

## PUBLIC NOTICE

### DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, July 24, 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

July 24, 2012  
1:30 p.m.

Abilene Life Sciences Accelerator  
1325 Pine St.

1. Call the meeting to order.
2. Approval of minutes from the July 10, 2012, board meeting.
3. Sale tax report for July 2012 and Status of Funds report for June 2012.
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 Phase 4 assistance for Smith Pipe.
6. Presentation on the Hangar 4 construction project and fire safety improvements at the Airport.

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**  
**JULY 10, 2012**

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

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

**GUESTS PRESENT:** Greg Blair, Abilene Improvement Corporation  
Bill Ehrie, Abilene Industrial Foundation  
Brennan Peel, Abilene Reporter-News  
John Mangaronzo, “ “ “  
Marc Gustafson, KTAB-KRBC TV

1. **CALL TO ORDER.** President Paul Cannon called the meeting to order at 1:30 p.m. in the conference room of the Abilene Life Sciences Accelerator, 1325 Pine Street, Abilene, Texas.
2. **APPROVAL OF MINUTES FROM THE JUNE 12, 2012, BOARD MEETING.** Dani Ramsay moved to approve the minutes from the June 12, 2012 board meeting. Marelyn Shedd seconded and the motion carried.
3. **STATUS OF FUNDS REPORT FOR MAY 2012.** Mindy Patterson pointed out total revenue as of May 31<sup>st</sup> was slightly over \$1 million; \$972,804 of that was from sales tax. Expenditures totaled \$1,097,156. Highlighted items include \$266,667 for TTUHSC Research; \$31,707 for Cisco College Biotech training; \$102,366 for EASI Hangar 4 construction; \$381,733 for EASI Hangar fire safety; \$91,332 for interior demolition of 4109 Vine St.; and \$40,753 for the Fast Track Welder training program.
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 July 10, 2012, and the time is 1:35 p.m. President Paul Cannon then announced the date is still July 10, 2012, and the time is 2:25 p.m. No vote or action was taken in Executive Session.

5. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A CONTRACT AND FUNDING FOR ARCHITECTURAL/ENGINEERING SERVICES ASSOCIATED WITH THE RELOCATION OF THE AIR COMPRESSORS TO AN EXTERIOR STRUCTURE FOR PACTIV AT 6450 FIVE POINTS PARKWAY.** Pactiv Corp. is a leader in the consumer and food service/food

packaging markets it serves. On April 10, 2012 the DCOA approved a second revision to the Phase 2 assistance by reducing the total amount by \$1,250,000 to \$426,000 and extending the funding expiration to June 30, 2013 to assist with the installation of a 7<sup>th</sup> thermo former and conversion of part of the Phase 2 warehouse space, to allow for an additional manufacturing line.

In order to convert space in the warehouse for the new manufacturing line, the existing air compressors need to be moved outside the building into a new enclosure. The Tittle Luther Partnership/Parkhill Smith & Cooper (TLP/PSC) have met with the local plant manager and developed a cost estimate of \$179,600 for a new metal building structure and the many components that go with it. The A/E fees at 10% of estimated cost plus 1% for reimbursables and additional services total \$19,756.

Staff requests the DCOA approve a contract with TLP/PSC and funding of \$19,756 to design the improvements. Staff also requests the DCOA authorize the CEO to solicit bids for the work and return to the board for construction authorization. It is noted that Pactiv will participate in the project at a funding level to be negotiated once actual bid costs are known and Pactiv has provided paid invoices for recent capital investment that may generate capital investment incentives adequate to fund the project.

Scott Senter moved to approve Resolution No. DCOA-2012.24 as presented. Mike Schweikhard seconded and the motion carried.

6. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING FUNDING TO THE WEST TEXAS COALITION FOR INNOVATION AND COMMERCIALIZATION (WTCIC) FOR FY2012.** The WTCIC is one of seven regional centers supporting 83 counties that review applications to the Texas Emerging Technology Fund (TETF). TETF is a multi-million dollar fund established in 2005 to encourage research and commercialization of technology. However, no funds were allocated for the cost of operating the Regional Centers of Innovation and Commercialization (RCIC).

To help with the necessary match to state funds, the WTCIC has previously asked six of the Economic Development Corporations which are members of the WTCIC for operating funds. The DCOA has previously approved a total of \$46,582 for operations through August 2011. In return, the DCOA received a \$20,000 development grant in 2010 to promote entrepreneurship, technology business development and the ETF, and offset the operating funds grant.

The WTCIC is currently asking the DCOA to provide \$2,500 to support operations from April through August 2012.

A motion was made by Marelyn Shedd to approve Resolution No. DCOA-2012.23 as presented. The motion was seconded by Dani Ramsay and passed by unanimous consent.

7. **DCOA STRATEGIC PLANNING SESSION AND POSSIBLE APPROVAL OF CHANGES TO INCENTIVE GUIDELINES.** Richard Burdine reviewed the current incentive guidelines and explained that most of the money goes toward job creation and capital investment incentives. With job creation incentives, the DCOA currently does not incent new businesses paying less than \$30,000/year. However, it does incent existing businesses paying less than \$30,000/year but the funding is significantly less.

There was discussion regarding capital investment incentive funding for companies located within the city limits versus those located outside the city limits. The current average incentive guideline starting point has typically been 10% for all companies.

However, it has been recommended to lower the capital investment incentive percentage to 7% for those companies located outside the city limits because Abilene's tax base does not benefit. It has also been recommended to raise the capital investment incentive percentage to 15% for local companies for land and construction and keep it at 10% for equipment purchases.

Dani Ramsay moved to make the two changes to the DCOA Incentive Guidelines for capital investment funding as recommended above. The motion was seconded by Scott Senter and passed by unanimous consent.

In other business, Richard Burdine polled the board members on their availability to attend the July 24<sup>th</sup> DCOA Board meeting. All are available to attend except Scott Senter.

8. **THERE BEING NO FURTHER BUSINESS, THE MEETING WAS ADJOURNED.**

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Paul Cannon, President

MEMORANDUM

July 11, 2012

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

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The sales tax rebate for July is \$3,027,543.55 which represents May sales. This is 0.95% above last year. The breakdown of the July rebate is \$2,270,657.66 to the General Fund and \$756,885.89 for economic development. Of this rebate, (\$46,486) is from prior periods, audit payments, future payments, and unidentified payments. Based on this rebate, sales tax is 16.26% above last year for the period of October through July. 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**

Accounting Period Month	GENERAL FUND	ECONOMIC DEVELOPMENT	TOTAL 2010-11	GENERAL FUND	ECONOMIC DEVELOPMENT	TOTAL 2011-12
	Actual 2010-11	Actual 2010-11		Actual 2011-12	Actual 2011-12	
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
March	1,938,924.19	646,308.06	2,585,232.25	2,196,565.64	732,188.54	2,928,754.18
April	1,923,931.42	641,310.47	2,565,241.89	2,307,190.75	769,063.58	3,076,254.33
May	2,845,240.04	948,413.35	3,793,653.39	2,932,384.19	977,461.40	3,909,845.59
June	2,224,901.30	741,633.77	2,966,535.07	2,300,833.44	766,944.48	3,067,777.92
July	2,249,301.71	749,767.23	2,999,068.94	2,270,657.66	756,885.89	3,027,543.55
<b>YTD</b>	<b>\$22,449,756.39</b>	<b>\$7,483,252.12</b>	<b>\$29,933,008.51</b>	<b>\$26,099,877.97</b>	<b>\$8,699,959.31</b>	<b>\$34,799,837.28</b>
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 purposed.

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%
March	646,308	732,189	13.29%
April	641,310	769,064	19.92%
May	948,413	977,461	3.06%
June	741,634	766,944	3.41%
July	749,767	756,886	0.95%
<b>YTD</b>	<u>\$7,483,252</u>	<b>\$8,699,959</b>	<b>16.26%</b>
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 July '12 represents May '12 sales. Approximately (\$11,622) 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
March	599,437	602,464	618,659	646,308	732,189
April	598,138	616,560	601,410	641,310	769,064
May	824,194	793,424	814,964	948,413	977,461
June	656,884	653,711	612,963	741,634	766,944
July	684,703	598,036	660,806	749,767	756,886
Year-to-Date Total	<u>\$7,053,379</u>	<u>\$7,184,930</u>	<u>\$6,834,170</u>	<u>\$7,483,252</u>	<u>\$8,699,959</u>
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>\$ 8,699,959</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

*June 30, 2012*

**ASSETS:**

Cash and Investments	\$15,427,434
Notes receivable	14,973,860
Accounts receivable	35,293
Due from other governments	1,846,504
Total Current Assets	<u>\$32,283,091</u>

**OTHER ASSETS:**

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

**TOTAL ASSETS** \$65,857,151

**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)	14,684,407
Reserved for obligated programs(internal)	1,521,068
Undesignated Balance	16,028,261
Total Fund Balance	<u>\$65,807,796</u>

**TOTAL LIABILITIES AND FUND BALANCES** \$65,857,151

**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 304 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
<b>TOTAL FIXED ASSETS</b>	<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 @ JUNE 30, 2012

(MARCH, 1990)

Object	Beginning I-T-D Revenues	Current Month Revenues	Current FY Revenues	Ending I-T-D Revenues
<b>REVENUE-TO-DATE</b>				
City Sales Tax	\$ 137,410,600.66	\$ 762,414.49	\$ 7,902,162.18	\$ 145,312,762.84
Sales Tax Retained	452,331.95	4,529.99	40,911.24	493,243.19
Princ. - Loans & Assess	3,119,599.24	-	148,929.03	3,268,528.27
Int. - Loans & Assess	2,242,615.88	71,384.38	71,987.04	2,314,602.92
Interest on Investments	6,979,819.62	3,478.27	30,364.88	7,010,184.50
Land Lease	47201 16,019.76	-	1,276.35	17,296.11
Building/Space Rent	47203 6,368,901.57	90,128.50	716,529.24	7,085,430.81
Miscellaneous Federal	41490 1,322,526.00	-	-	1,322,526.00
Miscellaneous State Grants	41690 26,500.00	-	-	26,500.00
Other Contributions	47105 140,712.60	-	-	140,712.60
Interfund Recovery	47217 1,534,976.08	-	-	1,534,976.08
Miscellaneous Recovery	47219 2,176,501.50	1,093.00	9,937.00	2,186,438.50
Miscellaneous Prior Year	47241 27,720.38	-	33,571.64	61,292.02
Miscellaneous Revenue	47244 991,664.20	-	7,921.06	999,585.26
Sale of Land	48201 392,446.27	-	83,147.23	475,593.50
Sale of Buildings & Equipment	48203 3,976,326.19	-	-	3,976,326.19
Gain (loss) Sale of Asset	48204 600,000.00	-	-	600,000.00
GASB 22 Restatement	355,634.89	-	-	355,634.89
GASB 34 Adjustment	2,403,949.11	-	-	2,403,949.11
	<b>\$ 170,538,845.90</b>	<b>\$ 933,028.63</b>	<b>\$ 9,046,736.89</b>	<b>\$ 179,585,582.79</b>

DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ JUNE 30, 2012

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	63,125.63	481,078.67	8,934,187.69	7,000.00
Life Sciences Property - Pine Div 2765	1,110,106.57	35,814.39	599,482.40	1,709,588.97	56,009.43
DCOA Annual Contracts Div 2775	2,462,356.75	8,269.02	335,190.49	2,797,547.24	3,650.00
Abilene Industrial Foundation 2775-62571	13,218,417.51	42,133.88	415,019.50	13,633,437.01	331,830.50
TTU Small Business Dev Cntr 2775-62572	2,851,327.30	23,568.75	143,025.00	2,994,352.30	106,975.03
Chamber Military Affairs 2775-62573	1,266,511.16	-	9,786.99	1,276,298.15	50,213.01
Airport Business Dev Mgr 2775-62574	753,217.55	8,866.17	95,752.00	848,969.55	-
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	-	3,100.00	11,100.00	-
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	426,000.00
Genesis Network 5258	1,615,416.69	-	-	1,615,416.69	-
SBIR/STTR 5263	85,535.86	-	475.00	86,010.86	185,289.49
EASI 7th Doc 5265	239,175.14	-	-	239,175.14	34,081.10
TTU HSC Research 5273	1,623,721.66	-	266,667.00	1,890,388.66	1,109,611.34
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	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	541,343.00	960,362.14	3,583,335.51	1,599,380.09
Texas Metal 08 5288	106,666.66	-	53,333.76	160,000.42	-
Project BG 5295	-	-	-	-	748,000.00
Coca Cola Abilene 5296	-	-	-	-	2,020,000.00
ETI Contract 5304	807,685.54	-	333,820.26	1,141,505.80	238,674.20
TTU 842 Pine 5308	173,181.72	-	-	173,181.72	40,318.28
AIC Eq Lease 5312	129,512.83	1,619.90	21,465.76	150,978.59	3,378.34
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	-	41,615.00	372,698.88	110,632.82
Texas Metal 10 5317	-	-	14,683.33	14,683.33	-
Cisco College Biotech Training 5318	11,184.80	-	34,516.75	45,701.55	21,948.45
Energy Maintenance Serv-Gearbox 5319	140,000.00	-	149,660.00	289,660.00	192,840.00
EASI Hanger Design 5320.1	347,109.34	(11,365.55)	(7,208.27)	339,901.07	-
EASI Hanger Construction 5320.2	2,310,367.60	-	2,163,074.84	4,473,442.44	287,533.08
EASI Hanger Fire Safety 5320.3	926,252.29	97,515.06	963,866.09	1,890,118.38	570,541.45
Pepsi Beverage Co. T5321	-	-	70,000.00	70,000.00	280,000.00
Cooperative Response Center 5324	-	-	71,748.18	71,748.18	224,751.82
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	-	-	-	-	-
ALSA Contribution 5332	53,918.00	-	-	53,918.00	-
TMAC FY12 5333	-	22,000.00	22,000.00	22,000.00	66,000.00
Vine St. Warehouse 5335.1	-	-	55,457.00	55,457.00	-
Vine St. Fire Safety 5335.2	-	400.00	3,000.00	3,000.00	259,075.46
Vine St. Parking Lot 5335.3	-	-	158,850.00	158,850.00	1,730.00
Vine St. Construction 5335.4	-	-	-	-	25,300.00
Vine St. Interior Demo 5335.5	-	2,468.00	111,568.03	111,568.03	4,930.00
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	-	-	16,641.17	16,641.17	-
Welder Training 5339	-	-	40,752.76	40,752.76	376,685.24
Fehr Foods '12 5340	-	-	-	-	510,000.00
Prospect Development 5341	-	1,216.00	1,216.00	1,216.00	-
Miscellaneous Activities 2785	354,189.86	-	-	354,189.86	-
<b>TOTAL ENCUMB. / EXPENDITURES</b>	<b>\$ 139,504,602.92</b>	<b>\$ 836,974.25</b>	<b>\$ 7,847,244.99</b>	<b>\$ 147,351,847.91</b>	<b>\$ 14,684,406.41</b>
<b>TOTAL FUND BALANCE</b>				<b>\$ 32,233,734.88</b>	
<b>UNENCUMBERED FUND BALANCE</b>					<b>\$ 17,549,328.47</b>

3.7

DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ JUNE 30, 2012

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	\$ -	\$ 63,125.63	\$ 481,078.67	\$ 7,000.00	\$ 138,816.33
Life Sciences Property -Pine Div 2765	825,910.00	-	35,814.39	599,482.40	56,009.43	170,418.17
DCOA Annual Contracts Div 2775	297,320.00	-	8,269.02	335,190.49	3,650.00	(41,520.49)
Abilene Industrial Foundation 2775-4950	746,850.00	-	42,133.88	415,019.50	331,830.50	-
TTU Small Business Dev Cntr 2775-4951	250,000.00	-	23,568.75	143,025.00	106,975.03	(0.03)
Chamber Military Affairs 2775-4952	60,000.00	-	-	9,786.99	50,213.01	-
Airport Business Dev Mgr 2775-4953	160,813.00	-	8,866.17	95,752.00	-	65,061.00
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	11,100.00	8,000.00	-	3,100.00	-	-
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	2,933,899.00	2,507,898.97	-	-	426,000.00	0.03
Genesis Network 5258	1,615,417.00	1,615,416.69	-	-	-	0.31
SBIR/STTR 5263	271,400.00	85,535.86	-	475.00	185,289.49	99.65
EASI 7th Doc 5265	273,257.00	239,175.14	-	-	34,081.10	0.76
TTU HSC Research 5273	3,000,000.00	1,623,721.66	-	266,667.00	1,109,611.34	-
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	-	63,023.47	621,623.53	0.40
Genesis Network Phase II 5284	2,491,924.00	22,924.00	-	-	2,469,000.00	-
Tower Tech 5285	5,182,716.00	2,622,973.37	541,343.00	960,362.14	1,599,380.09	0.40
Texas Metal 08 5288	160,001.00	106,666.66	-	53,333.76	-	0.58
Run Energy 5295	748,000.00	-	-	-	748,000.00	-
Coca Cola Abilene 5296	2,020,000.00	-	-	-	2,020,000.00	-
ETI Contract 5304	1,380,180.00	807,685.54	-	333,820.26	238,674.20	-
TTU 842 Pine 5308	213,500.00	173,181.72	-	-	40,318.28	-
AIC Equipment Lease/Purchase 5312	165,000.00	129,512.83	1,619.90	21,465.76	3,378.34	10,643.07
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	-	-	-	-
Enavaif, LLC 5316	487,980.00	331,083.88	-	41,615.00	110,632.82	4,648.30
Texas Metal 10 5317	14,684.00	-	-	14,683.33	-	0.67
Cisco College Biotech Training 5318	67,650.00	11,184.80	-	34,516.75	21,948.45	-
Energy Maintenance Serv-Gearbox 5319	482,500.00	140,000.00	-	149,660.00	192,840.00	-
EASI Hanger Design 5320.1	403,272.00	347,109.34	(11,365.55)	(7,208.27)	-	63,370.93
EASI Hanger Construction 5320.2	4,770,000.00	2,310,367.60	-	2,163,074.84	287,533.08	9,024.48
EASI Hanger Fire Safety 5320.3	2,592,097.00	926,252.29	97,515.06	963,866.09	570,541.45	131,437.17
Pepsi Beverage Co. 5321	350,000.00	-	-	70,000.00	280,000.00	-
Cooperative Response Center 5324	296,500.00	-	-	71,748.18	224,751.82	-
Land 922 N 13th Street 5325	50,000.00	35,735.00	-	-	-	14,265.00
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	928,368.00	-	-	-	-	928,368.00
ALSA Contribution 5332	53,918.00	53,918.00	-	-	-	-
TMAC FY12 5333	88,000.00	-	22,000.00	22,000.00	66,000.00	-
Vine St. Warehouse 5335.1	55,457.00	-	-	55,457.00	-	-
Vine St. Fire Safety 5335.2	274,516.00	-	400.00	3,000.00	259,075.46	12,440.54
Vine St. Parking Lot 5335.3	160,580.00	-	-	158,850.00	1,730.00	-
Vine St. Construction 5335.4	25,300.00	-	-	-	25,300.00	-
Vine St. Interior Demo 5335.5	130,489.00	-	2,468.00	111,568.03	4,930.00	13,990.97
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	16,642.00	-	-	16,641.17	-	0.83
Welder Training 5339	417,438.00	-	-	40,752.76	376,685.24	-
Fehr Foods '12 5340	510,000.00	-	-	-	510,000.00	-
Prospect Development 5341	1,216.00	-	1,216.00	1,216.00	-	-
Miscellaneous Activities 2785	354,189.86	354,189.86	-	-	-	-
<b>BALANCE OF OBLIGATED PROGRAMS</b>	<b>\$ 50,430,794.86</b>	<b>\$ 26,378,076.05</b>	<b>\$ 836,974.25</b>	<b>\$ 7,847,244.99</b>	<b>\$ 14,684,406.41</b>	<b>\$ 1,521,067.41</b>

**UNDESIGNATED FUND BALANCE (unencumbered balance less obligated programs and contingent liabilities) \$ 16,028,261.06**

DCOA Board approved projects waiting for signed contracts	Expiration Date
West Texas Innovation Network 5328	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
Bridgestone Bandag	08/27/2012
Rentech Boilers '12 5342	11/02/2012
Project JH	12/12/2012
	4,479.597

3.8

# DEVELOPMENT CORPORATION OF ABILENE, INC.

## BOARD AGENDA

MEETING DATE: July 24, 2012

**PROJECT:** Smith Pipe – Phase 4

**STAFF:** Richard Burdine, CEO

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### THE COMPANY

Smith Pipe is a local company founded in 1983 and currently owns 100+ acres of land south of Abilene in the City's 5-mile extraterritorial jurisdiction (ETJ). The company operates drillings rigs, well service units, a Roust-A-Bout crew, and plug & abandonment units in addition to manufacturing new storage tanks and pressure vessels and sales of used oilfield equipment. The company also operates a truck fleet for rig moving and equipment sales. They currently have 385 employees, with 240 of those maintaining an Abilene residence. Total annual wages are \$12.7MM with an approximate average annual wage of \$52,000.

**PHASES 1 & 2** - In May 2011, the DCOA Board approved Resolution DCOA-2011.16 authorizing assistance for Smith Pipe (Project BC) in a total amount not to exceed \$1,155,368 for Phase 1 construction and Phase 2 expansion of a new 40,500 sq ft facility adjacent to the existing facility for its new pipe coating operation that will support and enhance their current operation. The company pledged to add another 44 jobs total and invest \$5,267,000 in capital.

**PHASE 3** - On October 11, 2011, the DCOA approved Resolution DCOA-2012.01 authorizing Phase 3 assistance totaling \$521,790 for the purchase of more land and construction of a 15,000 sq ft main shop and a 5,000 sq ft paint and sand blasting shop for the company's new tank fabrication operation. At the time, the total estimated project cost for construction and equipment purchases was \$2,087,900. Plans are to create 31 new jobs in Phase 3, in addition to the 44 jobs to be created in Phases 1 and 2 combined.

**REVISION TO PHASES 1, 2, & 3** - On February 27, 2012, the board authorized Resolution DCOA-2012.14, which revised previously approved assistance packages for Phases 1, 2 and 3 by eliminating the job creation incentive for each phase and increasing the capital investment incentive for Phase 3 by \$12,000. Also approved is advancing the capital investment incentives for Phase 2 and 3 under separate notes at 0% interest secured by a letter of credit. The advances will occur after completion of the phase and receipt by the DCOA of appropriate documentation, and the principal balances will be forgiven over the following 3 years in equal annual amounts. The final impact is the reduction of the assistance approved for all three phases by \$941,668 by eliminating the job creation incentives, then increasing the Phase 3 capital investment incentive by \$12,000. The result is total capital investment incentives for all three phases of \$747,490, down from \$1,677,158.

### THE PROJECT/REQUEST

The company is now embarking on an expansion of the tank manufacturing operation, otherwise known as Phase 4, and has purchased 35 more acres of land. Construction of a 45,000 sq ft building recently began and additional equipment will be purchased, which is estimated to cost \$4MM, and the expansion will employ 50 additional people. The company requests the DCOA approve 10% up to \$400,000 capital investment incentive for Phase 4 construction and equipment purchases. As with Phases 2 and 3, the company requests the DCOA advance the Phase 4 capital investment incentive

under a separate note receivable upon completion of construction and DCOA's receipt of documentation evidencing actual costs. The loan will be secured by a letter of credit and forgiven over three years in equal annual amounts of \$133,333. Though there are no job creation incentives approved or being requested, the company will be required to submit annual reports of employment.

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

**FISCAL IMPACT**

Phase 4 capital investment incentive                      \$400,000

**STAFF RECOMMENDATION**

Staff recommends approval of resolution DCOA-2012.25 authorizing capital investment incentive for Smith Pipe up to \$400,000 at 10% of cost for Phase 4 expansion of the tank manufacturing operation. The capital investment incentive will be advanced under a separate forgivable note and secured by a letter of credit.

**ATTACHMENTS**

Resolution DCOA-2012.25

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**RESOLUTION NO. DCOA-2012.25**

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS AUTHORIZING FINANCIAL ASSISTANCE FOR PHASE 4 OF SMITH PIPE'S EXPANSION FOR ITS TANK MANUFACTURING OPERATION.

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

WHEREAS, Smith Pipe is a local company founded in 1983 located on Hwy 277 South, in the City's 5-mile extraterritorial jurisdiction (ETJ); and,

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

WHEREAS, in May 2011 the DCOA approved Resolution DCOA-2011.16 authorizing assistance for the company (also known as Project BC) in an amount not to exceed \$594,441 for Phase 1 and \$560,927 for Phase 2 expansion in exchange for capital investment by the Company of \$5,267,000 and new job creation of 44. The company constructed a new facility adjacent to the existing facility for its new pipe coating operation that will support and enhance their current operation; and,

WHEREAS, on October 11, 2011, the DCOA approved Resolution DCOA-2012.01 authorizing Phase 3 assistance totaling \$521,790 for the purchase of more land and construction of a 15,000 sq ft main shop and a 5,000 sq ft paint and sand blasting shop for the company's new tank fabrication operation in exchange for 31 more jobs and a capital investment of \$2,087,900; and,

WHEREAS, on February 27, 2012, the DCOA approved Resolution DCOA-2012.14 which revised previously approved assistance packages for Phases 1, 2 and 3 by eliminating the job creation incentive for each phase and increasing the capital investment incentive for Phase 3 by \$12,000. Also approved was advancing the capital investment incentives for Phase 2 and 3 under separate notes at 0% interest secured by a letter of credit; and,

WHEREAS, Smith Pipe is now embarking on an expansion of its new tank manufacturing operation, otherwise known as Phase 4, which is estimated to cost \$4 million and will result in the creation of 50 additional jobs; and,

WHEREAS, Smith Pipe requests the DCOA advance the capital investment incentives for Phase 4 at 10% of actual cost up to \$400,000 under a separate note receivable upon completion of construction and DCOA's receipt of documentation evidencing actual costs. The loan would be secured by a letter of credit and forgiven over three years in equal amounts annually; and,

WHEREAS, staff requests the DCOA authorize capital investment assistance for Smith Pipe for Phase 4 up to \$400,000, to be advanced under a separate 3-year forgivable note and secured by a letter of credit.



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

- PART 1.** DCOA hereby authorizes capital investment assistance for Smith Pipe for the Phase 4 expansion of its operation, specifically expansion of its new tank manufacturing operation. Funding shall be calculated at 10% of the company's actual cost for land purchase, construction of a 45,000 sq ft facility and equipment purchases, up to Four Hundred Thousand and no/100's Dollars (\$400,000). Also approved is advancing the capital investment incentive for Phase 4 under a separate note at 0% interest secured by a letter of credit. The advance will occur after completion of the phase and receipt by the DCOA of appropriate documentation evidencing actual costs. The principal balances will be forgiven over the following 3 years in equal annual amounts of up to \$133,333. Though there are no job creation incentives approved or being requested, the company will be required to submit annual reports of employment.
- 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 24th day of July, 2012.

ATTEST:

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Marelyn Shedd  
Secretary/Treasurer

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Paul Cannon  
President

APPROVED:

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T. Daniel Santee, City Attorney

S:\DCOA\Resolution\FY 2012\2012.25 Smith Pipe Pt. 4 07-24-12.DOC