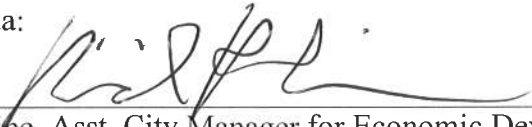


## **PUBLIC NOTICE**

### DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Monday, February 10, 2014, at Abilene Laboratories, 1325 Pine St., Abilene, Texas, commencing at 10:00 a.m. to consider the following agenda:

SIGNED:

  
Richard Burdine, Asst. City Manager for Economic Development

## **AGENDA**

February 10, 2014  
10:00 a.m.

Abilene Laboratories  
1325 Pine St.

1. Call the meeting to order.
2. Approval of minutes from the January 30, 2014, board meeting.
3. Preliminary Status of Funds report for December 2013.
4. Executive Session:  
The DCOA reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any item on the agenda, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.074 (Personnel Matters) see list below, and 551.087 (Business Prospect/Economic Development). After discussion in executive session, any action or vote will be taken in public.  
  
(Personnel) Section 551.074  
The DCOA, pursuant to the adopted Bylaws, may consider the appointment, employment and duties of certain positions as well as membership of certain committees.
5. Discussion and possible approval of a resolution authorizing assistance for Broadwind Towers (formerly Tower Tech Systems).
6. Discussion and possible approval of a resolution authorizing assistance for Fehr Foods for 2014 capital projects and job retention.
7. Adjournment.

**CERTIFICATE**

I hereby certify that the above notice of meeting was posted on the bulletin board at the City Hall of Abilene, Texas, on the \_\_\_\_\_ day of \_\_\_\_\_, 2014, 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**  
**January 30, 2014**

<b>MEMBERS PRESENT:</b>	Paul Cannon Marelyn Shedd	Scott Senter Dani Ramsay
<b>MEMBER ABSENT:</b>	Dave Copeland	
<b>STAFF PRESENT:</b>	Richard Burdine Dan Santee	Kim Tarrant
<b>GUESTS PRESENT:</b>	Gary Robinett Jason Smith John Mangalanzo	Abilene Industrial Foundation Abilene Chamber of Commerce 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 JANUARY 14, 2014 BOARD MEETING:** Marelyn Shedd moved to approve the minutes from the January 14, 2014, board meeting. Scott Senter seconded and the motion carried.
3. **EXECUTIVE SESSION NO. 1:** I hereby announce we are going into Executive Session pursuant to Texas Government Code Sections 551.071, 072, 074 and 087 to consult with our legal counsel, discuss real property transactions, personnel matters, 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 January 30, 2014, and the time is 1:39 p.m. Later, President Cannon announced the date is still January 30, 2014, and the time is 2:21 p.m. No vote or action was taken in Executive Session.

4. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING AN AMENDMENT TO THE FY14 CONTRACT WITH CITY OF ABILENE FOR ADMINISTRATIVE, PROGRAM SUPPORT AND LEGAL SERVICES:** Richard Burdine explained the CEO of the DCOA also serves as the Director of the City's Department of Economic Department, who is supervised by the City Manager. There has been discussion of changing the reporting structure for the CEO of the DOCA. The resolution before the board today is to provide the DCOA with more responsibility concerning the CEO/Director and his/her hiring, supervision, performance evaluations and termination.

Scott Senter moved to approve Resolution No. DCOA-2014.19 as presented. Marelyn Shedd seconded and the motion carried.

5. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A PROFESSIONAL SERVICES CONTRACT WITH RICHARD**

**BURDINE EFFECTIVE MARCH 1, 2014:** Paul Cannon explained Mr. Burdine has announced his retirement as the CEO of the DCOA and City of Abilene Assistant City Manager for Economic Development. Mr. Burdine agreed to continue to provide the same professional services to the DCOA and City of Abilene on a temporary basis under a professional services contract. Mr. Burdine will also assist the CEO Search Committee in identifying and hiring a new CEO for the DCOA. Mr. Burdine will then pass down current projects and help the new CEO connect with individuals that affect or can impact the local economy. Mr. Burdine's continued involvement will also help to maintain continuity of client care and create a smooth transition for the new CEO.

Mr. Burdine's professional service contract begins March 1, 2014 for 3 months with an option to extend on a month-to-month basis at the discretion of the DCOA and with Mr. Burdine's consent. The funding required is \$45,879 paid semi-monthly. Mr. Burdine will also be entitled to compensation for any unused sick or vacation hours accrued during the initial term of the contract and any extensions at an estimated cost of \$4,948.

Dani Ramsey moved to approve Resolution No. 2014.17 with a correction in Part 1. A. Mr. Burdine's monthly fee will not be prorated for a partial month as stated in the presented resolution. Scott Senter seconded and the motion carried.

6. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING AN AMENDMENT TO THE FY14 CONTRACT WITH THE ABILENE INDUSTRIAL FOUNDATION AND ABILENE CHAMBER OF COMMERCE WITH ADDITIONAL FUNDING:** Mr. Burdine stated the Abilene Industrial Foundation (AIF) and Abilene Chamber of Commerce have requested increased funding for the FY2014 contract for Operating, Marketing and Dyess Subcontracts. All together, the total fiscal impact is \$196,500 from the original total budget of \$738,289 to \$934,789.

Abilene Chamber of Commerce Military Affairs Committee requested an increase in the Dyess subcontracts budget of \$126,500, which will increase the total budget from \$170,500 to \$297,000. This is in response to increased costs for Team Concepts of \$15,000 and Rich, Liedl, P.C. of \$12,500. This increase would also add a subcontract with Bill Ehrie, now known as Jasper Consulting, in the amount of \$99,000 so he may continue to work directly with Team Concepts and Rich Liedl, P.C. on issues that directly affect Dyess AFB and Abilene.

AIF has requested a \$35,000 marketing budget increase to cover the cost of a new strategy to include the development of materials that will promote the activities and effectiveness of the Develop Abilene team. This new strategy is a great way to connect with the Abilene public and to demonstrate how their taxes are being used.

Finally, the AIF requested an operating budget increase of \$35,000 to cover the cost of a comprehensive labor market analysis study. The study will provide significant data on the Abilene region which will be helpful in analyzing the different types of industry that would best fit in Abilene.

Scott Senter moved to approve Resolution No. DCOA-2014.16 as presented. Marelyn Shedd seconded and the motion carried.

7. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A CONTRACT FOR EXTENSION OF A GAS MAIN IN FIVE POINTS BUSINESS PARK:** Mr. Burdine explained there is a need for gas service to the new building that Tucker Energy Services is in the process of constructing in Five Points Business Park. The existing main gas line terminates at the Northeast corner of the Spec 3 lot located directly across Five Points Parkway from Tucker Energy's lot. The existing gas main line needs to be extended about 2000 feet Southward to the North right-of-way of Five Points Parkway then West across Polaris Drive. From the new termination point, service will eventually be extended to Tucker's property line. The gas main extension will not only serve Tucker but also other lots in that area currently being targeted for development by the potential construction of a rail spur extension and Polaris Dr.

Diamond T Construction, Inc. is the low bidder at \$75,305. The total contract amount is \$86,605 with an added 15% contingency of \$11,300 in case the contractor encounters rock.

Marelyn Shedd moved approval of resolution DCOA-2014.18, subject to Diamond T Construction meeting all of Atmos Energy's contract requirements. Dani Ramsey seconded and motion carried.

8. **EXECUTIVE SESSION NO.2:** I hereby announce we are going into Executive Session pursuant to Texas Government Code Sections 551.071, 072, 074 and 087 to consult with our legal counsel, discuss real property transactions, personnel matters, 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 January 30, 2014, and the time is 2:43 p.m. Later, President Cannon announced the date is still January 30, 2014, and the time is 3:15 p.m. No vote or action was taken in Executive Session.

9. **OFFICER ELECTIONS; PRESIDENT, VICE PRESIDENT AND SECRETARY/TREASURER:** Scott Senter moved to elect Dave Copeland as the DCOA board president, Marelyn Shedd as a Vice President and Dani Ramsey as a Secretary/Treasurer. Dani Ramsey seconded and the motion carried.
10. **ADJOURNMENT.** The next meeting is scheduled for Monday, February 10, 2014 at 10:00 a.m. There being no further business the meeting was adjourned.

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Paul Cannon, President

**DEVELOPMENT CORPORATION OF ABILENE**  
**STATEMENT OF NET POSITION**  
December 31, 2013 and 2012

	December 2013	December 2012
<b>Current Assets:</b>		
Cash and cash investments	\$ 19,120,689	\$ 16,220,935
Accounts receivable	35,293	35,293
Due from other governments	1,702,786	1,738,931
Prepaid expense	-	130
	<u>20,858,768</u>	<u>17,995,289</u>
<b>Total Current Assets</b>		
<b>Noncurrent Assets:</b>		
Notes receivable	15,992,013	16,270,923
Capital assets	44,144,817	43,279,167
Accumulated depreciation	(7,776,020)	(6,814,308)
Total capital assets, net	<u>36,368,797</u>	<u>36,464,859</u>
	<u>52,360,810</u>	<u>52,735,782</u>
<b>Total Noncurrent Assets</b>		
<b>Total Assets</b>	<u><u>\$ 73,219,578</u></u>	<u><u>\$ 70,731,071</u></u>
<b>Liabilities</b>		
Current:		
Accounts payable	\$ 51,851	\$ 49,802
	<u>51,851</u>	<u>49,802</u>
<b>Total Current Liabilities</b>		
	<u>51,851</u>	<u>49,802</u>
<b>Total Liabilities</b>		
<b>Net Position</b>		
Net Investment in capital assets	36,368,797	36,464,859
Restricted for contractual obligations	23,196,264	14,595,160
Designated for purposes of trust	<u>13,602,666</u>	<u>19,621,250</u>
	<u>73,167,727</u>	<u>70,681,269</u>
<b>Total Net Position</b>		
<b>Total Liabilities and Net Position</b>	<u><u>\$ 73,219,578</u></u>	<u><u>\$ 70,731,071</u></u>

**DEVELOPMENT CORPORATION OF ABILENE**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For three months ending December 31, 2013 and 2012

	December 2013	Fiscal YTD 2013	Fiscal YTD 2012
<b>Revenues:</b>			
Sales and use taxes	\$ 766,502	\$ 2,478,388	\$ 2,520,928
Interest income	3,284	9,768	11,276
Building rental / land lease	51,332	266,926	268,506
Sale of land	29,308	201,013	-
Miscellaneous revenue	19,861	19,861	13,219
<b>Total Revenues</b>	<u>870,287</u>	<u>2,975,956</u>	<u>2,813,929</u>
<b>Expenses:</b>			
Economic development projects	576,439	2,262,171	767,922
Life Sciences property	18,734	99,376	201,173
DCOA Annual Contracts	36,831	78,648	143,121
Abilene Industrial Foundation	51,037	104,949	106,271
TTU Small Business Development Center	32,550	32,550	25,181
Chamber Military Affairs	-	-	-
Airport Business Development Manager	9,074	22,254	15,277
General administrative services	53,037	159,951	168,777
<b>Total Expenditures</b>	<u>777,702</u>	<u>2,759,899</u>	<u>1,427,722</u>
<b>Changes In Net Position</b>	92,585	216,057	1,386,207
<b>Net Position at Beginning of Period</b>	<u>73,075,142</u>	<u>72,951,670</u>	<u>69,295,062</u>
<b>Net Position at End of Period</b>	<u>\$ 73,167,727</u>	<u>\$ 73,167,727</u>	<u>\$ 70,681,269</u>

**Summary of Current Period Economic Development Projects:**

TTU Pharmacy School - (Principal Reduction)	\$ 115,647
Tower Tech - (Year 5 Job Creation)	350,187
Biotech Marketing and PR Plan	650
Hangar Doghouses A/E	50,050
EASI De-Fuel Truck	1,750
Five Points Survey	(2,021)
TTUHSC Center FY14 Operating	23,209
Five Points Polaris Drive A/E	9,800
Spec 3 Finish Out A/E	1,744
842 Pine Boiler Replacement A/E	25,423
<b>Total</b>	<u>\$ 576,439</u>

Development Corporation of Abilene  
Economic Program Status  
As of December 31, 2013

Economic Programs:	Project	Amount Obligated	Prior Years Disbursement	Current Year Disbursement	Balance reserved for obligated programs
Murf Systems	4998	223,665	199,665	24,000	-
TTU Pharmacy School	5242	1,282,450	1,166,803	115,647	-
Pactiv (formerly PWP)	5251	2,933,899	2,507,899	-	426,000
TTU HSC Research	5273	3,000,000	2,437,656	297,600	264,744
Energy Maintenance Serv (Broadwind Serv)	5282	869,894	268,598	-	601,296
Genesis Network Phase II	5284	1,291,925	22,924	-	1,269,001
Tower Tech (Broadwind Towers)	5285	5,422,716	4,433,889	470,187	518,640
Coca Cola Abilene	5296	2,020,000	-	-	2,020,000
TTU 842 Pine	5308	361,434	361,434	-	-
Enavail, LLC	5316	386,240	386,240	-	-
Texas Metals '10	5317	44,050	29,367	14,683	-
Cisco College Biotech Training	5318	67,650	64,586	-	3,064
Energy Maintenance Serv-Gearbox	5319	622,500	602,931	-	19,569
Pepsi Beverage Co.	5321	350,000	140,000	-	210,000
Cooperative Response Center	5324	296,500	134,593	-	161,907
Land 922 N 13th Street	5325	50,000	48,485	-	1,515
Teleperformance USA	5326	375,000	183,100	-	191,900
Docket Navigator	5327	159,000	-	-	159,000
Smith Pipe Ph 1, 2, 3 & 4	5330	495,390	151,000	-	344,390
TTUHSC School of Nursing	5331	275,464	268,149	-	7,315
Vine St. Warehouse	5335.1	55,457	55,457	-	-
Vine St. Fire Safety	5335.2	291,216	284,965	-	6,251
Vine St. Parking Lot	5335.3	158,850	158,850	-	-
Vine St. Construction	5335.4	569,064	534,756	1,816	32,492
Vine St. Interior Demo	5335.5	130,489	123,031	-	7,458
Vine St. Other Impr	5335.6	14,617	14,617	-	-
Vine St. Gotta Go Trailways	5335.7	19,500	18,400	-	1,100
Vine St. Fehr Foods	5335.8	62,607	58,138	-	4,469
Vine St. Slide Fire Improvements	5335.9	365,381	133,143	203,398	28,840
Fehr Foods '12	5340	510,000	170,000	-	340,000
Rentech '12	5342	104,200	-	104,200	-
Owens Machine & Tool	5345	351,000	-	-	351,000
Biotech Marketing and PR Plan	5346	116,400	81,161	6,295	28,944
Hangar Doghouses A/E	5348.1	423,000	97,967	50,050	274,983
Enterprise Dr. Extension A/E	5352.1	907,250	10,200	867,274	29,776
Enterprise Dr. Extension Construction	5352.2	282,091	-	-	282,091
EASI De-Fuel Truck	5354	64,260	14,000	3,500	46,760
Fehr Foods '13	5356	240,000	-	-	240,000
Purchase 834 Pine	5358	42,960	40,485	2,475	-
Tucker Energy Services	5359	1,413,295	-	-	1,413,295
Five Points Survey	5360	35,000	28,865	(1,728)	7,863
TTUHSC Center FY14 Operating	5361	427,109	274,400	41,734	110,975
Five Pts / Pdaris Dr A/E	5362.1	60,200	-	23,100	37,100
5 Pts RR Expansion	5363.1	16,000	-	-	16,000
Spec 3 Finish Out A/E	5364.1	20,000	-	3,638	16,362
842 Pine Boiler Replacement A/E	5365.1	71,500	-	31,102	40,398
CarbonLITE Industries	5366	6,196,000	-	-	6,196,000
Hangar 4 Ventilation System A/E	5367.1	3,500	-	3,200	300
Hangar 4 Ventilation Construction	5367.2	47,400	-	-	47,400
Fehr Foods Expansion	5368	5,123,000	-	-	5,123,000
<b>Subtotal Economic Program Obligation Reserve</b>		<b>38,649,123</b>	<b>15,505,754</b>	<b>2,262,171</b>	<b>20,881,198</b>



Development Corporation of Abilene  
Economic Program Status  
As of December 31, 2013

Economic Programs:	Project	Amount Obligated	Prior Years Disbursement	Current Year Disbursement	Balance reserved for obligated programs
<b>Plus Administrative Division Obligations:</b>					
Business Services Division	Division 2760	646,610	-	159,950	486,660
Life Sciences Property Maintenance	Division 2765	579,930	-	99,376	480,554
DCOA Property Maintenance	Division 2775	308,806	-	78,649	230,157
Abilene Industrial Foundation	Division 2775	738,289	-	104,949	633,340
TTU Small Business Dev Center	Division 2775	250,000	-	32,550	217,450
Chamber Military Affairs	Division 2775	100,000	-	-	100,000
Airport Business Development Manager	Division 2775	189,159	-	22,254	166,905
<b>Subtotal Administrative Divisions Obligation Reserve</b>		<b>2,812,794</b>	<b>-</b>	<b>497,728</b>	<b>2,315,066</b>
<b>Total reserve for obligated programs</b>					<b>23,196,264</b>

**DCOA Board approved projects waiting for signed contracts:**

		Expiration Date
Project LS	\$ 1,936,230	1/31/14
Project KM	82,100	1/31/14
Project BE	553,750	4/8/14
Project AH	76,948	4/29/14
Smith Pipe Ph. 5	452,000	5/12/14
TMAC FY14	88,000	6/16/14
842 Pine Boiler Replacement Equipment	45,000	6/16/14
Project VC	455,200	6/16/14
	<b>\$ 3,689,228</b>	

# DEVELOPMENT CORPORATION OF ABILENE, INC.

## BOARD AGENDA

MEETING DATE: February 10, 2014

**PROJECT:**       **Broadwind Towers (formerly Tower Tech Systems)  
Assistance**

**STAFF:**         **Richard Burdine, CEO**

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### **BACKGROUND INFORMATION**

Broadwind Towers, formerly known as Tower Tech Systems, Inc. dba Texas TTSI, Inc., is based in Manitowoc, Wisconsin and manufactures wind turbine towers. Broadwind also owns Broadwind Services, formerly Energy Maintenance Services, a wind turbine blade repair and gearbox refurbishment/repair operation in the former Lockheed plant.

**Original Agreement:** In 2008, the DCOA approved resolution DCOA-2008.14 authorizing an assistance package for Broadwind Towers in the total amount of \$3,816,250 in direct incentives for job creation of 150 and capital investment of \$20+ million for construction of a new manufacturing plant in the Five Points Business Park and equipment purchases. The package also includes indirect incentives totaling \$911,250 for job training through the Fast Track Welding Training program, conveyance by the DCOA of 41.6 acres on Arnold Blvd. (north of Pactiv Industries) valued at \$600,000, and rail service to the south boundary of the new construction site.

**Addendum A:** Broadwind Towers experienced higher than expected construction costs, due in large part to the topography of the land and their need for a large, compacted surface to store wind turbine towers. In October 2008, the DCOA approved an additional \$700,000 capital investment incentive paid at 10% of the company's actual cost, which was around \$27.5 million. Construction was completed in early 2009, and two Fast Track Welding training sessions were held in 2008 and early 2009.

**Addendum B:** The company signed a contract in 2011 with Caterpillar (CAT) to manufacture masts for heavy oilfield trucks used in this area. The company needed to add about 97 welders to fulfill the contract with CAT and to fulfill 2012 tower orders. On November 8, 2011, the DCOA approved resolution DCOA-2012.02 authorizing the reallocation of \$20,500 from job creation incentive funds to be used instead for advanced welder training conducted by TSTC for 15 current and returning employees. The employees were trained in late 2011 and payment was made for Advanced Gas Metal Arc Welding and Advanced Flux Cored Welding.

**Addendum C:** In February 2012, the DCOA approved resolution DCOA-2012.12 authorizing another reallocation of job creation incentive funds of \$30,000 to provide advanced welding training to 20 more employees plus \$8,400 for leadership training for the supervisory team. Twenty employees and 8 supervisors were trained in 2012 at a total cost of \$35,572.

Below is a summary of the assistance package as amended, which expired on 10-31-13:

	Original Agreement	Revised	Funded
Job Creation Incentive	\$1,816,250	\$1,757,350	\$1,241,539
Capital Investment Incentive	\$2,000,000	\$2,700,000	\$2,700,000
Conveyance/Sale of Land	\$600,000	\$600,000	\$600,000
RR Service Extension	\$236,250	\$236,250	\$236,250
Welder Training Assistance	\$75,000	\$75,000	\$70,226
Advanced Welder Training Assistance		\$49,500	\$49,490
Leadership Training Assistance		\$9,400	\$6,572
<b>TOTAL</b>	<b>\$4,727,500</b>	<b>\$5,427,500</b>	<b>\$4,904,077</b>

Due to the economic downturn, the company experienced layoffs and furloughs of employees. FTE counts reported by Broadwind Towers during the contract period are:

	FTE's Regular	FTE's Temporary	Total Jobs	Amt. Earned for New Jobs
Year 1- to 10/31/09	100.9		100.9	222,466.78
Year 2- to 10/31/10	87.1	11.0	98.1	234,006.99
Year 3- to 10/31/11	99.4	10.0	109.4	258,443.14
Year 4- to 10/31/12	62.24	8.6	70.8	176,434.41
Year 5- to 10/31/13	110.44	4.89	115.3	350,187.21
				<b>1,241,538.53</b>

### **THE PROJECT**

During the process of planning for expanded rail service in the Five Points Business Park, it became clear that we need to purchase 4.6 acres of land from Broadwind Towers located at the south end of their lot, which is adjacent to the north end of the Spec 3 lot. The acreage remains undeveloped by Broadwind and will be re-platted into the Spec 3 lot. Broadwind needs more yard space with rail access for its towers and can grow to the north on Lot 303, Block B (10.909 acres) currently owned by the DCOA.

To help Broadwind expand its yard and prepare for installation of expanded rail service in Five Points, I propose the following:

1. Broadwind Towers originally expected to create 150 jobs at its Abilene facility for which the DCOA allocated \$1,757,350 in job creation incentives. The national recession and a downturn in wind farm construction resulted in Broadwind Towers having a maximum of 115 employees/year over the past five years, leaving an unearned balance of \$516,000. In a new Agreement for Financial Assistance, DCOA will provide a 5-year job creation period during which Broadwind Towers can earn job creation incentives of up to \$516,000 for FTEs in excess of 115/year according to the DCOA's incentive guideline for existing businesses;
2. In exchange for Broadwind Towers' 4.599 acres at the south end of Lot 204, Block A (to be replatted as Lot 304, Block A), DCOA will extend a new railroad line on the west side of the existing drainage ditch to the north property line of Lot 304, Block A (Broadwind Towers' current storage yard) and install a fence along the new property line between DCOA and Broadwind Towers in the event Broadwind Towers begins construction of a fence around their storage yard. The rail extension is estimated to cost \$200,000;

3. In the event Union Pacific Railroad (UPRR) agrees to reimburse all or a portion of the rail construction cost to extend a new railroad line to serve Broadwind's Lot 304, Block A, DCOA will retain any reimbursements;
4. DCOA will pay to level Lot 303, Block B through cut and fill at an estimated cost of \$74,700 so that the DCOA and Broadwind Towers are swapping level acres for level acres. This expense will be part of the total bid to construct Polaris Dr., for which the DCOA will consider funding in March 2014;
5. After the lot is leveled DCOA will sell Lot 303, Block B to Broadwind Towers for \$15,000/acre X 10.909 acres = \$163,635. DCOA will finance the purchase for up to 5 years at 0% interest if Broadwind Towers pledges the first \$163,635 of earned job creation incentives described in item 1. Any remaining balance on the note will become due and payable at the end of five years if job creation earnings are not enough to discharge the debt; and,
6. After purchase of Lot 303, Block B by Broadwind Towers, DCOA will install on behalf of Broadwind Towers either 18 or 24 inches of compacted limestone base material on 10 acres of Lot 303, Block B at an estimated cost of \$726,000 or \$968,100, respectively. The limestone base will be line items in the bids for construction of Polaris Dr., for which the DCOA will consider funding in March 2014. Broadwind Towers is to select the depth of the limestone base material and pay 25% of the actual cost prior to construction with the remainder combined with the purchase note balance (described in 5. above), secured by a first lien on the lot. The loan would be at 0% interest for up to five years. The monthly payment is intended to fully amortize the outstanding balance by the end of the 5-year period and will be calculated assuming the company will earn the full job creation incentive of \$516,000, which will be applied to the outstanding note balance.

If Broadwind Towers does not want the compacted limestone base material installed on Lot 303, Block B immediately, DCOA will agree to finance up to 75% of the lowest 2014 bid to install the material. Broadwind Towers will be allowed up to 3 years to exercise this option and install the limestone base material with its own contractor.

#### **FISCAL IMPACT**

Financing of 10.909 acres in Five Points Business Park at \$15k/acre	\$ 163,635
Job Creation Incentive in excess of 115	\$ 516,000
Rail extension to north end of Broadwind Towers Lot 304, Block A (est.)	\$ 200,000
Limestone base at 24" at 75% (est.)	\$ 726,075
<u>Fencing (est., if needed)</u>	<u>\$ 20,000</u>
Total estimated cost	\$1,625,710
 <b>LESS</b> value of 4.599 acres being conveyed to DCOA at \$15k/acre	 (\$ 68,985)
<b>LESS</b> Job Creation Incentive applied to 10.909 acre land purchase and limestone base note	(\$ 516,000)
<u><b>LESS</b> Broadwind's payments on installation of limestone base</u>	<u>(\$ 373,710)</u>
Net Fiscal Impact (Est.)	\$ 667,015

**STAFF RECOMMENDATION**

Staff recommends approval of resolution DCOA-2014.20 authorizing assistance for Broadwind Towers as described above.

**ATTACHMENTS**

Resolution DCOA-2014.20

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**RESOLUTION NO. DCOA-2014.20**

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS AUTHORIZING FINANCIAL ASSISTANCE FOR BROADWIND TOWERS.

WHEREAS, Broadwind Towers, formerly known as Tower Tech Systems, Inc. dba Texas TTSL, Inc., is based in Manitowoc, Wisconsin and manufactures wind turbine towers; and,

WHEREAS, in 2008, the DCOA approved resolution DCOA-2008.14 authorizing an assistance package for Broadwind Towers in the total amount of \$3,816,250 in direct incentives for job creation of 150 and capital investment of \$20+ million for construction of a new manufacturing plant in the Five Points Business Park and equipment purchases; and,

WHEREAS, the package also included indirect incentives totaling \$911,250 for job training through the Fast Track Welding Training program, conveyance by the DCOA of 41.6 acres on Arnold Blvd. (north of Pactiv Industries) valued at \$600,000, and rail service to the south boundary of the new construction site; and,

WHEREAS, Broadwind Towers experienced higher than expected construction costs, due in large part to the topography of the land and their need for a large, compacted surface to store wind turbine towers, so in October 2008, the DCOA approved an additional \$700,000 capital investment incentive paid at 10% of the company's actual cost, which was around \$27.5 million; and,

WHEREAS, the company signed a contract in 2011 with Caterpillar (CAT) to manufacture masts for heavy oilfield trucks used in this area and needed to add about 97 welders, so on November 8, 2011, the DCOA approved resolution DCOA-2012.02 authorizing the reallocation of \$20,500 from job creation incentive funds to be used instead for advanced welder training conducted by TSTC for 15 current and returning employees; and,

WHEREAS, in February 2012, the DCOA approved resolution DCOA-2012.12 authorizing another reallocation of job creation incentive funds of \$30,000 to provide advanced welding training to 20 more employees plus \$8,400 for leadership training for the supervisory team; and,

WHEREAS, during the process of planning for expanded rail service in the Five Points Business Park, staff identified 4.599 acres of undeveloped land owned by Broadwind Towers located at the south end of its lot, adjacent to the north end of the Spec 3 lot, which is needed for the rail project; and,

WHEREAS, Broadwind needs more yard space with rail access for its towers and can grow to the north on Lot 303, Block B (10.909 acres) currently owned by the DCOA; and,

WHEREAS, staff requests the DCOA authorize assistance to help Broadwind expand its yard and prepare for installation of expanded rail service in Five Points.

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

**PART 1.** DCOA hereby authorizes assistance for Broadwind Towers in an amount up to One Million Six Hundred Twenty-Five Thousand Seven Hundred Ten and no/100's Dollars (\$1,625,710) for the following:

A. Job Creation Incentive, \$516,000 - Broadwind Towers originally expected to create 150 jobs at its Abilene facility for which the DCOA allocated \$1,757,350 in job creation incentives. The national recession and a downturn in wind farm construction resulted in Broadwind Towers having a maximum of 115 employees/year over the past five years, leaving an unearned balance of \$516,000. In a new Agreement for Financial Assistance, DCOA will provide a 5-year job creation period during which Broadwind Towers can earn job creation incentives of up to \$516,000 for FTEs in excess of 115/year according to the DCOA's incentive guideline for existing businesses.

B. Railroad line extension and fencing, \$220,000 (est.) - In exchange for Broadwind Towers' 4.599 acres at the south end of Lot 204, Block A (to be replatted as Lot 304, Block A), DCOA will extend a new railroad line on the west side of the existing drainage ditch to the north property line of Lot 304, Block A (Broadwind Towers' current storage yard) and install a fence along the new property line between DCOA and Broadwind Towers in the event Broadwind Towers begins construction of a fence around their storage yard. The rail extension is estimated to cost \$200,000 and fencing is estimated to cost \$20,000.

In the event Union Pacific Railroad (UPRR) agrees to reimburse all or a portion of the rail construction cost to extend a new railroad line to serve Broadwind's Lot 304, Block A, DCOA will retain any reimbursements.

C. Lot 303, Block B, Five Points Business Park Cut & Fill - DCOA will pay to level Lot 303, Block B through cut and fill at an estimated cost of \$74,700 so that the DCOA and Broadwind Towers are swapping level acres for level acres. This expense will be part of the total bid to construct Polaris Dr., for which the DCOA will consider funding in March 2014.

D. Lot 303, Block B Sale and Financing, \$163,635 - After the lot is leveled DCOA will sell Lot 303, Block B to Broadwind Towers for \$15,000/acre X 10.909 acres = \$163,635. DCOA will finance the purchase for up to 5 years at 0% interest with Broadwind Towers pledging the first \$163,635 of earned job creation incentives described in item A. Any remaining balance on the note will become due and payable at the end of five years if job creation incentive earnings are not enough to discharge the debt.

E. Limestone Base Material on Lot 303, Block B, \$726,075 (est.) - After Broadwind Towers purchases Lot 303, Block B, DCOA will install on behalf of Broadwind Towers either 18 or 24 inches of compacted limestone base material on the 10 acres at an estimated cost of \$726,000 or \$968,100, respectively. The limestone base will be line items in the bids for construction of Polaris Dr., for which the DCOA will consider funding in March 2014. Broadwind Towers is to select the depth of the limestone base material and pay 25% of the actual cost prior to construction with the remainder combined with the purchase note

balance (described in D. above), secured by a first lien on the lot. The loan will be at 0% interest for up to five years. The monthly payment is intended to fully amortize the outstanding balance by the end of the 5-year period and will be calculated assuming the company will earn the full job creation incentive of \$516,000, which will be applied to the outstanding note balance.

If Broadwind Towers does not want the compacted limestone base material installed on Lot 303, Block B immediately, DCOA will agree to finance up to 75% of the lowest 2014 bid to install the material. Broadwind Towers will be allowed up to 3 years to exercise this option and install the limestone base material with its own contractor.

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

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

ADOPTED this the 10th day of February, 2014.

ATTEST:

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Dani Ramsay  
Secretary/Treasurer

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Dave Copeland  
President

APPROVED:

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T. Daniel Santee, City Attorney

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# DEVELOPMENT CORPORATION OF ABILENE, INC.

## BOARD AGENDA

MEETING DATE: February 10, 2014

**PROJECT: Fehr Foods, Inc.**

**STAFF: Richard Burdine, CEO**

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### **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 1<sup>st</sup> 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

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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.

October 2013 – New Agreement for \$5,123,000 for capital investment of \$30 million and 105 new jobs for production expansion into crackers

Assistance of \$4,500,000 for capital investment of \$30 million in purchase of former Sam's Club on S. 1<sup>st</sup> St., facility improvements, and equipment purchases for expansion into cracker production. Assistance of \$623,000 for creation of 105 new jobs in excess of the existing cookie production jobs at the N. 1<sup>st</sup> St. facility.

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 75% in 2011 to 46.2% at the end of 2013. The average longevity of their employees at the end of 2013 improved 15% to 4.2 years.

### **THE REQUEST**

Fehr Foods plans to invest another \$1.7 MM to \$2.0 MM in 2014 at the cookie production facility on N. 1<sup>st</sup> St. The 2014 projects include automated equipment, updated equipment, energy efficiency upgrades, employee safety upgrades, and environmental safety upgrades. The company will maintain its existing employment level.

I propose assistance totaling \$200,000 for Fehr Foods 2014 capital investment plan paid over 3 years at 10% of company's actual capital investment for automated equipment, updated equipment, energy efficiency upgrades, employee safety upgrades, and environmental safety upgrades. Fehr will be required to submit proof of its actual capital investment. Payments will not exceed \$66,667/year.

### **FISCAL IMPACT**

Capital Investment Incentive	\$200,000
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### **STAFF RECOMMENDATION**

Staff recommends approval of resolution DCOA-2014.21 authorizing assistance for Fehr Foods for its 2014 capital projects totaling \$200,000.

### **ATTACHMENTS**

Resolution DCOA-2014.21

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**RESOLUTION NO. DCOA-2014.21**

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS, AUTHORIZING ASSISTANCE FOR FEHR FOODS INC. ("FEHR") FOR ITS 2014 CAPITAL PROJECTS.

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 30, 2013, DCOA approved resolution DCOA-2013.14 authorizing \$240,000 for Fehr's 2013 capital projects at 10% payable over 3 years at \$80,000 per year; and,

WHEREAS, on October 8, 2013, DCOA approved resolution DCOA-2014.03 authorizing \$5,123,000 to assist Fehr in purchasing the former Sam's Club building on S. 1<sup>st</sup> St., facility improvements and equipment purchases for its expansion into cracker production in exchange for a \$30 million capital investment and 105 new jobs; and,

WHEREAS, Fehr plans to invest another \$1.7 MM to \$2.0 MM in 2014 at the cookie production facility on N. 1st St., which will include automated equipment, updated equipment, energy efficiency upgrades, employee safety upgrades, and environmental safety upgrades; and,

WHEREAS, staff requests the DCOA authorize additional assistance of \$200,000 for the company's 2014 capital investment projects.

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

**PART 1.** DCOA hereby authorizes an amendment to the existing Agreement for Financial Assistance with Fehr Foods for the N. 1<sup>st</sup> St. cookie production facility to include funding of Two Hundred Thousand and no/100's Dollars (\$200,000.00) for the company's projected 2014 capital investment totaling approximately \$2.0 million. The company is preparing to automate equipment, update equipment, make energy efficiency upgrades, make employee safety upgrades, and make environmental safety upgrades. The funding will be disbursed over 3 years at 10% of the company's actual costs in an amount not to exceed \$66,667/year.

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

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

ADOPTED this the 10th day of February, 2014.

ATTEST:

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Dani Ramsay  
Secretary/Treasurer

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Dave Copeland  
President

APPROVED:

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T. Daniel Santee, City Attorney

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