Network	240,083	240,083	-
SBIR/STTR	186,822	957	185,865
EASI 7th Doc	34,082	-	34,082
TTU HSC Research	2,007,990	631,712	1,376,278
Spec 3 Construction	304,179	-	304,179
Energy Maintenance Service	684,647	-	684,647
Genesis Network Phase II	2,484,199	15,199	2,469,000
Tower Tech	3,333,759	894,007	2,439,752
TMAC 09	33,000	33,000	-
Run Energy	748,000	-	748,000
Coca Cola Abilene	900,000	-	900,000
Land 122 acres N 5 Pts	165,357	165,357	-
ETI Contract	968,427	395,933	572,494
EASI Flooring	19,712	19,712	-
TTU 842 Pine	91,820	51,502	40,318
AIC Eq Lease	115,535	80,047	35,488
Nation Wide Products	105,250	31,150	74,100
LM Wind Power	566,250	-	566,250
Texas Healthcare Linen	118,891	118,891	-
Enavail, LLC	487,980	331,084	156,896
Cisco College Biotech Training	67,650	11,185	56,465
Energy Maintenance Service-Gearbox	342,500	140,000	202,500
EASI Hanger Design	403,272	347,109	56,163
EASI Hanger Construction	4,770,000	2,310,368	2,459,632
EASI Hanger Fire Safety	2,592,097	926,252	1,665,845
Pepsi Beverage Co.	350,000	-	350,000
WTCIC	5,000	5,000	-

CITY OF ABILENE, TEXAS
 Development Corporation of Abilene
 Schedule of Obligated Fund Balance - Budget Basis
 Year Ended September 30, 2011

OBLIGATED PROGRAMS - continued	FY 2011	FY 2011	Balance
	Obligated	Amount Disbursed	
Springboard Sponsorship 2011	\$ 5,000	\$ 5,000	\$ -
Cooperative Response Center	296,500	-	296,500
Land 922 N. 13th Street	50,000	35,735	14,265
Teleperformance USA	375,000	-	375,000
Docket Navigator	159,000	-	159,000
SPA Coating	928,868	-	928,868
ALSA Contribution	53,918	53,918	-
Total Obligated Programs	\$ 30,648,192	\$ 11,123,146	\$ 19,525,046

CITY OF ABILENE, TEXAS
Development Corporation of Abilene
Schedule of Capital Assets
September 30, 2011

	Land	Buildings	Improvements	Equipment and Vehicles	Total
Land, Buildings and Improvements:					
2601 Airport Blvd.	\$ -	\$ 1,563,210	\$ 540,633	\$ -	\$ 2,103,843
2809 Airport Blvd.	-	396,519	444,583	-	841,102
2841 Airport Blvd.	-	456,736	62,923	-	519,659
4002 Loop 322	-	2,690,915	984,892	-	3,675,807
456.458 acres-Five Points Business Park	489,507	-	2,606,743	-	3,096,250
Five Points Spec Bldg 2	-	12,826,151	97,831	-	12,923,982
Five Points Spec Bldg 3	-	5,522,986	-	-	5,522,986
341 Pine - Grant Bldg	-	147,194	405,726	-	552,920
Vine Street (4009 / 4109)	-	1,347,904	-	-	1,347,904
EASI Storage Building	-	2,527,408	9,987	-	2,537,395
303.53 Acres Hwy 36 & FM 18	449,239	-	-	-	449,239
121.93 acres Moses Williams Survey	482,238	-	-	-	482,238
5.6 acres N Five Points Business Park	69,217	-	-	-	69,217
922 N. 13th Street	35,735	-	-	-	35,735
Leasehold Improvements	-	-	1,366,201	-	1,366,201
Machinery & Equipment	-	-	-	116,661	116,661
Vehicle - 2005 Dodge Caravan	-	-	-	18,011	18,011
Construction-in-Progress	-	-	3,908,792	-	3,908,792
TOTAL CAPITAL ASSETS	\$ 1,525,936	\$ 27,479,023	\$ 10,428,311	\$ 134,672	\$ 39,567,942

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA
MEETING DATE: April 10, 2012

PROJECT: Cancer Prevention and Research Institute of Texas (CPRIT) Application Letter of Support

STAFF: Richard Burdine, CEO

GENERAL INFORMATION:

As reviewed at your last meeting, the State of Texas established the Cancer Prevention and Research Institute of Texas (CPRIT), which issues general obligation bonds to fund cancer research and prevention. CPRIT is charged by the Texas Legislature to:

- Create and expedite innovation in the area of cancer research and product or service development, thereby enhancing the potential for a medical or scientific breakthrough in the prevention, treatment, and possible cures for cancer;
- Attract, create, or expand research capabilities public or private entities that will promote a substantial increase in cancer research and in the creation of high-quality new jobs in the State of Texas; and
- Continue to develop and implement the Texas Cancer Plan by promoting the development and coordination of effective and deficient statewide public and private policies, programs, and services related to cancer and by encouraging cooperative, comprehensive, and complementary planning among the public, private, and volunteer sectors involved in cancer prevention, detection, treatment, and research.

CPRIT fosters cancer research as well as product and service development in Texas by providing financial support for a wide variety of projects relevant to cancer. A Request for Applications was issued for the award period 9-1-11 through 8-31-12 for infrastructure program applications to create and sustain one or more life sciences incubators in Texas. Applicants with the ability to cultivate a collaborative and entrepreneurial Texas ecosystem are especially encouraged to apply.

SPECIAL CONSIDERATIONS:

The Abilene Life Sciences Accelerator is an ideal mechanism for such cultivation of an ecosystem for cancer research. In collaboration with Dr. Jon Weidanz, Director, Graduate Program in Biotechnology, TTUHSC System and President of Receptor Logic, Inc., and Dr. Greg Pogue, Deputy Director of the IC² Institute, The University of Texas at Austin, I have worked to develop an application for assistance for the ALSA.

The application deadline was extended to April 19th on the afternoon of the last Board meeting. I request the DCOA Board reauthorize President Cannon to sign a letter of support with a DCOA commitment not to exceed \$2,365,788. This number is \$185,000 more than that approved at the last meeting; I talked about including existing SBIR match funds of \$185,000 to leverage CPRIT matching funds of \$370,000 in addition to the 3-year subsidy amount but failed to add the two numbers together for the letter.

Other letters of support already in hand are from Rain Dance Capital, Inc, the Chancellor of Texas Tech University System, the President of the TTU Health Sciences Center (TTUHSC), the Executive Vice President for Research, TTUHSC, the Director of TTUHSC School of Medicine Cancer Center and the Vice President of Research, University of Texas at Austin. Notification of an award will be made by July 31st with a start date of September 1st, 2012.

FISCAL IMPACT:

None.

STAFF RECOMMENDATION:

Staff recommends the Board reauthorize President Cannon to sign a letter of support with a DCOA commitment not to exceed \$2,365,788 for an application to CPRIT for a possible Texas Life Science Incubator Infrastructure Award for the Abilene Life Sciences Accelerator. Potential CPRIT funding of up to \$8,731,576 could result from a successful application.

ATTACHMENT:

None.

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA
MEETING DATE: April 10, 2012

PROJECT: Pactiv (formerly PWP Industries) Revised Phase 2

STAFF: Richard Burdine, CEO

THE COMPANY

In February 2010, Pactiv Corporation announced an agreement to acquire the stock of PWP Industries, an HPC company. PWP was a leading manufacturer of APET (amorphous polyethylene terephthalate) disposable products. The purchase price was \$200 million. PWP primarily manufactured a range of APET foodservice containers for several channels, including packer processor bakeries, supermarkets, and quick service restaurants. PWP employed about 600 people with 3 manufacturing facilities in the U.S., as well as a facility that processed post consumer PET.

In August 2010, Pactiv Corporation announced it would merge with Reynolds Group Holdings Limited, a leading global manufacturer and supplier of consumer food and beverage packaging and storage products headquartered in Chicago, Illinois, in a transaction valued at approximately \$6 billion. Reynolds is a wholly owned subsidiary of New Zealand-based Rank Group Limited, which is owned by Graeme Hart. Pactiv Corporation is a leader in the consumer and foodservice/food packaging markets it serves. With 2009 sales of \$3.4 billion, Pactiv derives more than 80 percent of its sales from market sectors in which it holds the No. 1 or No. 2 market-share position. Pactiv's Hefty® brand products include waste bags, slider storage bags, disposable tableware, and disposable cookware. Pactiv's foodservice/food packaging offering is one of the broadest in the industry, including both custom and stock products in a variety of materials. These products are sold through a wide range of channels including wholesalers, supermarkets, take-out food restaurants, caterers and packer processors. Pactiv is an indirect wholly-owned subsidiary of Reynolds Group Holdings Limited.

BACKGROUND

In 2006, the DCOA approved resolution DCOA-2006.08 authorizing Phase 1 assistance of \$2,210,500 for Project Pellet (PWP Industries) to establish a manufacturing and distribution operation in Abilene in exchange for 65 new jobs and up to \$12,000,000 in capital equipment investment. Also approved was additional assistance of \$2,537,000 should the company desire to expand its operations in Abilene (Phase 2) and create another 55 jobs. The company located in the 112,500 sq ft Spec 2 building located at 6450 Five Points Parkway under a lease agreement with the DCOA.

In 2007, the DCOA approved resolution 2008.01 authorizing revised assistance to help with the company's expansion. Because the company had exceeded its employment projections for Phase 1, the job creation incentive was increased in Phase 1 and decreased for Phase 2 with overall job creation increasing to 142 FTEs. Also, the capital construction investment incentive of \$750,000 to help with expansion of the facility after the company's purchase of Spec 2 was eliminated and the DCOA funded the expansion instead, which was completed in July 2008. The original and revised assistance amounts for both phases are summarized below:

Phase 1 Incentives	Original	Revised
Tenant Improvements	\$ 205,500	\$ 205,500 (fully funded)
Capital Construction Investment Incentives	\$ 0	\$ 0
Capital Equipment Investment Incentives	\$1,800,000	\$1,800,000 (fully funded)
Job Creation Incentives	\$ 205,000	\$ 606,000 (partially funded)
Total Incentives Package	\$2,210,500	\$2,611,500

Phase 2 Incentives	Original	Revised
Capital Construction Investment Incentives	\$ 750,000	\$ 0
Capital Equipment Investment Incentives	\$1,500,000	\$1,500,000 (not funded)
Job Creation Incentives	\$ 287,000	\$ 176,000 (not funded)
Total Incentives Package	\$2,537,000	\$1,676,000

All of Phase 1 funding was disbursed with the exception of job creation incentive money of \$103,564, which was never earned. The 5th year job certification for Phase 1 indicated 87.1 FTEs through 2/11. The Company never met its Phase 1 goal of 110 FTEs; therefore, Phase 2 job creation funds have not been used. Phase 2 capital equipment funding of \$1.5 million expired and was not been tapped into by the company, mostly due to acquisitions and mergers with turnover in key management positions, resulting in loss of corporate knowledge of the DCOA's assistance availability.

Pactiv currently leases the original facility plus the 125,700 sq ft expansion for an average \$2.55/sq ft/year, or \$607,730/year, which expires 8-31-2018. The company has the option to purchase the entire facility during the original lease term for \$10,575,815.

THE REQUEST

Abilene is the best of the company's plants and recently received its seventh thermoformer. It is converting part of the Phase 2 warehouse space to allow for an additional manufacturing line and needs to move its air compressors to the exterior of the building and add more. Pactiv has approved a budget of \$560,000 to relocate and install equipment to Abilene and construct a "lean-to" on the north exterior wall to house the air compressors.

I propose the board reduce the Phase 2 capital equipment incentive from \$1,500,000 to \$250,000 and extend the funding expiration to June 30, 2013. The funds will still be reimbursed at 15% of the company's actual cost up to \$1,660,000 based on invoices submitted; however, they will be paid in arrears over 5 years. The current project would be eligible for up to \$84,000 (\$560,000 x 15%) based on the information provided. The job creation incentive of \$176,000 will be left in place, but will expire in March 2013.

FISCAL IMPACT

Reduction in Phase 2 assistance of \$1,250,000 under Revision 2:

Phase 2 Incentives	Original	Revision 1	Revision 2
Capital Construction Investment Incentives	\$ 750,000	\$ 0	\$ 0
Capital Equipment Investment Incentives	\$1,500,000	\$1,500,000	\$250,000
Job Creation Incentives	\$ 287,000	\$ 176,000	\$176,000
Total Incentives Package	\$2,537,000	\$1,676,000	\$426,000

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2012.16 authorizing a second revision to Pactiv's Phase 2 assistance by reducing the total amount by \$1,250,000 to \$426,000 as described above.

ATTACHMENTS

Resolution DCOA-2012.16

S:\DCOAMeeting Memos\FY 2012\Pactiv (formerly PWP) revised Phase 2 4-10-12.doc

RESOLUTION NO. DCOA-2012.16

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS AUTHORIZING AMENDED PHASE 2 EXPANSION ASSISTANCE FOR PACTIV (FORMERLY PWP INDUSTRIES) ("PACTIV").

WHEREAS, in February 2010, Pactiv Corporation announced an agreement to acquire the stock of PWP Industries, an HPC company that was a leading manufacturer of APET (amorphous polyethylene terephthalate) disposable products; and,

WHEREAS, in August 2010, Pactiv Corporation announced it would merge with Reynolds Group Holdings Limited, a leading global manufacturer and supplier of consumer food and beverage packaging and storage products headquartered in Chicago, Illinois; and,

WHEREAS, Pactiv is an indirect wholly-owned subsidiary of Reynolds Group Holdings Limited; and,

WHEREAS, in 2006, the DCOA approved resolution DCOA-2006.08 authorizing Phase 1 assistance of \$2,210,500 for Project Pellet (PWP Industries) to establish a manufacturing and distribution operation in Abilene in exchange for 65 new jobs and up to \$12,000,000 in capital equipment investment. Also approved was additional assistance of \$2,537,000 should the company desire to expand its operations in Abilene (Phase 2) and create another 55 jobs; and,

WHEREAS, the DCOA began leasing in 2006 the Spec 2 building at 6450 Five Points Parkway to Pactiv; and,

WHEREAS, in 2007, the DCOA approved resolution 2008.01 authorizing revised assistance, thereby increasing the job creation incentive for Phase 1 and decreasing it for Phase 2 with overall job creation increasing to 142 FTEs, and the DCOA funded an expansion of the Spec 2 building; and,

WHEREAS, Pactiv never met its Phase 1 goal of 110 FTEs; therefore, Phase 2 job creation funds have not been used. Phase 2 capital equipment funding of \$1.5 million expired and was not been tapped into by the company, mostly due to acquisitions and mergers with turnover in key management positions, resulting in loss of corporate knowledge of the DCOA's assistance availability; and,

WHEREAS, Pactiv has an approved budget of \$560,000 to relocate and install equipment to Abilene and construct a "lean-to" on the north exterior wall of the Spec 2 building, and is converting part of the warehouse space to allow for an additional manufacturing line and needs to move its air compressors to the exterior of the building plus add more; and,

WHEREAS, staff requests the DCOA authorize a second revision to the Phase 2 assistance which will reduce the amount of funding available for capital equipment costs and extend the expiration for use of the funds to June 30, 2013.

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

PART 1. DCOA hereby authorizes a second revision to Pactiv's Phase 2 assistance which reduces the

the capital equipment incentive from \$1,500,000 to \$250,000 and extends the funding expiration to June 30, 2013. The funds will still be reimbursed at 15% of the company's actual cost up to \$1,660,000 based on invoices submitted; however, they will be paid in arrears over 5 years. The current project with a budget of \$560,000 for relocation and installation of equipment plus construction of a "lean-to" on the north exterior wall of the Spec 2 building at 6450 Five Points Parkway would be eligible for up to \$84,000 (\$560,000 x 15%) based on the information provided. The Phase 2 job creation incentive of \$176,000 will be left in place, but will expire in March 2013.

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

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

ADOPTED this the 10th day of April, 2012.

ATTEST:

Marelyn Shedd
Secretary/Treasurer

Paul Cannon
President

APPROVED:

T. Daniel Santee, City Attorney

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