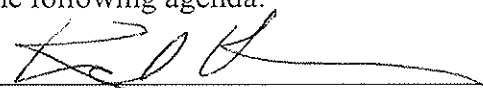


PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, August 28, 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

August 28, 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 24, 2012, board meeting.
3. Sales tax report for August 2012 and Status of Funds report for July 2012.
4. Presentation and possible approval of a combined report from the *Project Evaluation Committee* on FY 2012 contract performance and from the *Budget & Finance Committee* concerning funding proposals for FY 2013 for:
 - a. Texas Tech University Small Business Development Center
 - b. Abilene Chamber of Commerce Military Affairs Committee
 - c. Abilene Industrial Foundation
 - d. City of Abilene: Airport Business Development Management
 - e. City of Abilene: Business Services and Property Maintenance divisions of the Department of Economic Development
5. Public hearing: funding proposals and proposed budget for FY 2013.
6. Discussion and possible approval of funding requests and proposed budget for FY 2013.
7. Executive Session: Pursuant to Tex. Gov't Code Sec. 551.087, an executive session may be held (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or (2) to deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1). After discussion in executive session, any action or vote will be taken in public.

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

taken in public.

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

8. 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 24, 2012**

MEMBERS PRESENT: Paul Cannon Mike Schweikhard
Marelyn Shedd Dani Ramsay

MEMBER ABSENT: Scott Senter

STAFF PRESENT: Richard Burdine Kim Tarrant
Mindy Patterson Dan Santee

GUESTS PRESENT: Jon Weidanz, TTUHSC
Tommy Downing, Dyess Civil Engineers
Dwight Williams, Dyess Airspace Manager
Brennan Peel, Abilene Reporter-News

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 JULY 12, 2012, BOARD MEETING.** Mike Schweikhard moved to approve the minutes from the July 12, 2012 board meeting. Marelyn Shedd seconded and the motion carried.
3. **SALES TAX REPORT FOR JULY 2012 AND STATUS OF FUNDS REPORT FOR JUNE 2012.** Mindy Patterson mentioned that the sales tax rebate for July for economic development was \$756,886 which represents May sales. This is 0.95% above last year and 16.26% higher than last year for the period of October through July. The June expenditures include \$541,343 for Tower Tech; \$97,515 for construction of fire safety improvements to the EASI hangars; \$22,000 to TMAC FY12 for job training; and a refund from TLP of \$11,366 in architectural fees on the EASI Hangar 4 project.
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 24, 2012, and the time is 1:46 p.m. President Paul Cannon then announced the date is still July 24, 2012, and the time is 3:24 p.m. No vote or action was taken in Executive Session.
5. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING PHASE 4 ASSISTANCE FOR SMITH PIPE.** Marelyn Shedd left the meeting during discussion due to a perceived conflict.

Smith Pipe has received prior assistance from the DCOA since May 2011 for Phases 1, 2 and 3 expansion projects, including revisions. The Company now wants to expand its tank manufacturing operation, otherwise known as Phase 4, and has purchased 35 more acres of land. They have begun constructing a 45,000 sq ft building and additional equipment will be purchased, which is estimated to cost \$4 million. This expansion is expected to employ 50 additional people.

The company requests and staff recommends, the DCOA approve 10% up to \$400,000 as capital investment incentive for Phase 4 construction and equipment purchases. Smith Pipe also requests this incentive be advanced under a separate note receivable upon completion of construction and the 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. Because the project is located in the City's ETJ, approval by the Taylor County Commissioners' Court will be required prior to finalization of the deal.

Dani Ramsay moved to approve Resolution No. DCOA-2012.25 as presented. Mike Schweikhard seconded and the motion passed by unanimous consent, with Marelyn Shedd not present for the vote.

6. **PRESENTATION ON THE HANGAR 4 CONSTRUCTION PROJECT AND FIRE SAFETY IMPROVEMENTS AT THE AIRPORT.** Richard Burdine presented a summary of expenses for the construction of Hangar 4, fire safety improvements, and fire suppression for Hangars 0 and 1. Total A/E fees for Hangar 4 were a little more than \$66,000 under what the DCOA had approved. Total construction costs for Hangar 4 were about \$326,000 below what the DCOA had approved.

For fire safety expenses, total professional services were about \$4,600 less than the approved amount. Total expenses for the pumps, pump house, and tanks were approximately \$123,000 under the amount approved. There is approximately \$90,000 remaining in the fire suppression budget for Hangars 0 and 1, but work has not started on Hangar 1 yet. Total costs for the remaining line items have all been under the amounts approved by the DCOA. For the entire Airport Project encompassing all costs for the construction and fire safety of Hangar 4 plus fire suppression for Hangars 0 and 1, there is a reserve remaining of almost \$800,000. The only task remaining is to finish the fire suppression system for Hangar 1.

Mr. Burdine continued by reviewing the accidental foam discharge incident in Hangar 0. The best information analysis is that a lightning strike entered the electrical system of one of the exterior pull stations at the hangar. There was no evidence that the pull station had actually been activated manually. Because of this incident it was learned that lightning protection didn't exist for Hangars 0 and 1. To try and avoid another similar event, Long Electric submitted a price of \$56,737 to remove the outside pull stations and add kill switches to Hangars 0, 1 and 4. Should an accidental discharge occur, someone can

activate the kill switch and stop the fire suppression system (foam) from discharging. However they can't let go of it until the system has been disarmed.

A weir slues gate is needed in the drainage system near the big detention pond located off Highway 36. The air compressor in Hangar 4 was damaged by the foam and had to be replaced. These items will amount to approximately \$100,000. As this money has already been previously approved and in the budget, no additional funds are needed.

When the fire safety improvement project is complete, the DCOA will receive 30% back from the City of Abilene, based on actual costs.

7. **ADJOURNMENT.** The next regularly scheduled meeting is August 14th. All can make it except Scott Senter.

Paul Cannon, President

MEMORANDUM

August 8, 2012

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

The sales tax rebate for August is \$3,680,385.67 which represents June sales. This is 9.21% below last year. The breakdown of the August rebate is \$2,760,289.25 to the General Fund and \$920,096.42 for economic development. Of this rebate, \$62,834 is from prior periods, audit payments, future payments, and unidentified payments. Based on this rebate, sales tax is 13.22% above last year for the period of October through August. I have requested the detail from the state.

Should you have any questions, please contact me.

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	GENERAL FUND	ECONOMIC DEVELOPMENT	TOTAL
	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
August	3,040,179.23	1,013,393.08	4,053,572.31	2,760,289.25	920,096.42	3,680,385.67
YTD	\$25,489,935.62	\$8,496,645.20	\$33,986,580.82	\$28,860,167.22	\$9,620,055.73	\$38,480,222.95
September	2,397,520.25	799,173.41	3,196,693.66			
FY TOTAL	\$27,887,455.87	\$9,295,818.61	\$37,183,274.48			

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

Accounting Period Month	Actual 2010-11	Actual 2011-12	% Change
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%
August	1,013,393	920,096	-9.21%
YTD	<u>\$8,496,645</u>	\$9,620,056	13.22%
September	799,173		
FY TOTAL	<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 August '12 represents June '12 sales. Approximately \$15,709 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

Accounting Period Month	Actual 2007-08	Actual 2008-09	Actual 2009-10	Actual 2010-11	Actual 2011-12
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
August	864,311	799,090	829,188	1,013,393	920,096
Year-to-Date Total	<u>\$7,917,690</u>	<u>\$7,984,020</u>	<u>\$7,663,357</u>	<u>\$8,496,645</u>	<u>\$9,620,056</u>
September	723,753	653,828	649,391	799,173	
FY TOTAL	<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>\$ 9,620,056</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

July 31, 2012

ASSETS:

Cash and Investments	\$15,463,863
Notes receivable	14,881,293
Accounts receivable	35,293
Due from other governments	1,846,504
Total Current Assets	<u>\$32,226,953</u>

OTHER ASSETS:

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

TOTAL ASSETS

\$65,801,013

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)	14,528,473
Reserved for obligated programs(internal)	486,423
Undesignated Balance	17,162,702
Total Fund Balance	<u>\$65,751,658</u>

TOTAL LIABILITIES AND FUND BALANCES

\$65,801,013

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
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 @ JULY 31, 2012

(MARCH, 1990)

Object	Beginning I-T-D Revenues	Current Month Revenues	Current FY Revenues	Ending I-T-D Revenues
REVENUE-TO-DATE				
City Sales Tax	\$ 137,410,600.66	\$ 752,168.52	\$ 8,654,330.70	\$ 146,064,931.36
Sales Tax Retained	452,331.95	4,717.37	45,628.61	497,960.56
Princ. - Loans & Assess	3,119,599.24	-	148,929.03	3,268,528.27
Int. - Loans & Assess	2,242,615.88	12.05	71,999.09	2,314,614.97
Interest on Investments	6,979,819.62	3,387.36	33,732.24	7,013,551.86
Land Lease	16,019.76	-	1,276.35	17,296.11
Building/Space Rent	6,368,901.57	90,543.50	807,072.74	7,175,974.31
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	-	9,937.00	2,186,438.50
Miscellaneous Prior Year	27,720.38	-	33,571.64	61,292.02
Miscellaneous Revenue	991,664.20	-	7,921.06	999,585.26
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	\$ 850,808.80	\$ 9,897,545.69	\$ 180,436,391.59

DEVELOPMENT CORPORATION OF ABILENE
STATUS OF FUNDS @ JULY 31, 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	31,535.94	512,614.61	8,965,723.63	5,000.00
Life Sciences Property - Pine Div 2765	1,110,106.57	32,345.39	631,827.79	1,741,934.36	58,795.85
DCOA Annual Contracts Div 2775	2,462,356.75	4,373.07	339,563.56	2,801,920.31	3,650.00
Abilene Industrial Foundation 2775-62571	13,218,417.51	73,988.24	489,017.74	13,707,435.25	257,832.26
TTU Small Business Dev Cntr 2775-62572	2,851,327.30	16,556.25	159,581.25	3,010,908.55	90,418.75
Chamber Military Affairs 2775-62573	1,266,511.16	18,143.57	27,930.56	1,294,441.72	32,069.44
Airport Business Dev Mgr 2775-62574	753,217.55	10,694.05	106,446.05	859,663.60	-
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	-	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	94,759.45	428,579.71	1,236,265.25	143,914.75
TTU 842 Pine 5308	173,181.72	-	-	173,181.72	40,318.28
AIC Eq Lease 5312	129,512.83	9,812.90	31,278.66	160,791.49	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	-	(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	470,977.31	1,434,843.40	2,361,095.69	108,562.65
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	-	75,500.00	75,500.00	75,500.00	520,990.00
ALSA Contribution 5332	53,918.00	-	-	53,918.00	-
TMAC FY12 5333	-	-	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	-	-	3,000.00	3,000.00	273,375.46
Vine St. Parking Lot 5335.3	-	-	158,850.00	158,850.00	1,730.00
Vine St. Construction 5335.4	-	-	-	-	34,590.00
Vine St. Interior Demo 5335.5	-	10,130.00	121,698.03	121,698.03	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	-	55,620.13	96,372.89	96,372.89	321,065.11
Fehr Foods '12 5340	-	-	-	-	510,000.00
Prospect Development 5341	-	-	1,216.00	1,216.00	-
WTCIC '12 5343	-	2,500.00	2,500.00	2,500.00	-
Pactiv Bldg Project 5344.1	-	-	-	-	19,756.00
Miscellaneous Activities 2785	354,189.86	-	-	354,189.86	-
TOTAL ENCUMB. / EXPENDITURES	\$ 139,504,602.92	\$ 906,946.30	\$ 8,754,191.29	\$ 148,258,794.21	\$ 14,528,472.36
TOTAL FUND BALANCE				\$ 32,177,597.38	
UNENCUMBERED FUND BALANCE					\$ 17,649,125.02

3.7

DEVELOPMENT CORPORATION OF ABILENE
STATUS OF FUNDS @ JULY 31, 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	\$ -	\$ 31,535.94	\$ 512,614.61	\$ 109,280.39
Life Sciences Property -Pine	Div 2765	825,910.00	-	32,345.39	631,827.79	135,286.36
DCOA Annual Contracts	Div 2775	297,320.00	-	4,373.07	339,563.56	(45,893.56)
Abilene Industrial Foundation	2775-4950	746,850.00	-	73,998.24	489,017.74	-
TTU Small Business Dev Cntr	2775-4951	250,000.00	-	16,556.25	159,581.25	-
Chamber Military Affairs	2775-4952	60,000.00	-	18,143.57	27,930.56	-
Airport Business Dev Mgr	2775-4953	160,813.00	-	10,694.05	106,446.05	54,366.95
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	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	-	-	-
PWVP (Project LF)	5251	2,933,899.00	2,507,898.97	-	-	426,000.00
Genesis Network	5258	1,615,417.00	1,615,416.69	-	-	0.31
SBI/R/STTR	5263	271,400.00	85,535.86	-	475.00	185,289.49
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	-	266,667.00	1,109,611.34
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	621,623.53
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	-	960,362.14	1,599,380.09
Texas Metal 08	5288	160,001.00	106,666.66	-	53,333.76	-
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	94,759.45	428,579.71	143,914.75
TTU 842 Pine	5308	213,500.00	173,181.72	-	-	40,318.28
AIC Equipment Lease/Purchase	5312	165,000.00	129,512.83	9,812.90	31,278.66	3,378.34
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	-	41,615.00	110,632.82
Texas Metal 10	5317	14,684.00	-	-	14,683.33	-
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	-	(7,208.27)	-
EASI Hanger Construction	5320.2	4,770,000.00	2,310,367.60	-	2,163,074.84	287,533.08
EASI Hanger Fire Safety	5320.3	2,592,097.00	926,252.29	470,977.31	1,434,843.40	108,562.65
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	-	-	-
Teleperformance USA	5326	375,000.00	-	-	92,550.00	282,450.00
Docket Navigator	5327	159,000.00	-	-	-	159,000.00
Smith Pipe Ph 1, 2, 3	5330	596,490.00	-	75,500.00	75,500.00	520,990.00
ALSA Contribution	5332	53,918.00	53,918.00	-	-	-
TMAC FY12	5333	88,000.00	-	-	22,000.00	66,000.00
Vine St. Warehouse	5335.1	55,457.00	-	-	55,457.00	-
Vine St. Fire Safety	5335.2	291,216.00	-	-	3,000.00	273,375.46
Vine St. Parking Lot	5335.3	160,580.00	-	-	158,850.00	1,730.00
Vine St. Construction	5335.4	34,590.00	-	-	-	34,590.00
Vine St. Interior Demo	5335.5	130,489.00	-	10,130.00	121,698.03	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	16,642.00	-	-	16,641.17	-
Welder Training	5339	417,438.00	-	55,620.13	96,372.89	321,065.11
Fehr Foods '12	5340	510,000.00	-	-	-	510,000.00
Prospect Development	5341	1,216.00	-	-	1,216.00	-
WTCIC '12	5343	2,500.00	-	2,500.00	2,500.00	-
Pactiv Bidg Project	5344.1	19,756.00	-	-	-	19,756.00
Miscellaneous Activities	2785	354,189.86	354,189.86	-	-	-

BALANCE OF OBLIGATED PROGRAMS \$ 50,147,162.86 \$ 26,378,076.05 \$ 906,946.30 \$ 8,754,191.29 \$ 14,528,472.36 \$ 486,423.16

UNDESIGNATED FUND BALANCE (unencumbered balance less obligated programs and contingent liabilities) \$ 17,162,701.86

DCOA Board approved projects waiting for signed contracts	Expiration Date
West Texas Innovation Network 5328	15,000 09/30/2012
TTUHSC School of Nursing 5331	1,884,356 09/30/2012
TTUHSC School of Pharm expansion 5242	916,941 09/30/2012
Marketing for 2nd Airline 5334	200,000 09/30/2012
Project ML	297,000 09/30/2012
Bridgestone Bandag	315,300 08/27/2012
Project JH	351,000 12/12/2012
Smith Pipe Ph 4	400,000 01/24/2013
	<u>4,379,597</u>

3.8

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA
MEETING DATE: August 28, 2012

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

FROM: **Richard Burdine, CEO**

GENERAL INFORMATION:

The Project Evaluation Committee of the DCOA met on August 20, 2012, to consider FY12 compliance reports prepared and presented by the agencies currently under contract with the DCOA; 1) Texas Tech Small Business Development Center 2) Abilene Chamber of Commerce Military Affairs Committee, 3) Abilene Industrial Foundation, 4) the City's Airport Business Development Management Program, and 5) the City's Department of Economic Development (Business Services Division).

Immediately following, the Budget & Finance Committee met to hear funding requests for FY13 from the same agencies.

SPECIAL CONSIDERATIONS:

Members of the Project Evaluation Committee and Budget & Finance Committee that attended the 8-20-12 meetings are Ray Ferguson, John Stearns, Scott Senter, and Marelyn Shedd. Attached are combined minutes from the two Committee meetings, which include recommendations concerning renewal of existing contracts for FY13 and recommendations for FY13 funding levels. Scott Senter was elected Chairman for both committees, and will present the Committees' recommendations during the meeting.

FUNDING/FISCAL IMPACT:

Fiscal Year 2013 Contractual Relationships:		Other:	
AIF	\$ 746,850	DCOA Property Maint.	\$ 186,320
SBDC	\$ 250,000	Life Sci. Property Maint.	\$ 614,646
Military Affairs	\$ 100,000	Property Ins. Premium	<u>\$ 122,484</u>
Airport Business Dev.	\$ 181,630	TOTAL	\$ 923,450
City-Business Services	<u>\$ 641,363</u>		
TOTAL	\$1,919,843		

STAFF RECOMMENDATION:

Staff recommends the Board receive the attached combined minutes from the Project Evaluation Committee and Budget & Finance Committee, which include recommendations for contract renewals and funding levels for FY13.

ATTACHMENT:

Combined minutes of Project Evaluation and Budget & Finance Committee meetings held on 8-20-12.

Proposed Budget for FY13, including projected revenues.

DEVELOPMENT CORPORATION OF ABILENE, INC.

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

August 20, 2012

MEMBERS PRESENT:

Scott Senter
Marelyn Shedd
John Stearns
Ray Ferguson

MEMBERS ABSENT:

Tucker Bridwell
Ron Butler

STAFF PRESENT:

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

GUESTS PRESENT:

Judy Wilhelm, SBDC
Debra Morotini, Chamber of Commerce
Bill Ehrie, Abilene Industrial Foundation

The Project Evaluation Committee meeting was opened at 10:36 a.m. in the Abilene Life Sciences Accelerator Large Conference Room, 1325 Pine St., and Scott Senter was elected Chairman.

After a short break, the Budget & Finance Committee meeting was opened at about 12:00 p.m.

Contract compliance was determined again this year with each funded agency having prepared and submitted a written report detailing activities performed during FY 12 that address compliance with each performance objective in their respective contracts. A representative from each agency presented their report during the Project Evaluation Committee meeting, and answered questions from Committee members.

The Project Evaluation Committee voted for recommendation to the DCOA board concerning FY 13 contract renewals.

The Budget & Finance Committee heard oral requests for FY 13 funding from each agency and voted to recommend FY 13 funding levels.

Below are summaries of each agency's performance compliance for FY 12 and FY 13 contracting and funding level recommendations:

1. TTU Small Business Development Center

FY 12 Contract Compliance: Mrs. Judy Wilhelm, Director of the SBDC, presented the

performance compliance report. The contract is strictly performance-based in that the DCOA only reimburses for actual counseling hours spent with Abilene-based clients at the rate of \$75/counseling hour. They undergo each year a Programmatic and Financial Review by the U.S. Small Business Administration Lubbock District Office along with the Northwest Texas SBDC regional center, and in the committee packet is a letter dated May 3, 2012 stating the Abilene center performed commendably.

The number of total hours estimated for reimbursement by the DCOA for FY12 will be behind the contract amount by about 50. The number of new clients for this year compared to last is down 15; however the number of returning clients is up from 339 to 421. The capital formation is also up from \$5.57MM to \$5.97MM.

The SBDC has worked diligently with the local General Contractors Association and Dyess AFB on procurement assistance to promote contracting opportunities with local businesses, which should save the Base 10-15% over the current practice of using El Paso contractors. There is a perception to overcome that maybe Dyess hasn't been as interested in using local contractors as possibly other bases. Dyess is willing to meet with local contractors to offer advice and review opportunities, and the SBDC is helping the contractors get their documentation in order. Cassie Hughes with the GCA understands the situation and is working with the SBDC to get the word out to the business community.

Staffing at the SBDC has been a challenge with the passing of Russ Altman, Assistant Director, the retirement of Eugene Keifer and the departure of another counselor. Positions are currently posted on the Texas Tech site and soon in the local newspaper and Monster.com. It was suggested the SBDC send e-mail notifications to local banks and CPA firms of upcoming seminars so the information can be passed along to their clients.

FY 13 Funding Request: The request for FY13 remains flat at \$250,000, which is reimbursed at the hourly rate of \$75 for counseling and/or preparation time spent with Abilene-based clients.

Recommendation: Renew the contract for another one-year period through September 30, 2013 and fund FY13 efforts at \$75/hour for Abilene-based clients, up to \$250,000.

2. Abilene Chamber of Commerce Military Affairs Committee

FY 12 Contract Compliance: Mr. Bill Ehrie of the Abilene Industrial Foundation introduced Debra Morotini with the Abilene Chamber of Commerce who works with the Military Affairs Committee. Without the DCOA's support, we would not be where we are with regards to current missions. The last BRAC was in 2005 and another one is eminent, so we must protect Dyess and ourselves from efforts by the government to downsize. Sequestration was implemented by Congress, which will result in cuts to the defense budget of \$259 billion over 5 years. Everything possible is being done to ensure Dyess is passed over when cuts are being considered.

Though we lost 6 B-1's, it was necessary to retire some planes that shouldn't be flying anymore. The new C-130J acquisitions are going well, we have a new hangar, and the new Armed Forces Reserve is in place. All of this has been very good for Dyess.

We must continue to develop and maintain relationships with our Congressional leaders as well as our military leaders, in order to keep our priorities in the forefront of their minds. Members of the Military Affairs Committee pay dues and take personal time to visit Washington and other areas to visit with the various Congressional and military leaders. Bill encouraged anyone that has a chance to go on one of these trips to get a feel for what really goes on. They spend many hours each day while there making sure Dyess is protected and many of them use their own funds to cover expenses. A challenge facing the Military Affairs Committee is getting the younger generation involved. Jay Moore's video on Camp Barkley is a very good source of information to help with recruiting efforts.

The Washington consultants (Rich Leidl, PC, and Team Concepts) work Capitol Hill and the Pentagon to keep Abilene updated on activities that could impact Abilene and Dyess. These sub-contracts are very important and the DCOA is encouraged to continue funding them.

FY 13 Funding Request: The FY 13 funding request is up to \$100,000, which is a \$40,000 increase over the current contract. The increase will help staff reinitiate an opportunity for the annual "Air House" event in Washington, D.C. to further build relationships.

Recommendation: Renew a combined contract with the AIF for another one-year period through September 30, 2013, and fund FY 13 efforts at \$100,000.

3. Abilene Industrial Foundation

FY 12 Contract Compliance: Mr. Bill Ehrie also discussed contract compliance with regards to Abilene Industrial Foundation activities. The AIF is charged with strengthening the economy through attraction of new industry and retention and expansion of existing ones. This has been a good year for expansion of existing businesses with a few small businesses having been attracted to Abilene. The process of attracting a new company can take 6 months to a year.

Marketing activities 20 years ago included mostly magazine ads and trade shows. Today, most communication is done electronically through e-mail and social networking. The AIF's web page is an important tool and is currently being re-vamped for availability on October 1st. Communication devices are everywhere and if we can't reach a potential client in 3 clicks, we will likely lose them. The overall budget continues to decrease as more electronic medium are employed in the marketing efforts and operations are streamlined.

The Retention Visitation program is very active. Staff visits all the major businesses in Abilene every 6 months. As they travel out of town, whenever possible staff will visit corporate headquarters (i.e. Coke in Atlanta and Blue Cross Blue Shield in Chicago). The local businesses appreciate staff taking the time to visit with them and offer help if needed.

Donations to the AIF's development fund are used to pay expenses related to activities not eligible for DCOA assistance and provide staff with the resources necessary to respond quickly to hiccups in Austin or Washington. Donations remained steady at about \$50,000 per year until last year when they increased to \$65,000 and again to about \$73,000 this year.

FY 13 Funding Request: The FY13 funding request for operating expenses has not changed from the current FY and is \$436,350. The request for the marketing program and Dyess consultants remains flat at \$140,000 and \$170,500, respectively. The total FY13 funding request is again \$746,850.

Recommendation: Renew the contract for another one-year period through September 30, 2013, and fund the FY13 operating, marketing program and Dyess consultants at \$746,850.

3. City of Abilene-Airport Business Development Management

FY 12 Contract Compliance: Mrs. Melissa Murphy, Business Development Manager for the airport, presented the FY12 report of contract compliance. The Business Development Management program reaches out in other local communities such as Sweetwater, Haskell, Stamford and Brownwood to increase airline passenger enplanements. They also work with the Abilene Chamber as a Business Expo Booth participant and Wake Up Wednesday Sponsor. A variety of advertising medium are used with television being the most expensive. Ads are run with KTXS, KRBC and FOX, which air during programming our target market is known to watch. Web ads on the Abilene Reporter News website have been used a lot this year. A couple of outdoor billboards are used in Brownwood and on I-20, and advertising on the campus of ACU has been used including sponsorship for sports events.

The ABI-VIP Passenger Rewards program continues to grow with 222 more passengers registered than last year. New sponsors have been added this year to donate rewards. Passengers register on-line and log each flight. Rewards are made several times per year with a grand prize awarded in December each year. Mead and Hunt consultants are still under contract with whom they meet regularly to target other potential airlines.

FY 13 Funding Request: The FY13 request for funding is \$181,630, up \$20,817 from the FY12 contract amount. The increase will be used to contract with Pink Goose Media to brand the airport and provide a more consistent presentation to the public, design and host a separate website for the airport, and outsource the VIP Rewards program moving it away from the City's IT Department. The request also includes salary and benefits for the

Business Development Manager plus a 3% salary increase, consulting services for retaining current and exploring new air service, the catchment area advertising campaign to the surrounding 16 counties, and registration, travel, food and lodging for staff to attend the Network USA 2013 conference. Once a separate website is established and working as intended, staff may be able to reallocate some of the advertising budget to other areas. The Travel Bank is on hold until an airline is identified that will include Abilene in its air service schedule.

Recommendation: Renew the contract for another one-year period through September 30, 2013, and fund the Business Development Management program at \$181,630.

4. City of Abilene for Business Services

FY 12 Contract Compliance: Mr. Richard Burdine, Assistant City Manager for Economic Development and CEO of the DCOA, presented the compliance report for the Economic Development Department. Recruitment activities are still somewhat focused on the recommendations of the Wadley Donovan study with regards to pursuit of wind energy and plastics manufacturers; however, over the last 6 years, we have also focused on recruitment of healthcare and biotech research companies. Much of the prospect activity over the last 3 years or so has been from local businesses. Efforts are coordinated with the other Develop Abilene team members to ensure a successful outcome for all those involved.

Staff works closely with City Finance and Accounting departments to ensure our internal records balance with the City's and project budgets are not exceeded. Other City staff are available to call upon for various reasons, most frequently the Legal Department. Economic Development staff of 5 persons meets each Monday to discuss activities of the prior week and planned activities for the current week.

The Incentive Guidelines were adopted several years ago and have served us very well. Other cities don't likewise publish their guidelines, and we find that publishing gives us an advantage in our efforts to treat everyone equally. The changes made to the Incentive Guidelines this year include a reduction to capital investment incentives for existing companies located in Abilene's Extraterritorial Jurisdiction from a minimum of 10% to 7% because those businesses don't pay city sales tax. Also included is an increase from 10% to 15% capital investment incentive to existing businesses (located within the city limits) for land and construction costs and limited to 10% for equipment purchases. State law limits the types of companies for which the DCOA can provide funding. The first thing we do when consulting with a prospect is check to ensure the business fits in the allowable NAICS codes per state law. If the project appears viable, a proposed deal is presented to the Advisory Committee, which will further vet the deal for compliance and viability before being presented to the DCOA board.

The City's Tax Abatement policy expired in 2011; however, that is a tool seldom used because of the availability of the sales tax funds to provide incentives. It makes more sense

to provide incentives through the DCOA than to request abatement of property taxes by the City and County.

The DCOA helped fund this year 6 programs that involve local institutions of higher learning: 1)Cisco College's new biotech technician program, which recently graduated its first class, 2)Fast Track Welding training program was extended and revised to better meet the needs of our employers, 3)ACU's Springboard Idea Challenge mini-business plan competition, 4)Texas Tech University Health Sciences Center School of Nursing new construction infrastructure improvements, 5)TTUHSC's School of Pharmacy expansion infrastructure improvements and additional research job creation incentives, and 6)TTUHSC School of Nursing rent-free space in the Grant Building temporarily until new building is constructed.

FY 13 Funding Request: The FY13 funding request for Business Services, which includes salaries and benefits for 5 full-time employees, is \$641,363, an increase of \$11,325 from FY12. The request for Life Sciences property maintenance, which includes utilities, building and landscape maintenance, equipment maintenance, property taxes, and janitorial services for the properties at 1325 and 842 Pine, is \$614,646, a decrease of \$211,264 from FY12. The request for DCOA property maintenance, which includes building and landscape maintenance, utilities, land rental and insurance premium costs for all DCOA-owned properties, is \$308,804, an increase of \$11,484 over FY12.

Recommendation: Renew the contract for another one-year period through September 30, 2013, and total funding of \$1,564,813 as follows.

1. \$641,363 for Business Services
2. \$614,646 for Life Sciences property maintenance
3. \$308,804 for DCOA property maintenance.

There being no further business, the meeting was adjourned.

Scott Senter, Chairman

**DEVELOPMENT CORPORATION OF ABILENE, INC.
 FY 2013 BUDGET SUMMARY
 WITH PROJECTED CASHFLOW THROUGH FY 2013**

CASH & INVESTMENTS BALANCE at 6-30-12		\$15,427,434
<u>PLUS: Projected Revenue (July '12 thru Sept '12)</u>		
1/2 Cent Sales Tax	\$2,411,837	
Investment Pool Revenue-earnings on cash invested	9,635	
Interest Income-outstanding loans	57	
Principal Recovery-outstanding loans	44,938	
Building/Land Rental-DCOA properties	304,905	
Federal Grants (EDI Special Project)	180,000	
Misc. Income	<u>25,986</u>	
TOTAL		2,977,358
<u>LESS: Estimated Expenditures (July '12 thru Sept '12)</u>		
Contracts and Allocations (including annual contracts)	1,612,450	
Corporate Assistance	<u>3,005,506</u>	
TOTAL		4,617,956
UNENCUMBERED CASH BALANCE at 10-1-12 (est.):		\$13,786,836
Projected Revenue FY13		
1/2 Cent Sales Tax	9,704,218	
Investment Pool Revenue-earnings on cash invested	40,000	
Interest Income-outstanding loans	71,100	
Building Rental	1,158,080	
Land Leases-Ag. lease on DCOA-owned land	1,370	
Federal Grants (EDI Special Project)	120,000	
Misc. Income	<u>45,000</u>	
TOTAL REVENUE		<u>\$11,139,768</u>
Projected expenditures FY13		
Property Mgmt. Exp.-DCOA properties (2775)	186,320	
Property Damage Ins. Prem.-DCOA properties	122,484	
Property Mgmt - Life Sciences properties (2765)	614,646	
Other Contracts and Allocations	1,079,115	
Corporate Assistance	<u>6,033,562</u>	
TOTAL		8,036,127
Contractual Relationships FY13		
City of Abilene - Business Services	641,363	
Abilene Industrial Foundation	746,850	
TTU Small Business Development Center	250,000	
Chamber Military Affairs Committee	100,000	
Airport Business Development Mgmt	<u>181,630</u>	
TOTAL		1,919,843
TOTAL EXPENDITURES		<u>\$9,955,970</u>
PROJECTED UNOBLIGATED CASH BALANCE AT 9-30-13		<u>\$14,970,634</u>