

PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, October 8, 2013, at the Abilene Laboratories, 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

October 8, 2013
1:30 p.m.

Abilene Laboratories
1325 Pine St.

1. Call the meeting to order.
2. Approval of minutes from the September 24, 2013, board meeting.
3. 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.

4. Discussion and possible approval of a resolution authorizing contracts with Enprotec/Hibbs & Todd to provide street paving design services and a grading plan for construction of Polaris Dr. from Five Points Parkway to Marigold St. in the Five Points Business Park.
5. Discussion and possible approval of a resolution authorizing assistance for Fehr Foods.
6. Discussion and possible approval of a resolution authorizing assistance for Project BE.

7. Discussion and possible approval of a resolution authorizing a new 6-month contract with Consultant Lee Ann Woods through March 2014 for on-going business and marketing support for the Abilene Laboratories.
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 _____, 2013, 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.

2012 and opened in September 2013. He introduced his staff: Dr. Oriana Hawkins- Research Associate, Devin Lowe-Sr. Scientist, Timea Wichner- Research Associate, Krysten Doll- Research Associate, Roxy Cox- Unit Manager/ Operations Director. Future hires include a Senior Scientist by November or December 2013, and two interns in the Master's in Biotechnology. The Center for Immunotherapeutic Development has expertise in services and goods such as assay development, drug screening, mono clonal anti-body generation, antigen discovery. Potential customers of the "The Center" include biotech and pharmacy, technology transfer offices, and investors. We should eventually be able to develop/ license/own intellectual property and sell products. The DCOA approved \$595,000 in expenses for "The Center" but the projected revenue is \$685,000 for fiscal year 2014 through three contracts, grants and services provided.

- 5. EXECUTIVE SESSION – SESSION 1.** 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 September 24, 2013, and the time is 2:05 p.m. Later, President Cannon announced the date is still September 24, 2013, and the time is 3:02 p.m. No vote or action was taken in Executive Session.

- 6. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING TENANT IMPROVEMENTS AT 4109 VINE ST. FOR SLIDE FIRE SOLUTIONS.** Richard Burdine discussed Slide Fire Solutions currently occupies 32,726 sq. ft. at 4109 Vine St., or Warehouse D, under a temporary, 6-month lease as we contract for improvements to the space to accommodate the company's manufacturing space needs. He recommends that the space be leased to Slide Fire on a permanent basis at a base rate of \$2.00/sq. ft./year under a 5 year lease, including the upper office space (5,056 s.f.). Total costs of about \$365,381 to renovate warehouse and office space will be allocated between Slide Fire and DCOA and Slide Fire's portion will be added to the base lease rate and reimbursed over the lease term. Most of the improvements are completed in order to allow Slide Fire the ability to install and test its new machinery. Mr. Burdine recommends the DCOA ratify the construction contracts and fund 100% of the office improvements at \$24,453 plus \$90,266 of the warehouse improvements for a total of \$114,719. The remaining \$260,662 will be paid by DCOA upfront and reimbursed over the 5-year lease period by Slide Fire.

Dave Copeland moved to approve resolution DCOA-2013.27 as presented, authorizing tenant improvements at 4109 Vine St. for Slide Fire Solutions. Scott Senter seconded and the motion carried.

7. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A CONTRACT WITH CENTRAL STATE RESOURCES, LLC FOR DESIGN SERVICES FOR A PROPOSED RAILROAD LAYOUT IN FIVE POINTS BUSINESS PARK.** Richard Burdine discussed how Central State Resources, based in Schertz, Texas, has worked to help design a railroad spur layout Five Points Business Park, west of Arnold Blvd, to accommodate current and future tenants. The company works closely with Union Pacific Railroad (UPRR) and can provide 10% plans to UPRR standards for construction of the spur. Mr. Burdine recommends a contract for the layout design services be approved plus funding of \$16,000 (\$11,000 basic services and \$5,000 for additional services).

Dani Ramsey moved to approve resolution DCOA-2013.28 as presented, authorizing a contract with Central State Resources, LLC for design services for a proposed railroad layout in Five Points Business Park. Dave Copeland seconded and the motion carried.

EXECUTIVE SESSION 2 After a short break, President Paul Cannon announced the date is still September 24, 2013, and the time is 3:18 p.m. as the board went into another Executive session. Later, President Cannon announced the date is still September 24, 2013, and the time is 3:40p.m. No vote or action was taken in Executive Session.

8. **ADJOURNMENT.** The next regularly scheduled meetings are October 8, 2013 and October 22, 2013. There being no further business the meeting was adjourned.

Paul Cannon, President

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: October 8, 2013

PROJECT: Contracts with Enprotec/Hibbs & Todd for Street Paving Design and Grading Plan for Construction of Polaris Dr. in Five Points Business Park

STAFF: Richard Burdine, CEO

BACKGROUND INFORMATION:

The Five Points Business Park located in west Abilene is mostly owned by the DCOA and is bounded on the west by Fulwiler Rd., the north by I-20, the east by Wall St., and the south by the Union Pacific railroad tracks. Development in the Park has increased significantly over the last few years with construction of the Texas Healthcare Linen and FedEx Ground facilities, the recent sale of 10 acres to Atmos Energy, the sale of 2 acres to MP2 Energy (pending), and the sale of 11.447 acres to Tucker Energy Services (pending). An expansion of rail service in the Park could potentially lead to new clients and tenants in the Park that wouldn't consider locating there without it. As mentioned, we are already in contact with several companies that would benefit from this service. There is a severe lack of rail served industrial properties in Abilene.

On June 11, 2013, the board approved resolution DCOA-2013.21 authorizing a contract with Enprotec/Hibbs & Todd and \$35,000 for work in Five Points Business Park as follows: 1) \$8,000 to develop a drawing of all lots west of Arnold Blvd as platted, 2) \$3,000 to assist in alignment of a proposed rail spur, 3) \$6,000 for a route survey along the proposed rail spur, 4) \$6,000 to re-plat the Park on the west side of Arnold Blvd, 5) \$7,000 to develop a drawing of the entire Park for marketing purposes, and 6) \$5,000 for contingency.

On September 27, 2013, the board approved resolution DCOA-2013.28 authorizing a contract with Central State Resources, LLC and funding of \$16,000 (\$11,000 for basic services and \$5,000 for additional services) to design a layout for a proposed expansion of rail service in the Five Points Business Park.

REQUEST:

In order to fully utilize the vacant acreage in the Park on the west side of Arnold Blvd and make more of the lots rail-served, Polaris Dr. will have to be constructed from Five Points Parkway at the south end to Marigold St. at the north end, which is approximately 2,550 feet. The unpaved portion of Marigold St. from Polaris Dr. east to a point just short of Arnold Blvd. may also have to be paved as an outlet for Polaris Dr.

Constructing Polaris Dr. will also require a grading plan for the steep topography at the north ½ of the street. Construction and grading will open two more lots for future development (19.74 acres and 10.90 acres) that otherwise are not developable due to their location and topography. The two lots will also require a site grading plan to include cut and fill volumes necessary to establish a finished grade not exceeding 2% across the lots. This grading is necessary for development of the lots but also for installation of the rail expansion currently being designed.

Enprotec/Hibbs & Todd (eHT) proposes to prepare plans and specs for street construction and other services to prepare for street construction. eHT also proposes to perform an aerial topo survey of the two lots and prepare general site grading plans for both.

I propose the board authorize contracts with Enprotec/Hibbs & Todd and funding as outlined below:

1. Polaris Dr. Street Paving Design (\$40,000) – to include a topo survey, plans and specs for construction purposes, assisting staff in securing bids, attending a preconstruction conference, providing construction staking services, and providing limited construction administration services.
2. Grading Plan for 2 Lots Adjacent to Polaris Dr. (\$13,200) – to include an aerial topo survey for design purposes and General Site Grading Plans for both the 19.74-acre lot and the 10.9-acre lot.

FISCAL IMPACT:

| | |
|---|-----------------|
| Contract for Polaris Dr. Street Paving Design | \$40,000 |
| <u>Contingency</u> | <u>\$ 5,000</u> |
| TOTAL | \$45,000 |

| | |
|--------------------------------------|-----------------|
| Contract for Grading Plan for 2 lots | \$13,200 |
| <u>Contingency</u> | <u>\$ 2,000</u> |
| TOTAL | \$15,200 |

STAFF RECOMMENDATION:

Staff recommends approval of resolution DCOA-2014.01 authorizing contracts with Enprotec/Hibbs & Todd to provide a street paving design and grading plan for construction of Polaris Dr. in the Five Points Business Park and funding of \$60,200 as described above.

ATTACHMENTS:

Resolution DCOA-2014.01

RESOLUTION NO. DCOA-2014.01

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA"), ABILENE, TEXAS AUTHORIZING CONTRACTS WITH ENPROTEC/HIBBS & TODD TO PROVIDE STREET PAVING DESIGN SERVICES AND A GRADING PLAN FOR CONSTRUCTION OF POLARIS DR. FROM FIVE POINTS PARKWAY TO MARIGOLD ST. IN THE FIVE POINTS BUSINESS PARK ("PARK").

WHEREAS, the Five Points Business Park located in west Abilene is mostly owned by the DCOA and is bounded on the west by Fulwiler Rd., the north by I-20, the east by Wall St., and the south by the railroad tracks; and,

WHEREAS, development in the Park has increased significantly over the last few years with construction of the Texas Healthcare Linen and FedEx Ground facilities, the recent sale of 10 acres to Atmos Energy, the sale of 2 acres to MP2 Energy (pending), and the sale of 11.447 acres to Tucker Energy Services (pending); and,

WHEREAS, an expansion of rail service in the Park could potentially lead to new clients and tenants in that wouldn't consider locating there without it, and staff is already in contact with several companies that would benefit from this service; and,

WHEREAS, on June 11, 2013, the board approved resolution DCOA-2013.21 authorizing a contract with Enprotec/Hibbs & Todd and \$35,000 for work in Five Points Business Park as follows: 1) \$8,000 to develop a drawing of all lots west of Arnold Blvd as platted, 2) \$3,000 to assist in alignment of a proposed rail spur, 3) \$6,000 for a route survey along the proposed rail spur, 4) \$6,000 to re-plat the Park on the west side of Arnold Blvd, 5) \$7,000 to develop a drawing of the entire Park for marketing purposes, and 6) \$5,000 for contingency; and,

WHEREAS, on September 27, 2013, the board approved resolution DCOA-2013.28 authorizing a contract with Central State Resources, LLC and funding of \$16,000 (\$11,000 for basic services and \$5,000 for additional services) to design a layout for a proposed expansion of rail service in the Five Points Business Park; and,

WHEREAS, in order to fully utilize the vacant acreage in the Park on the west side of Arnold Blvd and make more of the lots rail-served, Polaris Dr. will have to be constructed from Five Points Parkway at the south end to Marigold St. at the north end, which is approximately 2,550 feet. The unpaved portion of Marigold St. from Polaris Dr. east to a point just short of Arnold Blvd. may also have to be paved as an outlet for Polaris Dr.; and,

WHEREAS, constructing Polaris Dr. will also require a grading plan for the steep topography at the north ½ of the street. Construction and grading will open two more lots for future development (19.74 acres and 10.90 acres) that will also require a site grading plan to include cut and fill volumes necessary to establish a finished grade not exceeding 2% across the lots; and,

WHEREAS, staff requests the DCOA authorize contracts with Enprotec/Hibbs & Todd to prepare plans and specs for street construction of Polaris Dr., and prepare general site grading plans for both new lots in the Five Points Business Park.

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

PART 1. DCOA authorizes contracts with Enprotec/Hibbs & Todd and total funding of Sixty Thousand Two Hundred and no/100's Dollars (\$60,200.00) to perform services associated with the Five Points Business Park as follows:

1. Polaris Dr. Street Paving Design (\$45,000) – to include a topo survey, plans and specs for construction purposes, assisting staff in securing bids, attending a preconstruction conference, providing construction staking services, and providing limited construction administration services. Basic services = \$40,000; Contingency = \$5,000.
2. Grading Plan for 2 Lots Adjacent to Polaris Dr. (\$15,200) – to include an aerial topo survey for design purposes and General Site Grading Plans for both the 19.74-acre lot and the 10.9-acre lot. Basic services = \$13,200; Contingency = \$2,000.

PART 2. This resolution is contingent upon execution of all necessary agreements. The 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 any contract and all other related documents on behalf of the DCOA.

ADOPTED this the 8th day of October, 2013.

ATTEST:

Marelyn Shedd
Secretary/Treasurer

Paul Cannon
President

APPROVED:

T. Daniel Santee, City Attorney

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: October 8, 2013

PROJECT: Fehr Foods, Inc.

STAFF: Richard Burdine, CEO

THE COMPANY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

February 2012 - New Agreement for \$510,000 for capital investment of \$5.1 million

Assistance of \$510,000 for capital investment in Project El Dorado (new cream cookie line) projected to be \$4.1 million plus \$1 million for additional plant improvements. Since the job creation goals set in the prior agreement hadn’t been met, funding for the additional jobs related to Project El Dorado didn’t qualify for assistance; however, the company has taken steps to improve attendance and increase its wages. We recently received proof of expenses for Project El Dorado of about \$4.6 million.

January 2013 – Addendum to add \$240,000 for capital investment of \$2.4 million in 2013

Assistance of \$240,000 for the 2013 capital projects (\$2.4 million to automate a tray loader for Line 3, expand the break room and restrooms, add wrapping machines for Lines 1 and 2, and miscellaneous other improvements, i.e. oven control panels) at 10%, or up to \$240,000, payable over 3 years at \$80,000 per year. Also approved was allowing all expenses from the original \$510,000 approval for Project El Dorado and other plant improvements be combined into one project with DCOA funding remaining capped at \$510,000. This will allow the company to be reimbursed for actual expenses related to Project El Dorado (at 10%), even if they exceed \$4.1 million. No additional funds were approved.

Fehr currently employs 321 in Abilene (including leased drivers working exclusively for them) and 97 in Marietta, OK. They have reduced their voluntary turnover from well over 100% to 59% in 2012 and are working to reduce it further in 2013.

THE REQUEST

Fehr Foods competed corporate-wide and was approved for a major production expansion. Rather than construct an addition to its manufacturing plant on N. 1st St., the company contracted to purchase the former Sam’s Club facility on S. 1st St. This new project will increase employment by 105 jobs, over and above the existing Abilene employment level. The company will invest a total of \$30 million for purchase, capital improvements and equipment.

I propose an assistance package totaling \$5,123,000 as follows:

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S. 2

1. Capital Investment Incentive – Up to \$4,500,000 mostly paid over 3 years at 15% of company’s actual capital investment in facility purchase, facility improvements, and equipment purchases (estimated at \$30 million). To assist with purchase, \$2.5 million will be advanced up-front under a 2-year promissory note at 0% interest secured by a first lien on the former Sam’s Club facility. The note balance will be earned and reduced at the rate of \$1.5 million after the first year and \$1 million after the second year. The remaining \$500,000 earned for the second year plus the \$1.5 million earned for the third year will be paid to the company in cash. Fehr will be required to submit proof of its actual capital investment.

2. Job Creation Incentive – Up to \$623,000 paid over 3 years for the creation of 105 new jobs (over and above the baseline FTE figure for existing jobs) spread over 3 shifts in the following chart:

Labor Structure 3-Shifts

| Annual Salary Level | Number of Jobs | Incentives Per Job | Incentives Total |
|-----------------------|----------------|--------------------|----------------------|
| Under \$15,000 | 0 | \$ 1,000 | \$ - |
| \$15,000 to \$20,000 | 9 | \$ 2,000 | \$ 18,000 |
| \$20 to \$30,000 | 74 | \$ 4,000 | \$ 296,000 |
| \$30 to \$40,000 | 0 | \$ 10,000 | \$ - |
| \$40 to \$50,000 | 11 | \$ 12,000 | \$ 132,000 |
| \$50 to \$60,000 | 9 | \$ 15,000 | \$ 135,000 |
| Over \$60,000 (below) | 2 | 35% | \$ 42,000 |
| Total: | 105 | | \$ 623,000.00 |

| Management Positions | Annual Salary Level |
|--------------------------|----------------------|
| Over \$60,000 | |
| 2 Managers @ 60,000/year | \$ 120,000 |
| Total Salaries: | \$ 120,000.00 |

Fehr will be required to submit a job certification through 9-30-13 to establish a baseline employment number for calculating incentives on new employment. With over 300 current employees and plans for another 105, calculation of job creation incentives by income category becomes very time consuming for the Company and our staff. Therefore I recommend paying a flat amount per job of \$5,700 over 3 years, or \$1,900 per new job per year.

FISCAL IMPACT

| | |
|-------------------------------|--------------------|
| Capital Investment Incentive | \$4,500,000 |
| <u>Job Creation Incentive</u> | <u>\$ 623,000</u> |
| TOTAL | \$5,123,000 |

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2014.03 authorizing an assistance package for Fehr Foods for its production expansion totaling \$5,123,000 with \$2.5 million advanced up-front under a promissory note secured by a 1st lien on the former Sam’s Club property.

ATTACHMENTS

Resolution DCOA-2014.03

RESOLUTION NO. DCOA-2014.03

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

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

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

WHEREAS, on February 14, 2012, DCOA approved resolution DCOA-2012.11 authorizing \$510,000 payable at 10% over 3 years for Grupo Nutresa's projected 2012 investment in the Abilene operation, which included \$4.1 million for Project El Dorado and another \$1 million for plant improvements; and,

WHEREAS, on January 13, 2013, DCOA approved resolution DCOA-2013.14 authorizing assistance of \$240,000 for Fehr's 2013 capital projects (\$2.4 million to automate a tray loader for Line 3, expand the break room and restrooms, add wrapping machines for Lines 1 and 2, and miscellaneous other improvements, i.e. oven control panels); and,

WHEREAS, Fehr currently employs 321 in Abilene and 97 in Marietta, OK, and is significantly expanding its Abilene production operation; and,

WHEREAS, rather than construct an addition to its manufacturing plant on N. 1st St., Fehr contracted to purchase the former Sam's Club facility on S. 1st St. and will increase employment by 105 jobs and invest a total of \$30 million for purchase, capital improvements and equipment; and,

WHEREAS, staff requests the DCOA authorize assistance of \$5,123,000 for Fehr's major production expansion.

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

PART 1. DCOA hereby authorizes a financial assistance package for Fehr Foods in the amount of Five Million One Hundred Twenty-Three Thousand and no/100's Dollars (\$5,123,000) for the company's major production expansion. Fehr will invest up to \$30 million in purchase of the former Sam's Club facility on S. 1st St., capital improvements and equipment. Fehr will also create up to 105 new jobs in excess of its existing employment level. The assistance shall be disbursed as follows:

1. Capital Investment Incentive – Up to \$4,500,000 mostly paid over 3 years at 15% of company’s actual capital investment in facility purchase, facility improvements, and equipment purchases (estimated at \$30 million). To assist with purchase, \$2.5 million will be advanced up-front under a 2-year promissory note at 0% interest secured by a first lien on the former Sam’s Club facility. The note balance will be earned and reduced at the rate of \$1.5 million after the first year and \$1 million after the second year. The remaining \$500,000 earned for the second year plus the \$1.5 million earned for the third year will be paid to the company in cash. Fehr will be required to submit proof of its actual capital investment.

2. Job Creation Incentive – Up to \$623,000 paid over 3 years at the rate of \$5,700 each for the creation of 105 new jobs (over and above the baseline FTE figure for existing jobs) spread over 3 shifts. The following chart indicates the company’s potential earnings if paid according to DCOA’s Incentive Guidelines:

| Labor Structure 3-Shifts | | | |
|--------------------------|----------------|--------------------|----------------------|
| Annual Salary Level | Number of Jobs | Incentives Per Job | Incentives Total |
| Under \$15,000 | 0 | \$ 1,000 | \$ - |
| \$15,000 to \$20,000 | 9 | \$ 2,000 | \$ 18,000 |
| \$20 to \$30,000 | 74 | \$ 4,000 | \$ 296,000 |
| \$30 to \$40,000 | 0 | \$ 10,000 | \$ - |
| \$40 to \$50,000 | 11 | \$ 12,000 | \$ 132,000 |
| \$50 to \$60,000 | 9 | \$ 15,000 | \$ 135,000 |
| Over \$60,000 (below) | 2 | 35% | \$ 42,000 |
| Total: | 105 | | \$ 623,000.00 |

| Management Positions | Annual Salary Level |
|--------------------------|----------------------|
| Over \$60,000 | |
| 2 Managers @ 60,000/year | \$ 120,000 |
| Total Salaries: | \$ 120,000.00 |

Fehr will be required to submit a job certification through 9-30-13 to establish a baseline employment number for calculating incentives on new 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 8th day of October, 2013.

ATTEST:

Marelyn Shedd
Secretary/Treasurer

Paul Cannon
President

APPROVED:

T. Daniel Santee, City Attorney

SADCOAResolution20142014.03 Fehr Foods 10-08-13.doc

5.6

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: October 8, 2013

PROJECT: Project BE

STAFF: Richard Burdine, CEO

THE COMPANY

Founded in 1992, Project BE provides a range of services to help America's oil and gas producers keep more than 900,000 existing wells in production throughout their lifecycle - from the initial drilling of the well to ongoing maintenance to plugging and abandonment. Today, more than 5,700 professionals provide essential services to over 2,000 oil and gas companies throughout the major oil and gas producing regions in Texas, Louisiana, Oklahoma, New Mexico, Arkansas, Kansas, the Appalachian Region and the Rocky Mountain States.

Project BE is focused on the most prolific oil and gas producing regions in the country. Leveraging a fleet of over 400 well-maintained mobile well servicing rigs, the company's well servicing segment provides a wide range of services to improve production throughout the life of the well, including:

Completion and Maintenance - Providing the necessary repairs to equipment in order to get the wells back up and running again.

Workover - Perforating the well casing to expose new productive zones, deepening well bores to new zones, or drilling lateral well bores to improve reservoir drainage patterns.

Plugging and abandonment - Ensuring that the well is plugged properly to confine oil, gas and water when the well reaches the end of its productive life.

Project BE has been operating in Abilene since the early 90's and currently employs 46, earning anywhere from \$31,000/year to \$65,000/year, including 1) 15 Floor Hands earning about \$33,000/yr, 2) 16 Derrick Hands earning about \$35,000/yr, 3) 10 Operators earning about \$49,000/yr, 4) 3 Field Supervisors earning about \$65,000/yr, 5) 1 Staff Assistant earning about \$31,000/yr, and 6) 1 Mechanic earning about \$48,000/yr. The company is in a growth mode and is looking at purchasing land in northeast Abilene. The company anticipates hiring 29 more and spending \$1,025,000 in 2014 on land, construction, vehicles and rolling stock and rigs. Additional investment through 2019 of \$2,000,000 includes more rolling stock and rigs.

THE REQUEST

I propose an incentives package for Project BE of \$553,750 as follows:

Job Creation Incentive - \$225,000 would be paid for 29 new positions over 5 years, as shown in the following chart:

Job Creation Incentives - Project BE

| Annual Salary Level* | Number of Jobs | Incentives per Job | Incentives Total |
|-----------------------|----------------|--------------------|-------------------|
| Under \$15,000 | 0 | \$ 1,000 | \$ - |
| \$15 to \$20,000 | 0 | \$ 2,000 | \$ - |
| \$20 to \$30,000 | 12 | \$ 4,000 | \$ 48,000 |
| \$30 to \$40,000 | 15 | \$ 10,000 | \$ 150,000 |
| \$40 to \$50,000 | 1 | \$ 12,000 | \$ 12,000 |
| \$50 to \$60,000 | 1 | \$ 15,000 | \$ 15,000 |
| Over \$60,000 (below) | | 35% | \$ - |
| Total: | 29 | | \$ 225,000 |

Project BE will be required to submit a job certification through 9-30-13 to establish a baseline employment number for calculating incentives on new employment. With 46 current employees and plans for another 29, calculation of job creation incentives by income category becomes very time consuming for the Company and our staff. Therefore I recommend paying a flat amount per new job of \$7,500 over 5 years, or \$1,500 per new job per year.

Capital Investment Incentive - \$328,750 based on 10% of investment for capital equipment (rolling stock and rigs est. at \$2,500,000) and 15% for land and construction costs (estimated to be \$525,000 total) paid over 5 years, up to \$65,750/year, upon receipt of proof of actual costs. Should company transfer equipment to Abilene from other locations, we will require they prove the value of the equipment by providing a professional value appraisal or tax appraised value.

FISCAL IMPACT

| | |
|------------------------------|------------------|
| Job Creation Incentive | \$225,000 |
| Capital Investment Incentive | \$328,750 |
| TOTAL | \$553,750 |

STAFF RECOMMENDATION

I recommend approval of resolution DCOA-2014.04 authorizing an incentive package for Project BE totaling \$553,750 for new job creation of 29 and capital investment of \$3,025,000, paid over 5 years.

ATTACHMENTS

Resolution DCOA-2014.04

RESOLUTION NO. DCOA-2014.04

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

WHEREAS, founded in 1992, Project BE is focused on the most prolific oil and gas producing regions in the country, and the company’s well servicing segment provides a wide range of services to improve production throughout the life of the well including completion and maintenance, workover, plugging and abandonment; and,

WHEREAS, Project BE has been operating in Abilene since the early 1990’s and currently employs 46, earning anywhere from \$31,000/year to \$65,000/year; and,

WHEREAS, the company is in a growth mode and is looking at purchasing land in northeast Abilene for construction, anticipating hiring 29 more and spending \$1,025,000 in 2014 on land, construction, vehicles and rolling stock and rigs plus an additional investment through 2019 of \$2,000,000 on rolling stock and rigs; and,

WHEREAS, staff requests the DCOA authorize assistance of \$553,750 for Project BE.

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

PART 1. DCOA hereby authorizes a financial assistance package for Project BE in the amount of Five Hundred Fifty-Three Thousand Seven Hundred Fifty and no/100’s Dollars (\$553,750). Project BE shall invest up to \$3,025,000 in land, construction, vehicles and rolling stock and rigs and create 29 new jobs in addition to its existing 46.

Job Creation Incentive –\$225,000 would be paid for 29 new positions over 5 years, as shown in the following chart:

Job Creation Incentives - Project BE

| Annual Salary Level* | Number of Jobs | Incentives per Job | Incentives Total |
|-----------------------|----------------|--------------------|-------------------|
| Under \$15,000 | 0 | \$ 1,000 | \$ - |
| \$15 to \$20,000 | 0 | \$ 2,000 | \$ - |
| \$20 to \$30,000 | 12 | \$ 4,000 | \$ 48,000 |
| \$30 to \$40,000 | 15 | \$ 10,000 | \$ 150,000 |
| \$40 to \$50,000 | 1 | \$ 12,000 | \$ 12,000 |
| \$50 to \$60,000 | 1 | \$ 15,000 | \$ 15,000 |
| Over \$60,000 (below) | | 35% | \$ - |
| Total: | 29 | | \$ 225,000 |

Project BE will be required to submit a job certification through 9-30-13 to establish a baseline employment number for calculating incentives on new employment. With 46 current employees and plans for another 29, calculation of job creation incentives by income category becomes very time consuming for the Company and our staff. Therefore I recommend paying a flat amount per new job of \$7,500 over 5 years, or \$1,500 per new job per year.

Capital Investment Incentive - \$328,750 based on 10% of investment for capital equipment (rolling stock and rigs est. at \$2,500,000) and 15% for land and construction costs (estimated to be \$525,000) paid over 5 years, up to \$65,750/year, upon receipt of proof of actual costs. Should company transfer equipment to Abilene from other locations, they will be required to prove the value of the equipment by providing a professional value appraisal or tax appraised value.

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 8th day of October, 2013.

ATTEST:

Marelyn Shedd
Secretary/Treasurer

Paul Cannon
President

APPROVED:

T. Daniel Santee, City Attorney

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: October 8, 2013

PROJECT: New 6-Month Contract with Consultant Lee Ann Woods for On-Going Business and Marketing Support for Abilene Laboratories

STAFF: Richard Burdine, CEO

INFORMATION:

A critical element of our strategic planning for the Abilene Life Sciences Accelerator is a thorough understanding of the competitive environment in which these services would be offered. On October 9, 2012, the DCOA Board authorized an agreement for professional services for a biotech asset inventory, competitive analysis and an outline business development plan by consultant Lee Ann Woods. She finished that phase of work at a cost of \$13,975 and reported her findings to the board.

The next step was to establish a budget to implement the business development plan over the next 6 months, including funding for professional consulting services. On January 22, 2013, the board approved resolution DCOA-2013.13 authorizing a 6-month contract with Ms. Woods through July 2013 and funding of \$102,400. Ms. Woods made monthly written and oral reports to the board of her progress. Her accomplishments include a rebranding of the Abilene Life Sciences Accelerator to what it is now called, Abilene Laboratories, to make the facility name more indicative of the activities conducted there. She arranged for new logo signage on the building, new stationery, a new website (www.abilenelaboratories.com), and a monthly e-newsletter. She has also made numerous contacts with prospective tenants for the space.

On July 30, 2013, the board approved a one-month extension of the contract through August 2013 to allow her time to finalize some of the prospective tenants. Total costs incurred under this contract are \$67,185 leaving \$35,215 unfunded.

REQUEST:

Abilene Laboratories (AbLabs) is in a good position now with the recent opening of The Center for Immunotherapeutics Development and a new lease pending with Texas Tech University Health Sciences Center to occupy two more laboratories to establish a state-of-the-art Interprofessional Sterile Products and Biotechnology Teaching Lab.

In order to sustain the momentum gained by Ms. Woods' efforts, I recommend we contract with her for another 6 months beginning October 1, 2013 and expiring March 31, 2014. Progress has been made in meeting the objectives and goals set forth in the original contract, specifically focus on creating and finding end-users and tenants for AbLabs. In view of on-going prospect management and lab marketing needs, and in working to identify additional potential end-users, Ms. Woods proposes to:

1. Manage pending prospects,
2. Work to generate new leads and interest using direct marketing efforts,
3. Work with The Center to determine general marketing support strategy/needs and provide support,
4. Close the noted leads, working with staff of Economic Development,
5. Organize/communicate with other leads for management and/or hand-off,
6. Prepare and send monthly e-newsletters,

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7. Update the website and related materials,
8. Update and manage the database for the e-newsletter and other communications,
9. Manage press releases,
10. Present all relevant information to Austin groups and officials,
11. Monitor and consult with those relevant to TETF and CPRIT
12. Attend Texas Medical Device meeting in Austin, NTEC in Frisco, THBI in Austin, and ACG Capital Connection in Houston,
13. Other related tasks as determined.

The monthly fee is \$2,500, plus expenses (travel and registration fees, all approved in advance). The estimated total contract cost is around \$26,500, so no additional funding is needed.

FISCAL IMPACT:

None required due to the funding carryover available under Ms. Woods' previous contract.

STAFF RECOMMENDATION:

Staff recommends approval of resolution DCOA-2014.02 authorizing a new 6-month contract with Consultant Lee Ann Woods for on-going business and marketing support at Abilene Laboratories. No additional funding is needed.

ATTACHMENTS:

Resolution DCOA-2014.02

RESOLUTION NO. DCOA-2014.02

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (“DCOA”), ABILENE, TEXAS AUTHORIZING A NEW 6-MONTH CONTRACT WITH CONSULTANT LEE ANN WOODS FOR ON-GOING BUSINESS AND MARKETING SUPPORT AT ABILENE LABORATORIES (“ABLABS”).

WHEREAS, a critical element of our strategic planning for the Abilene Laboratories is a thorough understanding of the competitive environment in which these services would be offered, so on October 9, 2012, the DCOA authorized an agreement for professional services for a biotech asset inventory, competitive analysis and an outline business development plan by consultant Lee Ann Woods, which she finished and reported her findings to the board; and,

WHEREAS, on January 22, 2013, the board approved resolution DCOA-2013.13 authorizing a 6-month contract with Ms. Woods through July 2013 and funding of \$102,400, which contract was extended one month through August 2013 by oral resolution of the board on July 30, 2013 to allow Ms. Woods time to finalize some of the prospective tenants; and,

WHEREAS, total costs incurred under Ms. Woods last contract are \$67,185 leaving \$35,215 unfunded; and,

WHEREAS, in order to sustain the momentum gained by Ms. Woods’ efforts, staff recommends we contract with her for another 6 months beginning October 1, 2013 and expiring March 31, 2014; and,

WHEREAS, in view of on-going prospect management and lab marketing needs, and in working to identify additional potential end-users, staff requests the DCOA authorize a new 6-month contract with Consultant Lee Ann Woods for on-going business and marketing support at Abilene Laboratories.

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

PART 1. DCOA authorizes a new 6-month contract with Consultant Lee Ann Woods beginning October 1, 2013 and expiring March 31, 2014 to provide on-going business and marketing support for Abilene Laboratories. Ms. Woods will:

1. Manage pending prospects,
2. Work to generate new leads and interest using direct marketing efforts,
3. Work with The Center to determine general marketing support strategy/needs and provide support,
4. Close the noted leads, working with staff of Economic Development,
5. Organize/communicate with other leads for management and/or hand-off,
6. Prepare and send monthly e-newsletters,
7. Update the website and related materials,
8. Update and manage the database for the e-newsletter and other communications,
9. Manage press releases,
10. Present all relevant information to Austin groups and officials,
11. Monitor and consult with those relevant to TETF and CPRIT
12. Attend Texas Medical Device meeting in Austin, NTEC in Frisco, THBI in Austin, and ACG Capital Connection in Houston,
13. Other related tasks as determined.

The monthly fee is \$2,500, plus expenses (travel and registration fees, all approved in advance). The estimated total contract cost is around \$26,500; however no funding is needed because of the carryover of funds available under Ms. Woods' previous contract.

PART 2. The Chief Executive Officer of the Development Corporation of Abilene, Inc. is hereby authorized to negotiate any contract and all other related documents on behalf of the DCOA.

ADOPTED this the 8th day of October, 2013.

ATTEST:

Marelyn Shedd
Secretary/Treasurer

Paul Cannon
President

APPROVED:

T. Daniel Santee, City Attorney

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