

PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, October 29, 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 29, 2013
1:30 p.m.

Abilene Laboratories
1325 Pine St.

1. Call the meeting to order.
2. Approval of minutes from the October 8, 2013, board meeting.
3. Sales tax report for October 2013.
4. Executive Session: Pursuant to Tex. Gov't Code Sec. 551.087, an executive session may be held (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or (2) to deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1). After discussion in executive session, any action or vote will be taken in public.

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

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

5. Discussion and possible approval of a resolution authorizing assistance for Project AH.
6. 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.

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
October 8, 2013

MEMBERS PRESENT:	Paul Cannon Dave Copeland Marelyn Shedd	Scott Senter Dani Ramsey
STAFF PRESENT:	Richard Burdine Stanley Smith	Kim Tarrant
GUESTS PRESENT:	Joseph Cochran Jason Smith Gary Robinett John Mangalonzo	Not Available Abilene Chamber of Commerce Abilene Industrial Foundation Abilene Reporter News

1. **CALL THE MEETING TO ORDER.** President Paul Cannon called the meeting to order at 1:37 p.m. at the Abilene Laboratories, 1325 Pine St., Abilene Texas.
2. **APPROVAL OF MINUTES FROM SEPTEMBER 24, 2013 BOARD MEETING.** Marelyn Shedd moved to approve the minutes from the September 24, 2013 board meeting with one correction. Scott Senter seconded and the motion carried.
3. **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 October 8, 2013, and the time is 1:40 p.m. Later, President Cannon announced the date is still October 8, 2013, and the time is 2:38 p.m. No vote or action was taken in Executive Session.

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.** Richard Burdine discussed the benefits of constructing Polaris Dr. in Five Points Business park and authorizing Enprotec/Hibbs and Todd (an engineering firm) to provide street paving design services for construction from Five Points Parkway northward to Marigold St., which is approximately 2,550 feet. Mr. Burdine recommended a contract and \$40,000 for street paving design services plus a \$5,000 contingency. Mr. Burdine also recommended a second contract and \$13,200 for a grading plan on both sides of Polaris Drive plus a \$2,000 contingency.

Scott Senter moved to approve resolution DCOA-2014.01 as presented, 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. Dani Ramsey seconded and the motion carried.

5. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR FEHR FOODS.** Richard Burdine discussed a proposed assistance package for Fehr Foods in the amount of \$5,123,000; 1) \$4.5M paid over 3 years for their capital investment of \$30 million at 15% of estimated costs for purchase of the former Sam's Club building, facility improvements and equipment. The recommended proposal is to advance \$2.5 million under a 2 year earnable note at 0% interest secured by first lien on the facility, and 2) \$623,000 job creation incentive paid over 3 years for the creation of 105 new jobs, over and above their baseline FTE of 300. Mr. Burdine withdrew his recommendation of paying a flat rate of \$5,700/new FTE. The Planning and Zoning Commission approved a Conditional Use permit so the building can be used for manufacturing, which will go to City Council for final approval on November 7th. Fehr Foods will be required to do a certification of its current jobs and what income categories those jobs fall into, and track current positions long with the new positions.

Dave Copeland moved to approve resolution DCOA-2014.03 with one correction to eliminate the flat rate payment of \$5,700/new FTE. Marelyn Shedd seconded and the motion carried. Scott Senter abstained from voting.

6. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT BE.** Richard Burdine discussed Project BE, an existing Abilene well servicing business looking to expand. The recommended assistance package totals \$553,750 for; 1) Job Creation Incentive of \$225,000 to be paid for 29 new employees over 5 years, and 2) Capital Investment Incentive of \$328,750 based on 10% of investment for capital equipment and 15% of land and construction cost. Mr. Burdine withdrew the recommendation of paying a flat amount per new job of \$7,500 over 5 years, or \$1,500 per new job per year.

Dani Ramsey moved to approve resolution DCOA-2014.04 authorizing assistance for Project BE with one correction, to eliminate the flat rate payment of \$7,500/new FTE.

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.** Richard Burdine discussed authorizing a new 6-month contract with Consultant Lee Ann Woods at \$2,500/month plus expenses. Ms. Woods will ensure continuity with her contacts. The total cost is around \$26,500, so no additional funding is needed.

Marelyn Shedd moved to approve resolution DCOA-2014.02, as presented, 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. Dave Copeland seconded and the motion carried.

8. **ADJOURNMENT.** The next regularly scheduled meetings are October 29, 2013 and November 12, 2013. There being no further business the meeting was adjourned.

Paul Cannon, President

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MEMORANDUM

October 9, 2013

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

The sales tax rebate for October is \$3,260,503.83 which represents August sales. This is 4.76% below last year and 6.63% below the projected FY 14 budget amount. The breakdown of the October rebate is \$2,445,377.87 to the General Fund and \$815,125.96 for economic development. Of this rebate, \$5,199 is from prior periods, audit payments, future payments, and unidentified payments. This is the first rebate for our 2013-14 fiscal year. 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 2012-13	Actual 2012-13		Actual 2013-14	Actual 2013-14	
October	\$2,567,604.30	\$855,868.10	\$3,423,472.40	\$2,445,377.87	\$815,125.96	\$3,260,503.83
YTD	\$2,567,604.30	\$855,868.10	\$3,423,472.40	\$2,445,377.87	\$815,125.96	\$3,260,503.83
November	2,675,867.12	891,955.71	3,567,822.83			
December	2,319,312.29	773,104.09	3,092,416.38			
January	2,186,131.29	728,710.43	2,914,841.72			
February	3,038,055.04	1,012,685.01	4,050,740.05			
March	2,464,587.05	821,529.01	3,286,116.06			
April	2,402,889.56	800,963.19	3,203,852.75			
May	2,895,168.95	965,056.32	3,860,225.27			
June	2,482,246.02	827,415.34	3,309,661.36			
July	2,480,852.18	826,950.72	3,307,802.90			
August	2,781,814.76	927,271.58	3,709,086.34			
September	2,393,587.58	797,862.52	3,191,450.10			
FY TOTAL	<u>\$30,688,116.14</u>	<u>\$10,229,372.02</u>	<u>\$40,917,488.16</u>			

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 2012-13	Actual 2013-14	% Change
October	\$855,868	\$815,126	-4.76%
YTD	\$855,868	\$815,126	-4.76%
November	891,956		
December	773,104		
January	728,710		
February	1,012,685		
March	821,529		
April	800,963		
May	965,056		
June	827,415		
July	826,951		
August	927,272		
September	797,862		
FY TOTAL	\$10,229,372		

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 October '13 represents August '13 sales. Approximately \$1,300 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 2009-10	Actual 2010-11	Actual 2011-12	Actual 2012-13
October	\$671,904	\$661,859	\$890,386	\$855,868
YTD	<u>\$671,904</u>	<u>\$661,859</u>	<u>\$890,386</u>	<u>\$855,868</u>
November	758,231	774,838	964,808	891,956
December	602,230	647,119	725,276	773,104
January	594,761	693,114	941,066	728,710
February	898,241	978,890	1,175,879	1,012,685
March	618,659	646,308	732,189	821,529
April	601,410	641,310	769,064	800,963
May	814,964	948,413	977,461	965,056
June	612,963	741,634	766,944	827,415
July	660,806	749,767	756,886	826,951
August	829,188	1,013,393	920,096	927,272
September	649,391	799,173	800,200	797,862
FY TOTAL	<u><u>\$ 8,312,748</u></u>	<u><u>\$ 9,295,819</u></u>	<u><u>\$ 10,420,256</u></u>	<u><u>\$ 10,229,372</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.

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA
MEETING DATE: October 24, 2013

PROJECT: Project AH

STAFF: Richard Burdine, CEO

THE COMPANY

Project AH is the manufacturer of topical body products for relief of aches and other skin care and foot care products. Born out of a demand for unique products, the company is committed to using only the finest natural ingredients and manufacturing processes available. The company is a closely-held family-owned business that boasts humble beginnings 25 years ago when the owner began experimenting in a kitchen. After research, clinical trials and experimentation for more than two years, a product was created, which has been continuously improved over the years. The company currently sells its products on-line and in major retail chains and employs 11.

BACKGROUND

Project AH is in the process of constructing a 4,800 sq. ft. metal building expansion at \$99,000 for manufacturing to accommodate growth. Unfortunately, during the process it was discovered the property was improperly zoned for manufacturing (Heavy Commercial). The company paid \$1,500 and applied to the City for a Conditional Use Permit, which was approved by City Council. In addition to construction, the company is purchasing about \$40,000 in new capital equipment.

Project AH plans to add 3 new jobs in 2013, 3 more in 2014 and 4 more in 2015 for total new employment of 10. The company will make more capital equipment purchases during 2014 and 2015 totaling \$56,119. Also planned during 2014 and 2015 are desk and furniture purchases of \$4,000 and other building and network improvements of \$30,000.

THE REQUEST

I have worked with this company for 5 years with the last ten months spent gathering costs, projecting employment and negotiating this incentives package. Their growth dictated they move fast this year to construct an expansion, which began last month and purchase some equipment. I propose an incentives package for Project AH of \$76,948 retroactive to January 1, 2013 as follows:

Job Creation Incentive – \$48,000 paid for 10 new positions in addition to the existing 11 jobs over 3 years as follows:

Job Creation Incentives - Project AH

Annual Salary Level*	Number of Jobs	Incentives per Job	Incentives Total
Under \$15,000	2	\$ 1,000	\$ 2,000
\$15 to \$20,000	4	\$ 2,000	\$ 8,000
\$20 to \$30,000	2	\$ 4,000	\$ 8,000
\$30 to \$40,000	0	\$ 10,000	\$ -
\$40 to \$50,000	0	\$ 12,000	\$ -
\$50 to \$60,000	2	\$ 15,000	\$ 30,000
Total:	10		\$ 48,000

* Calculations based on salaries provided without non-mandatory benefits.

Capital Investment Incentive – up to \$28,948 paid at 15% of company’s actual costs for facility expansion and other building & network improvements (est. to be \$129,000) plus 10% of actual costs for equipment purchases (est. to be \$95,980) over 3 years.

Capital Investment Incentives - Project AH

Investment:		Incentives %	Incentives Total
Tenant-Paid Improvements	\$ -	15%	\$ -
Land and/or Building Purchase	\$ 129,000	15%	\$ 19,350
Capital Equipment	\$ 95,980	10%	\$ 9,598
Site Development Costs	\$ -	10%	\$ -
Total:	\$ 224,980		\$ 28,948

FISCAL IMPACT

Job Creation Incentive	\$48,000
Capital Investment Incentive	\$28,948
TOTAL Paid over 3 years	\$76,948

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2014.05 authorizing assistance for Project AH totaling \$76,948 for job creation of 10 and capital investment of up to \$224,980 paid over 3 years.

ATTACHMENTS

Resolution DCOA-2014.05

RESOLUTION NO. DCOA-2014.05

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

WHEREAS, Project AH is the manufacturer of topical body products and other skin care and foot care products; and,

WHEREAS, Project AH currently sells its products on-line and in some major retail chains and employs 11; and,

WHEREAS, last month Project AH began constructing a 4,800 sq. ft. manufacturing expansion for \$99,000 and purchasing about \$40,000 in new capital equipment; and,

WHEREAS, Project AH plans to add 3 new jobs in 2013, 3 more in 2014 and 4 more in 2015 for total new employment of 10. The company will make more capital equipment purchases during 2014 and 2015 totaling \$56,119; and,

WHEREAS, staff requests the DCOA authorize assistance of \$76,948 for Project AH.

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 AH in the amount of Seventy-Six Thousand Nine Hundred Forty-Eight and no/100's Dollars (\$76,948.00). Project AH shall invest up to \$224,980 in construction, network improvements and equipment purchases and create 10 new jobs in addition to its existing 11. The assistance shall be retroactive to January 1, 2013 as follows:

Job Creation Incentive – \$48,000 paid for 10 new positions in addition to the existing 11 jobs over 3 years as follows:

Job Creation Incentives - Project AH

Annual Salary Level*	Number of Jobs	Incentives per Job	Incentives Total
Under \$15,000	2	\$ 1,000	\$ 2,000
\$15 to \$20,000	4	\$ 2,000	\$ 8,000
\$20 to \$30,000	2	\$ 4,000	\$ 8,000
\$30 to \$40,000	0	\$ 10,000	\$ -
\$40 to \$50,000	0	\$ 12,000	\$ -
\$50 to \$60,000	2	\$ 15,000	\$ 30,000
Total:	10		\$ 48,000

* Calculations based on salaries provided without non-mandatory benefits.

Capital Investment Incentive – up to \$28,948 paid at 15% of company's actual costs for facility expansion and other building & network improvements (est. to be \$129,000) plus 10% of actual costs for equipment purchases (est. to be \$95,980) over 3 years. The company will be required to provide proof of its costs.

Capital Investment Incentives - Project AH

Investment:		Incentives %	Incentives Total
Tenant-Paid Improvements	\$ -	15%	\$ -
Land and/or Building Purchase	\$ 129,000	15%	\$ 19,350
Capital Equipment	\$ 95,980	10%	\$ 9,598
Site Development Costs	\$ -	10%	\$ -
Total:	\$ 224,980		\$ 28,948

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 29th day of October, 2013.

ATTEST:

Marelyn Shedd
Secretary/Treasurer

Paul Cannon
President

APPROVED:

T. Daniel Santee, City Attorney

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