


PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, March 25, 2014, at 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

March 25, 2014
1:30 p.m.

Abilene Laboratories
1325 Pine St.

1. Call the meeting to order.
2. Approval of minutes from the March 11, 2014, board meeting.
3. Sales tax report for March 2014.
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 a contract and funding for construction of an expansion of the research area and replacement of the steam boiler at 842 Pine St.
6. Discussion and possible approval of a resolution authorizing amended assistance for Project AH.
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
March 11, 2014

MEMBERS PRESENT:	Dave Copeland Dani Ramsay John Beckham	Marelyn Shedd Scott Senter
STAFF PRESENT:	Richard Burdine Mindy Patterson	Kim Tarrant Daniel Santee
GUESTS PRESENT:	Jason Smith Gary Robinett Justin Jaworski John Mangalonzo Diane Terrell Victor Sotelo Robert Puls	Abilene Chamber of Commerce Abilene Industrial Foundation Abilene Industrial Foundation Abilene Reporter News Davis Kinard & Co, P.C. KTAB Workforce Solutions Center

1. **CALL THE MEETING TO ORDER:** President Dave Copeland called the meeting to order at 1:32 p.m. at the Abilene Laboratories, 1325 Pine St., Abilene Texas.
2. **WELCOME TO NEW BOARD MEMBER JOHN BECKHAM AND THANK YOU TO EXITING BOARD MEMBER PAUL CANNON:** President Dave Copeland welcomed new board member John Beckham and presented Paul Cannon with a framed Certificate of Appreciation signed by Mayor Archibald for his 6 years of service to the DCOA.
3. **APPROVAL OF MINUTES FROM FEBRUARY 10, 2014 BOARD MEETING:** Dani Ramsay moved to approve the minutes from the February 10, 2014, board meeting. Marelyn Shedd seconded and the motion carried.
4. **SALES TAX REPORT FOR FEBRUARY 2014 AND PRELIMINARY STATUS OF FUNDS REPORT FOR JANUARY 2014:** Mindy Patterson, Director of Finance presented the February 2014 sales tax rebate report. The total sales tax rebate received, which represents December 2013 sales, was \$4,245,411.03. The breakdown of the rebate is \$3,184,058.27 to the General Fund and \$1,061,352.76 to the Economic Development Fund. The rebate is 4.81% above February of last year and 2.75% above the projected FY 14 budget. For October through February, sales tax is .51% above last year and 1.46% below the projected budget.

On the January 2014 Statement of Net Position, Cash and Cash Investments is \$462,934 (2.7%) up compared to January 2013. Year-to-date revenues for FY14 were up \$268,931 (7.5%) over year-to-date FY13. Expenses increased due to a rise in the number of projects. Expenses for the month included 11 projects totaling \$133,487.
5. **PRESENTATION OF THE FY13 AUDIT PERFORMED BY DAVIS KINARD & CO, P.C:** Diane Terrell from Davis Kinard & Co, P.C. presented the DCOA's financial

audit report for year ended September 30, 2013, which was conducted as a part of the City of Abilene's financial audit.

6. **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 Dave Copeland announced the date is March 11, 2014, and the time is 1:45 p.m. Later, President Copeland announced the date is still March 11, 2014, and the time is 2:05 p.m. No vote or action was taken in Executive Session.

7. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING USE OF INFRASTRUCTURE RESERVE FUNDS FOR INSTALLATION OF A DRIVEWAY ON FIVE POINTS PARKWAY FOR USE BY TUCKER ENERGY SERVICES:** Construction on Tucker Energy's Phase 1 building started in February 2014, using W.B. Kibler Construction Co. of Dallas as the general contractor. A driveway approaching from Five Points Parkway is needed, however, there is a drainage ditch that runs along the South ROW, making construction of the driveway costly. A change order from W.B. Kibler Construction Co. indicates a cost of \$62,186 for a contract culvert and wingwalls as designed by TxDOT.

Mr. Burdine proposed using the Infrastructure Reserve Fund to reimburse Tucker Energy for the cost of the driveway approach in the amount of \$62,186.

Scott Senter moved to approve Resolution No. DCOA 2014.23 as presented. John Beckham seconded and the motion carried.

8. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A CONTRACT FOR CONSTRUCTION OF POLARIS DR. IN FIVE POINTS BUSINESS PARK:** Mr. Burdine reported the construction of Polaris Dr. in Five Points Business Park will facilitate full utilization of the vacant acreage on the West side of Arnold Blvd. and grading will make more of the lots developable and potentially rail-served.

The DCOA received three construction bids for Polaris Dr., which were opened on February 28, 2014. Epic Construction Co. proposed \$989,100 and is the lowest bidder. The bids also included add alternate pricing for 18" and 24" of limestone base material for the 10.9 acre lot being purchased by Broadwind Towers; however, the company has indicated its desire not to install the base material at this time.

Mr. Burdine recommended approval of resolution DCOA-2014.22 authorizing a contract with Epic Construction for the construction of Polaris Dr. in Five Points Business Park and funding total of \$1,064,100; 1) \$989,100 for the base bid and 2) \$75,000 as a 7.5% contingency.

Marelyn Shedd moved to approve Resolution No. DCOA-2014.22 as presented. Scott Senter seconded and the motion carried.

9. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING FUNDING TO EXTEND THE FAST TRACK WELDING TRAINING PROGRAM:** Mr. Burdine reported that since 2006, the DCOA has partnered with Cisco College and the Workforce Solutions of West Central Texas (Workforce Center) to conduct an intensive welder training program to help meet the needs of local manufacturers for welders. The Workforce Center is requesting funding for two new welding training sessions in 2014.

The total number of welders needed among Abilene manufacturers is about 60. It was also determined that the welding curriculum should be altered to spend more time on welds that are actually tested on during the hiring process, improving the trainee's likelihood of being hired. Workforce Solutions worked with Cisco College to develop a per course budget based on prior years for two sessions beginning in May for 20 trainees each, or a total of 40 trainees. The total budget of \$124,231/session includes the instructor, tuition/fees, books, OSHA training, use of equipment, and consumables. The budget also includes employability skills training by Workforce Solutions, drug tests, employment assessments, background checks and a weekly stipend of \$150 to assist the trainees with living expenses while in training. Total funding requested for two sessions is \$248,462.

Marelyn Shedd moved to approve Resolution No. DCOA-2014.24 as presented. Dani Ramsey seconded and the motion carried.

10. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A CONTRACT WITH WAVERLY PARTNERS TO CONDUCT A SEARCH FOR A NEW CEO:** President Dave Copeland, who is also a member of the CEO Search Committee, requested the DCOA's approval of a contract with Waverly Partners and funding of up to \$45,000 to conduct a nationwide search for a new CEO for the DCOA. The funding includes administrative fees and reimbursable items such as consultants' travel.

The Search Committee reviewed proposals from 5 different firms and selected Waverly Partners since they have vast experience in economic development executive recruitment. Based on Waverly Partners' experience, it will take 100 to 120 days followed by 4 to 6 weeks for the executive to transition from his/her current position.

Dani Ramsey moved to approve Resolution No. DCOA-2014.25 as presented. Scott Senter seconded and the motion carried.

11. **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 Dave Copeland announced the date is March 11, 2014, and the time is 2:30 p.m. Later, President Copeland announced the date is still March 11, 2014, and the time is 3:21 p.m. No vote or action was taken in Executive Session.

ANNOUNCEMENT: President Dave Copeland announced the Washington D.C. Chamber of Commerce briefing to be held at the Chamber of Commerce on April 11, 2014 at 11:30 a.m.

12. **ADJOURNMENT:** The next meeting is scheduled for March 25, 2014. There being no further business the meeting was adjourned.

Dave Copeland, President

S:\DCOA\Minutes\2014\2014-03-11.docx

MEMORANDUM

March 12, 2014

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

The sales tax rebate for March is \$2,975,778.53 which represents January sales. This is 9.44% below last year and 11.22% below the projected FY 14 budget amount. The breakdown of the March rebate is \$2,231,833.90 to the General Fund and \$743,944.63 for economic development. Of this rebate, \$61,281 is from prior periods, audit payments, future payments, and unidentified payments. For the period of October through March, sales tax is 1.10% below last year and 3.04% below the projected FY 14 budget amount. I have requested the detail from the state.

Should you have any questions, please contact me.

MP:ls

cc: David Vela, Deputy City Manager

CITY OF ABILENE SALES TAX COMPARISON

Accounting Period Month	GENERAL FUND Actual 2012-13	ECONOMIC DEVELOPMENT Actual 2012-13	TOTAL 2012-13	GENERAL FUND Actual 2013-14	ECONOMIC DEVELOPMENT Actual 2013-14	TOTAL 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
November	2,675,867.12	891,955.71	3,567,822.83	2,690,282.27	896,760.76	3,587,043.03
December	2,319,312.29	773,104.09	3,092,416.38	2,299,504.67	766,501.56	3,066,006.23
January	2,186,131.29	728,710.43	2,914,841.72	2,232,726.16	744,242.05	2,976,968.21
February	3,038,055.04	1,012,685.01	4,050,740.05	3,184,058.27	1,061,352.76	4,245,411.03
March	2,464,587.05	821,529.01	3,286,116.06	2,231,833.90	743,944.63	2,975,778.53
YTD	\$15,251,557.09	\$5,083,852.35	\$20,335,409.44	\$15,083,783.14	\$5,027,927.72	\$20,111,710.86
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	\$30,688,116.14	\$10,229,372.02	\$40,917,488.16			

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%
November	891,956	896,761	0.54%
December	773,104	766,502	-0.85%
January	728,710	744,242	2.13%
February	1,012,685	1,061,353	4.81%
March	821,529	743,945	-9.44%
YTD	<u>\$5,083,852</u>	<u>\$5,027,928</u>	-1.10%
April	800,963		
May	965,056		
June	827,415		
July	826,951		
August	927,272		
September	797,862		
FY TOTAL	<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.

Revenue for March '14 represents January '14 sales. Approximately
\$15,320 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.

3.3

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	Actual 2013-14
October	\$671,904	\$661,859	\$890,386	\$855,868	\$815,126
November	758,231	774,838	964,808	891,956	896,761
December	602,230	647,119	725,276	773,104	766,502
January	594,761	693,114	941,066	728,710	744,242
February	898,241	978,890	1,175,879	1,012,685	1,061,353
March	618,659	646,308	732,189	821,529	743,945
YTD	<u>\$4,144,027</u>	<u>\$4,402,127</u>	<u>\$5,429,604</u>	<u>\$5,083,852</u>	<u>\$5,027,928</u>
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.

3.4

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: March 25, 2014

PROJECT: 842 Pine St. - Research Expansion and Boiler Replacement Construction Contract

STAFF: Richard Burdine, CEO

BACKGROUND INFORMATION

The steam boiler at 842 Pine St. is failing, and the DCOA approved on December 4, 2013 resolution DCOA-2014.08 authorizing a contract with Tittle Luther Partnership/Parkhill Smith & Cooper to provide architectural, structural, mechanical, plumbing and electrical designs to replace the steam boiler and associated piping to increase the capacity of the boiler for current and future needs. Also approved are services to convert the lab space inside the building to additional specialized research space for use by SOP faculty researchers. Funding of \$71,500 was authorized: 1) \$68,000 for basic A/E fees, and 2) \$3,500 for reimbursable expenses. Staff was authorized to solicit bids for construction of the improvements and return to the board for approval of construction funding.

On December 16, 2013, the board approved resolution DCOA-2014.11 authorizing purchase of the replacement steam boiler, deaerator (condensate system) and blowdown separator in advance of construction bidding to eliminate the anticipated lead-time for receipt of the boiler and associated equipment. Also approved was \$95,000 (\$55,000 for the boiler and \$40,000 for the associated equipment). The actual purchase price is \$89,655.

THE PROJECT/REQUEST

A pre-bid meeting was held February 27th and bids for construction were opened on March 11, 2014, with two contractors bidding:

Contractor	Base Bid	Construction Duration
Justice Construction	\$770,000	195 days
Don Faulkner Construction	\$800,000	330 days

Bids are higher than expected and a primary reason is the same sub-contractor, Batjer & Associates, proposed for both general contractors to install the complicated HVAC and steam distribution system, which was originally installed by Batjer & Associates. Jack Harkins with Tittle Luther Partnership/Parkhill Smith & Cooper (TLP/PSC) recommends award to Justice Construction in the amount of \$770,000. Also, because the project cost is higher than originally expected (\$700,000 including purchase of new boiler), TLP/PSC's fee will increase from \$68,000 to \$72,000; 8.3% of boiler and construction costs.

We have also received a proposal from Edstrom for expansion of the existing environmental control system to include the new specialized research space being converted. The cost for materials and installation plus submittal drawings, reconfiguration of the existing server and a basic system overview is \$34,566.48.

Ahead of construction, we will purchase a 4' x 8' custom exterior door for installation of the new boiler, and installation of seven new interior doors fitted with electronic locks and reader controls. Tex-Oma Builders Supply installed the original system and has proposed \$22,950 to install the new doors and controls.

Unknown at this time are the types and costs of research equipment, such as laminar flow hoods, needed in the new specialized research area, with which staff will return to the board at a later time.

FISCAL IMPACT

Justice Construction bid	\$770,000
Edstrom environmental system additions	\$ 34,570
Tex-Oma Builders doors and locks	\$ 22,950
TLP/PSC additional fee	\$ 4,000
Contingency (10% of construction)	<u>\$ 77,000</u>
TOTAL	\$908,520

STAFF RECOMMENDATION

Staff recommends the DCOA approve resolution DCOA-2014.26 authorizing a construction contract with Justice Construction and funding of \$908,520 for construction, the environmental system additions, the doors (both interior and exterior) with electronic locks and reader controls, plus a 10% contingency.

ATTACHMENTS

Recommendation to Award from Tittle Luther Partnership/Parkhill Smith & Cooper dated 3-20-14
Resolution DCOA-2014.26

S:\DCOA\Meeting Memos\FY 2014\842 Pine boiler replacement & expansion construction 03-25-14.doc



March 20, 2014

Mr. Richard Burdine
and Board of Trustees
Development Corporation of Abilene
174 Cypress Street, Ste 301
Abilene, TX 79601

Re: Recommendation to Award
Renovations to 842 Pine

Dear Mr. Burdine:


On March 11, 2014, Development Corporation of Abilene received bids on the above referenced project. A total of two (2) responsive bids were received from Justice Construction and Don Faulkner Construction.

The low bidder is Justice Construction in the amount of \$770,000.00. PSC has previous work experience working with Justice on other projects and feels that they are qualified to complete the project. Therefore, we recommend award of the construction contract to Justice Construction in the amount not to exceed \$770,000.00.

Please contact me if you have any questions or concerns.

Sincerely,

PARKHILL, SMITH & COOPER, INC.

By: 
Jack W. Harkins, AIA
Firm Principal

cc: Kim Tarrant
Eddie Richards

Amarillo
El Paso
Las Cruces
Lubbock
Midland

\\Data1\Projects\2013\003.13\CONSTRUCTION PHASE\Correspondence\BJD\Recommend Award.doc

4222 85th Street Lubbock, Texas 79423 806.473.2200 Fax 806.473.3500

5,3

RESOLUTION NO. DCOA-2014.26

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA"), ABILENE, TEXAS AUTHORIZING A CONTRACT AND FUNDING TO REPLACE THE STEAM BOILER AND CONSTRUCT IMPROVEMENTS AT 842 PINE ST. IN ABILENE, TEXAS.

WHEREAS, the steam boiler at 842 Pine St. is failing, and on December 4, 2013, the DCOA approved resolution DCOA-2014.08 authorizing a contract with Tittle Luther Partnership/Parkhill Smith & Cooper to provide architectural, structural, mechanical, plumbing and electrical designs to replace the steam boiler and associated piping to increase the capacity of the boiler for current and future needs; and,

WHEREAS, also approved are services to convert the lab space inside the building to additional specialized research space for use by Texas Tech University Health Sciences Center School of Pharmacy-Abilene faculty researchers and funding of \$71,500 (\$68,000 for basic A/E fees, and \$3,500 for reimbursable expenses); and,

WHEREAS, on December 16, 2013, the board approved resolution DCOA-2014.11 authorizing \$95,000 to purchase the replacement steam boiler, deaerator (condensate system) and blowdown separator in advance of construction bidding to eliminate the anticipated lead-time for receipt of the boiler and associated equipment with only \$89,655 needed for purchase; and,

WHEREAS, a pre-bid meeting was held February 27, 2014, and bids for construction were opened on March 11, 2014, with two contractors bidding (Justice Construction and Don Faulkner Construction and,

WHEREAS, bids are higher than expected and a primary reason is the same sub-contractor, Batjer & Associates, proposed for both general contractors to install the complicated HVAC and steam distribution system, which was originally installed by Batjer & Associates; and,

WHEREAS, Jack Harkins with Tittle Luther Partnership/Parkhill Smith & Cooper (TLP/PSC) recommends award to Justice Construction in the amount of \$770,000; and,

WHEREAS, because the project cost is higher than originally expected (\$700,000 including purchase of new boiler), TLP/PSC's fee will increase based on 8.3% of the total construction and boiler purchase cost; and,

WHEREAS, staff received a proposal from Edstrom for expansion of the existing environmental control system at a cost of \$34,570; and,

WHEREAS, staff received a proposal from Tex-Oma Builders Supply of \$22,950 to install a 4' x 8' custom exterior door for installation of the new boiler, and installation of seven new interior doors fitted with electronic locks and reader controls; and,

WHEREAS, staff proposes the DCOA authorize a construction contract with Justice Construction to replace the steam boiler and construct improvements at 842 Pine St. plus funding for construction, additional design fees, and other items necessary for completion of the project.

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

PART 1. DCOA authorizes a construction contract with Justice Construction and funding up to Nine Hundred Eight Thousand Five Hundred Twenty and no/100's dollars (\$908,520.00) for replacement of the steam boiler and construction of improvements to the lab space inside the building at 842 Pine St., Abilene, Texas for use by TTUHSC School of Pharmacy faculty researchers. Also authorized is funding for increased design fees, expansion of the existing environmental control system, purchase and installation of a 4' x 8' custom exterior door to accommodate the new boiler, and installation of seven (7) new interior doors fitted with electronic locks and reader controls. The funding shall be disbursed as follows:

Justice Construction bid	\$770,000
Edstrom environmental system additions	\$ 34,570
Tex-Oma Builders doors and locks	\$ 22,950
TLP/PSC additional fee	\$ 4,000
Contingency (10% of construction)	<u>\$ 77,000</u>
TOTAL	\$908,520

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 25th day of March, 2014.

ATTEST:

Dani Ramsay
Secretary/Treasurer

Dave Copeland
President

APPROVED:

T. Daniel Santee, City Attorney

S:\DCOA\Resolution\2014\2014.26 842 Pine boiler replacement construction 025-11.doc

515

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA
MEETING DATE: March 25, 2014

PROJECT: Project AH Revised

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.

Project AH recently constructed a 4,800 sq. ft. metal building expansion at \$99,200 to accommodate manufacturing growth. In addition to construction, the company is purchasing about \$86,092 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.

On October 29, 2013, the board approved resolution DCOA-2014.05 authorizing an assistance package for Project AH in the amount of \$76,948 retroactive to January 1, 2013, as follows:

1. Job Creation Incentive - \$48,000 for 10 new positions in addition to the existing 11 over 3 years.
2. Capital Investment Incentive - \$28,948 paid at 15% of facility expansion and other building and network improvements costs (est. to be \$129,000) plus 10% of equipment costs (est. to be \$95,980) over 3 years.

THE REQUEST

The company has since revised its employment and capital investment projections. As of January 1, 2013, the total "headcount" employment was 11; however, some positions are part-time so the actual full-time equivalent (FTE) count was 7.2. Projected new FTE employment is 5.7 rather than the 10 originally reported, which will result in total FTE employment of 12.9. Also, the company's investment in land and building improvements increased from \$129,000 to \$139,388 while the projected investment in capital equipment decreased from \$95,980 to \$86,092.

I propose a revised assistance package of \$77,717, an increase of \$769, as follows:

Job Creation Incentive – \$48,200 paid for 5.7 new FTE positions in addition to the existing 7.2 FTEs over 3 years according to the table below. The total incentive increases by \$200 due to revised projections in higher salary categories.

Job Creation Incentives - Project AH

Annual Salary Level*	Number of Jobs	Incentives per Job	Incentives Total
Under \$15,000	0	\$ 1,000	\$ -
\$15 to \$20,000	1.6	\$ 2,000	\$ 3,200
\$20 to \$30,000	1	\$ 4,000	\$ 4,000
\$30 to \$40,000	0.5	\$ 10,000	\$ 5,000
\$40 to \$50,000	1	\$ 12,000	\$ 12,000
\$50 to \$60,000	1.6	\$ 15,000	\$ 24,000
Total:	5.7		\$ 48,200

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

Capital Investment Incentive – up to \$29,517 paid at 15% of company's actual costs for facility expansion and other building & network improvements (est. to be \$139,388) plus 10% of actual costs for equipment purchases (est. to be \$86,092) over 3 years.

Capital Investment Incentives - Project AH

Investment:		Incentives %	Incentives Total
Tenant-Paid Improvements	\$ -	15%	\$ -
Land and/or Building Purchase	\$ 139,388	15%	\$ 20,908
Capital Equipment	\$ 86,092	10%	\$ 8,609
Site Development Costs	\$ -	10%	\$ -
Total:	\$ 225,480		\$ 29,517

FISCAL IMPACT

Job Creation Incentive	\$48,200
Capital Investment Incentive	\$29,517
TOTAL Paid over 3 years	\$77,717

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2014.05 REVISED authorizing assistance for Project AH totaling \$77,717 for FTE job creation of 5.7 and capital investment of up to \$225,480 paid over 3 years.

ATTACHMENTS

Resolution DCOA-2014.05 REVISED

RESOLUTION NO. DCOA-2014.05 REVISED

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS, AUTHORIZING REVISED 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, Project AH recently constructed a 4,800 sq. ft. metal building expansion to accommodate manufacturing growth and will purchase new capital equipment; and,

WHEREAS, on October 29, 2013, the board approved resolution DCOA-2014.05 authorizing an assistance package for Project AH in the amount of \$76,948 retroactive to January 1, 2013; 1) Job Creation Incentive of \$48,000 for 10 new positions and 2) Capital Investment Incentive of \$28,948 for building improvements and equipment purchases; and,

WHEREAS, the company has since revised its employment projection, whereby the existing headcount of 11 as of January 1, 2013, includes some part-time positions, which equates to 7.2 FTEs, and the total projected new headcount of 10 equates to new FTE employment of 5.7, which will result in total FTE employment of 12.9; and,

WHEREAS, the company's investment in land and building improvements increased from \$129,000 to \$139,388 while the projected investment in capital equipment decreased from \$95,980 to \$86,092; and,

WHEREAS, staff requests the DCOA authorize revised assistance of \$77,717 for Project AH.

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

PART 1. DCOA hereby authorizes a revised financial assistance package for Project AH in the amount of Seventy-Seven Thousand Seven Hundred Seventeen and no/100's Dollars (\$77,717.00), an increase of \$769 over the previously approved assistance package. Project AH shall invest up to \$225,480 in construction, network improvements and equipment purchases and create 5.7 new FTE positions in addition to its existing 7.2. The assistance shall be retroactive to January 1, 2013 as follows:

Job Creation Incentive – \$48,200 paid for 5.7 new FTE positions in addition to the existing 7.2 FTE positions over 3 years according to the table below. The total incentive increases by \$200 due to revised projections in higher salary categories.

Job Creation Incentives - Project AH

Annual Salary Level*	Number of Jobs	Incentives per Job	Incentives Total
Under \$15,000	0	\$ 1,000	\$ -
\$15 to \$20,000	1.6	\$ 2,000	\$ 3,200
\$20 to \$30,000	1	\$ 4,000	\$ 4,000
\$30 to \$40,000	0.5	\$ 10,000	\$ 5,000
\$40 to \$50,000	1	\$ 12,000	\$ 12,000
\$50 to \$60,000	1.6	\$ 15,000	\$ 24,000
Total:	5.7		\$ 48,200

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

Capital Investment Incentive – up to \$29,517 paid at 15% of company's actual costs for facility expansion and other building & network improvements (est. to be \$139,388) plus 10% of actual costs for equipment purchases (est. to be \$86,092) over 3 years.

Capital Investment Incentives - Project AH

Investment:		Incentives %	Incentives Total
Tenant-Paid Improvements	\$ -	15%	\$ -
Land and/or Building Purchase	\$ 139,388	15%	\$ 20,908
Capital Equipment	\$ 86,092	10%	\$ 8,609
Site Development Costs	\$ -	10%	\$ -
Total:	\$ 225,480		\$ 29,517

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 25th day of March, 2014.

ATTEST:

Dani Ramsay
Secretary/Treasurer

Dave Copeland
President

APPROVED:

T. Daniel Santee, City Attorney

S:\DCOA\Resolution\2014\2014.05 Project AH REVISED 0325-14.doc