

PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, April 8, 2014, at Abilene Laboratories, 1325 Pine St., Abilene, Texas, commencing at 1:30 p.m. to consider the following agenda:

SIGNED:


Richard Burdine, CEO

AGENDA

April 8, 2014
1:30 p.m.

Abilene Laboratories
1325 Pine St.

1. Call the meeting to order.
2. Approval of minutes from the March 25, 2014, board meeting.
3. Status of Funds report for February 2014.
4. Presentation by Robbie Ruminer with HWH Group on potential New Market Tax Credits for the finish-out of the Spec 3 building for CarbonLITE Recycling.
5. 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.
6. Discussion and possible approval of a resolution authorizing a contract with BoydGroup International to perform an industry feasibility analysis of Maintenance, Repair & Operations (MRO) Facilities at Abilene Regional Airport.
7. Discussion and possible approval of a resolution authorizing an extension of the contract with Consultant Lee Ann Woods for on-going business and marketing support for Abilene Laboratories.
8. Adjournment.

CERTIFICATE

I hereby certify that the above notice of meeting was posted on the bulletin board at the City Hall of Abilene, Texas, on the _____ day of _____, 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 25, 2014

MEMBERS PRESENT: Dave Copeland Marelyn Shedd
Dani Ramsay Scott Senter
John Beckham

STAFF PRESENT: Richard Burdine Kim Tarrant
Mindy Patterson Stanley Smith

GUESTS PRESENT: Yvonne Batts Abilene Industrial Foundation, Chair

1. **CALL THE MEETING TO ORDER:** President Dave Copeland called the meeting to order at 1:38 p.m. at the Abilene Laboratories, 1325 Pine St., Abilene Texas.
2. **APPROVAL OF MINUTES FROM MARCH 11, 2014 BOARD MEETING:** John Beckham moved to approve the minutes from the March 11, 2014 board meeting. Scott Senter seconded and the motion carried.
3. **SALES TAX REPORT FOR MARCH 2014:** Mindy Patterson, Director of Finance presented the March 2014 sales tax rebate report. The total sales tax rebate received, which represents January 2014 sales, was \$2,975,778.53. The breakdown of the rebate is \$2,231,833.90 to the General Fund and \$743,944.63 to the Economic Development Fund. The rebate is 9.44% below March 2013 and 11.22% below the projected FY 14 budget. For October through March, sales tax is 1.10% below last year and 3.04% below the projected budget.
4. **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 25, 2014, and the time is 1:44 p.m. Later, President Copeland announced the date is still March 25, 2014, and the time is 2:08 p.m. No vote or action was taken in Executive Session.

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:** Resolution DCOA-2014.26 provided information concerning the construction bids received for the steam boiler installation and renovations at 842 Pine St. The lowest responsible bidder is Justice Construction for \$770,000. Also suggested was funding of \$34,570 needed for expansion of the existing environmental control system, \$22,950 for purchase and installation of an exterior door and seven interior doors fitted with electronic locks and reader controls, \$4,000 additional design fee payable to Tittle Luther Partnership/Parkhill Smith & Cooper, and a construction contingency of \$77,000.

Dani Ramsay moved to approve Resolution No. DCOA 2014.26 authorizing a construction contract with Justice Construction and funding of \$908,520 as described above. Scott Senter seconded and the motion carried.

6. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING AMENDED ASSISTANCE FOR PROJECT AH:** Resolution DCOA-2014.05 REVISED provides information concerning the DCOA's approval on October 29, 2013, of resolution DCOA-2014.05 authorizing an assistance package for Project AH. The company has since revised its employment projects, 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. 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.

Staff requests the DCOA revise its assistance and increase the total by \$769 from \$76,948 to \$77,717. The funding will be payable as follows: 1) Job Creation Incentive of \$48,200 for 5.7 new FTEs in addition to the existing 7.2 over 3 years, and 2) Capital Investment Incentive of \$29,517 payable at 15% of cost for facility expansion and other building and network improvements (est. to be \$139,388) plus 10% of equipment costs (est. to be \$86,092) over 3 years.

John Beckham moved to approve Resolution No. DCOA-2014.05 REVISED authorizing revised assistance for Project AH totaling \$77,717 as described above. Marelyn Shedd seconded and the motion carried.

4. **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 25, 2014, and the time is 2:10 p.m. Later, President Copeland announced the date is still March 25, 2014, and the time is 3:30 p.m. No vote or action was taken in Executive Session.

7. **ADJOURNMENT:** The next meeting is scheduled for April 8, 2014. There being no further business the meeting was adjourned.

Dave Copeland, President

DEVELOPMENT CORPORATION OF ABILENE
STATEMENT OF NET POSITION
February 28, 2014 and 2013

	February 2014	February 2013
Current Assets:		
Cash and cash investments	\$ 18,075,434	\$ 16,349,014
Accounts receivable	35,293	299,602
Due from other governments	1,702,786	1,738,931
Prepaid expense	-	130
	<u>19,813,513</u>	<u>18,387,677</u>
Total Current Assets		
Noncurrent Assets:		
Notes receivable	18,249,671	17,139,099
Capital assets	44,144,817	43,279,167
Accumulated depreciation	<u>(7,776,020)</u>	<u>(6,814,309)</u>
Total capital assets, net	<u>36,368,797</u>	<u>36,464,858</u>
	<u>54,618,468</u>	<u>53,603,957</u>
Total Noncurrent Assets		
Total Assets	<u><u>\$ 74,431,981</u></u>	<u><u>\$ 71,991,634</u></u>
Liabilities		
Current:		
Accounts payable	\$ 51,679	\$ 49,802
	<u>51,679</u>	<u>49,802</u>
Total Current Liabilities		
	<u>51,679</u>	<u>49,802</u>
Total Liabilities		
Net Position		
Net Investment in capital assets	36,368,797	36,464,858
Restricted for contractual obligations	22,694,491	13,730,101
Unrestricted, designated for purposes of trust	<u>16,317,014</u>	<u>21,746,873</u>
Total Net Position	<u>75,380,302</u>	<u>71,941,832</u>
Total Liabilities and Net Position	<u><u>\$ 75,431,981</u></u>	<u><u>\$ 71,991,634</u></u>

DEVELOPMENT CORPORATION OF ABILENE
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For five months ending February 28, 2014 and 2013

	February 2014	Fiscal YTD 2014	Fiscal YTD 2013
Revenues:			
Sales and use taxes	\$ 1,061,352	\$ 4,283,983	\$ 4,262,324
Interest income	2,180	15,053	16,893
Building rental / land lease	102,426	433,240	374,107
Sale of land	-	201,013	-
Miscellaneous revenue	18,230	111,650	281,971
Total Revenues	<u>1,184,188</u>	<u>5,044,939</u>	<u>4,935,295</u>
Expenses:			
Economic development projects	268,919	2,664,577	1,286,083
Life Sciences property	37,273	193,117	267,168
DCOA Annual Contracts	24,801	152,661	157,596
Abilene Industrial Foundation	69,534	229,041	210,351
TTU Small Business Development Center	16,050	63,750	54,881
Chamber Military Affairs	13,922	13,922	-
Airport Business Development Manager	19,846	47,196	36,711
General administrative services	44,300	252,043	275,735
Total Expenditures	<u>494,645</u>	<u>3,616,307</u>	<u>2,288,525</u>
Changes In Net Position	689,543	1,428,632	2,646,770
Net Position at Beginning of Period	<u>73,690,759</u>	<u>72,951,670</u>	<u>69,295,062</u>
Net Position at End of Period	<u>\$ 74,380,302</u>	<u>\$ 74,380,302</u>	<u>\$ 71,941,832</u>

Summary of Current Period Economic Development Projects:

TTU 842 Pine	\$ 17,974
Smith Pipe Phase 1-4 (Principal Reduction)	192,201
Biotech Marketing and PR Plan	289
EASI De-Fuel Truck	1,750
Five Points Infrastructure	37,652
Five Points Survey	1,735
Five Points Polaris Drive A/E	6,370
842 Pine Boiler Replacement A/E	10,948
Total	<u>\$ 268,919</u>

Development Corporation of Abilene
Economic Program Status
As of February 28, 2014

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	379,410	361,434	17,974	2
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	687,590	151,000	192,201	344,389
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	18,400	18,400	-	-
Vine St. Fehr Foods	5335.8	58,138	58,138	-	-
Vine St. Slide Fire Improvements	5335.9	365,381	133,143	212,534	19,704
Fehr Foods '12	5340	510,000	170,000	-	340,000
Rentech '12	5342	104,200	-	104,200	-
Pactiv Compressor Construction	5344.2	335,306	327,806	-	7,500
Owens Machine & Tool	5345	351,000	-	11,284	339,716
Biotech Marketing and PR Plan	5346	116,400	81,161	12,463	22,776
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	-	61,708	220,383
EASI De-Fuel Truck	5354	64,260	14,000	7,000	43,260
Fehr Foods ' 13	5356	240,000	-	-	240,000
Purchase 834 Pine	5358	42,960	40,485	2,475	-
Tucker Energy Services	5359	413,295	-	-	413,295
Five Points Infrastructue	5359.1	1,000,000	-	37,652	962,348
Five Points Survey	5360	38,016	28,865	3,023	6,128
TTUHSC Center FY14 Operating	5361	427,109	274,400	41,734	110,975
Five Pts / Polaris Dr A/E	5362.1	60,200	-	34,800	25,400
5 Pts RR Expansion	5363.1	16,000	-	-	16,000
Spec 3 Finish Out A/E	5364.1	759,601	-	7,723	751,878
842 Pine Boiler Replacement A/E	5365.1	71,500	-	48,849	22,651
843 Pine Boiler Replacement Equipment	5635.2	95,000	-	-	95,000
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	2,623,000	-	-	2,623,000
TMAC FY 14	5369	88,000	-	22,000	66,000
Ads4Next Sponsorship	5370	2,500	-	2,500	-
Springboard Ideas	5371	5,000	-	-	5,000
Richard Burdine Professional Services	5372	50,830	-	-	50,830
Broadwind Towers 2014	5373	1,462,075	-	-	1,462,075
Subtotal Economic Program Obligation Reserve		\$ 39,135,058	\$ 15,833,560	\$ 2,664,577	\$ 20,636,921

Development Corporation of Abilene
Economic Program Status
As of February 28, 2014

Economic Programs:	Project	Amount Obligated	Prior Years Disbursement	Current Year Disbursement	Balance reserved for obligated programs
Plus Administrative Division Obligations:					
Business Services Division	Division 2760	\$ 646,610	\$ -	\$ 252,043	\$ 394,567
Life Sciences Property Maintenance	Division 2765	579,930	-	193,117	386,813
DCOA Property Maintenance	Division 2775	308,810	-	152,661	156,149
Abilene Industrial Foundation	Division 2775	934,790	-	229,041	705,749
TTU Small Business Dev Center	Division 2775	250,000	-	63,750	186,250
Chamber Military Affairs	Division 2775	100,000	-	13,922	86,078
Airport Business Development Manager	Division 2775	189,160	-	47,196	141,964
Subtotal Administrative Divisions Obligation Reserve		\$ 3,009,300	\$ -	\$ 951,730	\$ 2,057,570
Total reserve for obligated programs					\$ 22,694,491

DCOA Board approved projects waiting for signed contracts:			Expiration Date
Project LS	\$ 1,936,230		3/31/14
Project KM	82,100		3/31/14
Project BE	553,750		4/8/14
Project AH	76,948		4/29/14
Smith Pipe Ph. 5	452,000		5/12/14
Project VC	455,200		6/16/14
	<u>\$ 3,556,228</u>		

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: April 8, 2014

PROJECT: Presentation by Robbie Ruminer with HWH Group on Potential New Market Tax Credits for the Finish-Out of Spec 3 for CarbonLITE Recycling

STAFF: Richard Burdine, CEO

INFORMATION:

Robbie Ruminer is Vice President of New Market Tax Credits & Site Selection for HWH Group. The company is headquartered in Paris, Texas and delivers additional funding solutions and a speed-to-market approach designed to reduce costs and add value to a project.

The company's New Market Tax Credit closings in the third and fourth quarter of 2013 included Hendrick Medical Center TTUHSC School of Nursing in Abilene.

Mr. Ruminer will be in attendance to explain how the program could possibly benefit the finish-out of Spec 3 for occupancy by CarbonLITE Recycling.

ATTACHMENTS:

Information of HWH Group and the NMTC program.

S:\DCOA\Meeting Memos\FY 2014\HWH Group presentation on NMTC for Spec 3 04-08-14.doc

HWH Group - Our Services

Accelerate your project to completion with HWH Group's innovative project services. Only HWH Group delivers additional funding solutions and a speed-to-market approach that will reduce your costs and add value to your project. Expand or relocate your business into a new market with confidence. Business owners rely on HWH Group to assist with the complicated process of locating and negotiating the economic incentives that can drive site selection, construction, and operation of their new facility.

SITE SELECTION & ECONOMIC DEVELOPMENT SERVICES

- Global Services
- Nationwide Expertise and Relationships
- Federal, State, and Local Incentives
- Economic Development Consulting
- Holistic Site Selection Strategies
- Economic and Market Studies
- Tax Credit/Exemption Optimization
- Public/Private Venture Financing

CERTIFIED DEVELOPMENT ENTITY SERVICES

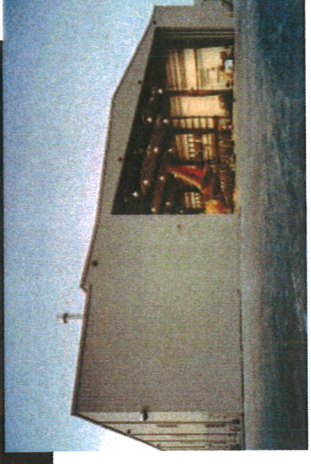
- Project Searches/Pipeline Fulfillment
- Project Prequalification
- Project Coordination and QLICB Guidance through Closing

NEGOTIATED INCENTIVES INCLUDE:

- Subsidized Land/Accelerated Depreciation
- Federal New Market Tax Credits
- Cash Grants
- Low-Cost Financing
- Employee Tax Credits
- Employee Training Grants
- Wage Subsidies
- Property Tax Abatements
- Investment Tax Credits
- Sales Tax Exemptions
- Utility Rate Reductions
- Fee Waivers
- Infrastructure Grants
- Fast Track Permitting
- Inventory Tax Exemption



Public/ Private Venture



Manufacturing/Industrial

Education Facilities



NMTC Overview:

- NMTC Program Background
- CDE's and Tax Credit Investors – Their Roles in a

Transaction

- What Does a Good NMTC Project Look Like?
- Example Project & Structure

New Market Tax Credits: The Basics

- Federal Tax Credit: Enacted by Congress in 2000 as a part of the Community Renewal Tax Relief Act of 2000 and administered by the CDFI Fund of U.S. Treasury
- Incentivizes new private investments in qualified communities and promotes economic development in low income communities
- Qualified communities designated by census tracts
- Net Benefit to Project = Increase in Capital to Project at Closing of 15 – 20%. Translates to a likely permanent subsidy to the project at the end of the 7 year structure.
- Tax credit investor receives 39% tax credit available over 7 years: 5% for first 3 years and 6% in the last 4 years and contributes to project with “purchase” of tax credits
- Wide range of investments qualify including:
 - Commercial and Mixed Use
 - Industrial
 - Non Profit and Community Facilities
 - Operating Businesses

New Market Tax Credits: The Basics

- Project costs eligible include equipment, site prep, land acquisition, rehabilitation, soft costs such as closing costs, tenant improvements. (working capital reserves permitted depending on circumstances)
- 7 Year Financing Structure – Can be Tailored to Accommodate Various Goal of Parities
- Variety of investment sources such as loans, bonds, equity, other federal, state and local grants, donations, private grants and other funding sources compatible structure
- Community Development Entities (CDE's) award tax credits to qualifying projects

New Market Tax Credits: The Basics

Community Development Entities (CDE) – Their Role

- Serve as a financial intermediary & administers the program
- Apply for status and certification from CDFI
- Can be for non-profit, private for profit, or governmental entities
- Accountable to low income communities served under their agreement with CDFI (can be local, multi-state or National)
- After certification as a CDE, entity may apply for NMTC allocation award under a competitive application process
- Receives equity contribution from tax credit investor and lends to the qualified project
- \$33B in allocations awards since inception of program

New Market Tax Credits: The Basics

Tax Credit Investor – Their Role

- Makes an equity contribution into the project at a discounted rate in exchange for tax credits
- Eligible to claim 39% tax credit over 7 years: 5% for first 3 years and 6% in the last 4 years
- Tax credit investor equity contributed to CDE and available to project at closing
- Remain invested in the transaction for 7 year period

7.1

New Market Tax Credits: The Basics

Not Eligible:

- Suntan facility
- Development or holding of intangibles for sale or license
- Private or commercial golf course
- Country Club
- Massage parlor
- Hot tub facility
- Racetrack or other facility used for gambling
- Store where the principal balance of which is the sale of alcoholic beverages for consumption off premises
- Trade or business where the principal activity is farming, or as of the close of the taxable year the sum aggregate basis (or if greater, the fair market value) of the assets owned and the aggregate value of the asset leased exceeds \$500,000.
- Business engaged in the rental of real property to a lessee that is engaged in prohibited businesses
- Residential rental property under Section 168(e) (2)(A) of the Internal Revenue Code to the extent eighty percent (80%) or more of the gross revenues come from "dwelling units".

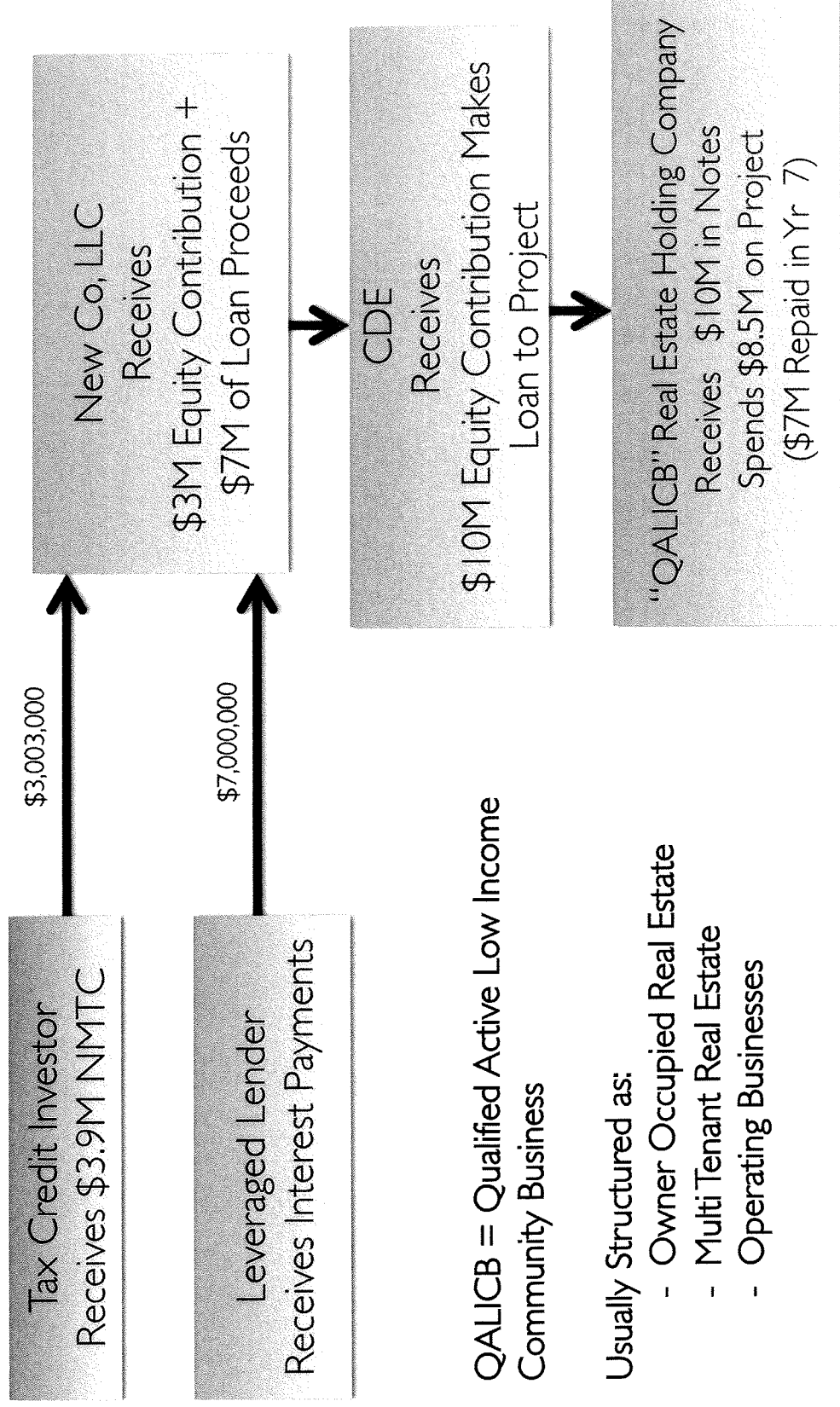
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What Does a Good NMTC Project Look Like

- Must be located in a qualifying census tract
- Strong Impact on Low Income Communities Residents
- Strong community support (evidenced by community support letters)
- Jobs: Creation and Retention, Quality of Jobs , Accessibility Training
- Minimum investment of \$5M
- Strong funding potential for costs not funded by NMTC benefit
- Minority-Owned Businesses
- Goods and Services for Underserved Populations
 - For example- Education, Fresh Food, Healthcare
- Sustainable Businesses
 - Brownfield's
 - Renewable Energy
 - Green Buildings and Businesses

The NMTC Basic Structure Example

\$8.5M Construction Cost (\$10M Total Budget with Transaction Costs)



Example NMTC Project: \$11.25M Expansion (\$10M Const Costs)

Non Profit NMTC Project Illustration

Sources of Funding		Project Costs	
3rd Party Debt	\$5,000,000	Construction Costs	\$10,010,625
Capital from Non Profit Contributed as Funding	\$896,125	New Equipment / FF & E	\$0
Grants	\$1,800,000		
Total Funding/Leverage Sources for NMTC Funding			
	\$7,696,125		
Gross New Market Tax Credit Equity (Before Closing Costs)		Closing Costs Paid At Closing	
	\$3,553,875		\$1,239,375
Total Funding		Total Costs	
	\$11,250,000		\$11,250,000

NMTC Benefit and Costs Summary

Gross New Market Tax Credit Equity (Before Closing Costs)	\$3,553,875
Closing Costs Paid At Closing	\$1,239,375
Net NMTC Cash At Closing	\$2,314,500
Future Transaction Costs	\$462,625
Net NMTC Cash After all Closing and Future Costs	\$1,851,875
Construction and Equipment Costs	\$10,010,625
Non Profit Organization Capital Needed for Project Costs	\$8,158,750

New Market Tax Credit Program

Why Engage HWH Group as a NMTC Service Provider ?

Risk Considerations

Inability to locate tax credits that fit project profile or available tax credits run out

New Market Tax Credit timelines are not understood by all parties involved and are not managed relative to project timelines

Complexity of legal structure

Lack of the right investors to purchase tax credit in a timely manner or price offered too low

Funding source doesn't understand New Market Tax Credit structures

Mitigating Factors

HWH Group compiles deal package, highlighting key NMTC success factors and works to secure tax credits as early as possible

HWH Group coordinates complex closing timelines and ensures your project runs on schedule

HWH Group provides specialized expert legal guidance to assist with structuring throughout the process

HWH Group ensures investors are located timely and seeks to obtain highest transfer price

HWH Group works with lenders throughout the process and explains the structure as it relates to financing in their language

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: April 8, 2014

PROJECT: Contract with Boyd Group International to perform an industry feasibility analysis of Maintenance, Repair and Operations (MRO) Facilities at Abilene Regional Airport

STAFF: Richard Burdine, CEO

BACKGROUND INFORMATION:

The recent merger of American Airlines and US Airways has substantially changed the status quo for their respective regional carriers. In addition, the recent rejection of a new contract by the American Eagle (AE) Pilots Union appears to have closed the door on AE receiving new, more efficient regional jets such as the Embraer Regional Jet 175 (ERJ175).

To service and maintain ERJ175s and similar aircraft at the Abilene MRO requires taller hangars than currently exist. Some of the current hangars can be retrofitted with a hangar extension and taller doors, referred to as a doghouse in the industry, to accommodate the taller aircraft. In 2012, the DCOA Board authorized preparation of engineering plans to add doghouses to Hangars 0, 1 and 3; plans for Hangars 0 and 1 can be ready to start construction within 30-45 days. The most recent cost estimate for Hangar 0 is \$1,642,456 and for Hangar 1 is \$2,383,558. In addition, approximately \$500,000 is needed to replace concrete apron panels that are only 4 inches thick and will fail under the weight of the larger ERJ175s. These are substantial investments in the existing infrastructure, and the Board would like a comfort level that they will effectively support aircraft maintenance activities at Abilene Regional Airport for the immediate future. Eagle Aviation Services, Inc. (EASI) currently has over 400 employees maintaining aircraft and managing American Eagle parts & record storage in Abilene.

With that objective I am proposing the Board seek an independent strategic assessment of these investments and the likelihood that maintenance of larger regional jets can be attracted to the Abilene MRO. Abilene Regional Airport recently selected Boyd Group International (BGI) to serve as their air service consultant. BGI has served the aviation industry for over 30 years and specializes in strategic planning and forecasting (please refer to attached background information about the BGI from their website).

REQUEST:

I propose the board authorize a contract with Boyd Group International to perform an industry feasibility analysis of Maintenance, Repair and Operations (MRO) facilities and funding of \$47,000 as detailed below. I anticipate that BGI will complete their work and report to the board within 60 days.

FISCAL IMPACT:

Boyd Group International Contract	\$ 44,250
Expense contingency	\$ 2,750
TOTAL	\$ 47,000

STAFF RECOMMENDATION:

Staff recommends approval of resolution DCOA-2014.28 authorizing a contract with Boyd Group International in the amount of \$44,250 with a \$2,750 expense contingency for a total project cost not to exceed \$47,000.

6.1

ATTACHMENTS:

Background information about the Boyd Group International from their website.
DCOA-2014.28

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STRATEGIC PLANNING & RESEARCH

The BGI Advantage Across The Aviation Spectrum

Innovative and accurate strategic decisions are critical to meeting the future in global aviation.

The ability to move ahead decisively and aggressively based on clear, laser-focused objectives make the difference between companies that take the lead, and those that fall behind.

This is the strength of Boyd Group International. Clients across the spectrum of aviation - airlines, airports, suppliers, manufacturers, financial institutions and investors, come to us to explore new strategies to optimize opportunities, within evolving and volatile business environments.

A hallmark that separates Boyd Group International from other consultants is that we are leaders in accomplishing incisive independent research on airline trends and aviation issues. BGI is the recognized leader in aviation forecasting - whether it be traffic, fleets, airline strategies or global trends, it's Boyd Group International that's at the forefront. When our clients call, we're ready. Whether it's a need for assessing a new aircraft platform, or reviewing the competitive situation for an international carrier, to assisting a manufacturer in assessing the future market for intercontinental business jets, BGI has the research, data, analytics and professional expertise to hit the ground running.

- Our expertise has assisted international carriers in identifying new market opportunities as well as avoiding complex competitive responses. Boyd Group International has assisted US mega-carriers in analyzing fleet and market opportunities, both regionally and internationally.
- Our global fleet and airline strategy forecasts give us the ability to assist airframe and powerplant manufacturers in assessing risks in investing in new projects and concepts. We have provided valuable outside counsel and advice to aviation firms at the highest executive levels in regard to planned expansion, planned competitive moves, and expected competitive counter-attacks.
- Airlines rely on Boyd Group International. It's the reason CEOs call us for assistance, and the reason airline CEOs take our calls. They know that when they need hard, direct, and blunt planning assistance, our number is the one to call.
- Airports of all sizes, from global portal hubs to municipal facilities, rely on BGI for assistance ranging from air service development and management, to tactical planning, to Master Plan forecasts. And just about everything in between that demands cutting edge forecasting and futurist thinking.

These are the strengths that put BGI in the forefront. The strengths clients across aviation rely upon.

SERVICES FOR AIRLINES

Fleet Placement Strategy & Competitive Analyses
Airline Strategic Planning
Route & Market Analyses
Traffic & Revenue Forecasts
Aircraft Evaluation
Competitive Tactical Programs
Operational Audits

SERVICES FOR MANUFACTURERS & SUPPLIERS

Manufacturer & Supplier Strategic Consulting
Product & Platform Feasibility Studies
Global, Regional, Category Demand Forecasts
Financial Performance Analyses & Forecasts

SERVICES FOR THE AIRPORT INDUSTRY

Forecast Strategic Planning
Air Service Access Planning - ASAP (TM)
True Traffic Potential Determination & Definition
Airport Strategic and Tactical Business Planning
Facility Analyses & Planning
Economic Impact & Opportunity Analyses
Community Team BuildingTM
Master Plan Forecasts
Grant Preparation & Strategies

RESOLUTION NO. DCOA-2014.28

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA"), ABILENE, TEXAS AUTHORIZING A CONTRACT WITH BOYD GROUP INTERNATIONAL ("BGI") TO PERFORM AN INDUSTRY FEASIBILITY ANALYSIS OF MAINTENANCE, REPAIR AND OPERATIONS ("MRO") FACILITIES AT ABILENE REGIONAL AIRPORT.

WHEREAS, Eagle Aviation Services, Inc. (EASI) currently has over 400 employees maintaining aircraft and managing American Eagle parts and record storage in Abilene; and,

WHEREAS, the recent merger of American Airlines and US Airways has substantially changed the status quo for their respective regional carriers; and,

WHEREAS, in addition, the recent rejection of a new contract by the American Eagle (AE) Pilots Union appears to have closed the door on AE receiving new, more efficient regional jets such as the Embraer Regional Jet 175 (ERJ175); and,

WHEREAS, to service and maintain ERJ175s and similar aircraft at the Abilene MRO requires taller hangars than currently exist; and,

WHEREAS, in 2012, the DCOA Board authorized preparation of engineering plans to add doghouses to Hangars 0, 1 and 3, of which plans for Hangars 0 and 1 can be ready to start construction within 30-45 days; and,

WHEREAS, the recent cost estimates for modifying Hangars 0 and 1 represent substantial investments in the existing infrastructure, and the DCOA would like a comfort level that the modifications will effectively support aircraft maintenance activities at Abilene Regional Airport for the immediate future; and,

WHEREAS, staff proposes the Board seek an independent strategic assessment of these investments and the likelihood that maintenance of larger regional jets can be attracted to the Abilene MRO; and,

WHEREAS, Abilene Regional Airport recently selected Boyd Group International (BGI) to serve as their air service consultant, which has served the aviation industry for over 30 years and specializes in strategic planning and forecasting; and,

WHEREAS, staff requests the DCOA authorize a contract with Boyd Group International to perform an industry feasibility analysis of MRO facilities at the airport plus funding of \$47,000.

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

PART 1. DCOA authorizes a contract with Boyd Group International to perform an industry feasibility analysis of the Maintenance, Repair and Operations (MRO) facilities at the Abilene Regional Airport, which should be completed within sixty (60) days. Also authorized is funding of Forty-Seven Thousand and no/100's Dollars (\$47,000.00) as follows:

Boyd Group International Contract	\$ 44,250
<u>Expense contingency</u>	<u>\$ 2,750</u>
TOTAL	\$ 47,000

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

ADOPTED this the 8th day of April, 2014.

ATTEST:

Dani Ramsay
Secretary/Treasurer

Dave Copeland
President

APPROVED:

T. Daniel Santee, City Attorney

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DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: April 8, 2014

PROJECT: Contract Extension with Consultant Lee Ann Woods for On-Going Business and Marketing Supportfor Abilene Laboratories

STAFF: Richard Burdine, CEO

INFORMATION:

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

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

On July 30, 2013, the board approved a one-month extension of the contract through August 2013 to allow her time to finalize some of the prospective tenants. Total costs incurred under this contract were \$67,160 leaving \$35,240 unfunded.

Abilene Laboratories (AbLabs) is in a good position now with the recent opening of The Center for Immunotherapeutics Development and a new lease pending with Texas Tech University Health Sciences Center to occupy two more laboratories to establish a state-of-the-art Interprofessional Sterile Products and Biotechnology Teaching Lab. In order to sustain the momentum gained by Ms. Woods' efforts, the board approved on October 8, 2013, resolution DCOA-2014.02 authorizing a new 6-month contract through March 31, 2014, payable at \$2,500/month plus expenses. No additional funding was approved. Total costs incurred under this contract are \$18,257 leaving \$16,983 unfunded.

REQUEST:

Progress has been made toward finding other end-users and tenants for AbLabs. In view of on-going prospect management and lab marketing needs, working to identify additional potential end-users, and the on-going search to identify a new CEO for the DCOA, I propose the board extend her contract two months to May 31, 2014, with the option to extend an additional 3 months, or until a new CEO is hired. Ms. Woods will continue to:

1. Manage pending prospects,
2. Work to generate new leads and interest using direct marketing efforts,
3. Work with The Center to determine general marketing support strategy/needs and provide support,

4. Close the noted leads, working with staff of Economic Development,
5. Organize/communicate with other leads for management and/or hand-off,
6. Prepare and send monthly e-newsletters,
7. Update the website and related materials,
8. Update and manage the database for the e-newsletter and other communications,
9. Manage press releases,
10. Present all relevant information to Austin groups and officials,
11. Monitor and consult with those relevant to TETF and CPRIT
12. Attend Texas Medical Device meeting in Austin, NTEC in Frisco, THBI in Austin, and ACG Capital Connection in Houston,
13. Other related tasks as determined.

The monthly fee will continue at \$2,500, plus expenses (travel and registration fees, all approved in advance, and website and e-newsletter management through Zachry Associates). The estimated total cost to extend for up to 5 months (through August 2014) is around \$16,500, so no additional funding is needed.

FISCAL IMPACT:

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

STAFF RECOMMENDATION:

Staff recommends approval of resolution DCOA-2014.27 authorizing a contract extension for up to 5 months (through August 2014) with Consultant Lee Ann Woods for on-going business and marketing support at Abilene Laboratories. No additional funding is needed.

ATTACHMENTS:

Resolution DCOA-2014.27

RESOLUTION NO. DCOA-2014.27

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA"), ABILENE, TEXAS AUTHORIZING A CONTRACT EXTENSION FOR UP TO FIVE (5) MONTHS (THROUGH AUGUST 2014) WITH CONSULTANT LEE ANN WOODS FOR ON-GOING BUSINESS AND MARKETING SUPPORT AT ABILENE LABORATORIES ("ABLABS").

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

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

WHEREAS, in order to sustain the momentum gained by Ms. Woods' efforts, the board approved on October 8, 2013, resolution DCOA-2014.02 authorizing a new 6-month contract through March 31, 2014, payable at \$2,500/month plus expenses; and,

WHEREAS, in view of on-going prospect management and lab marketing needs, working to identify additional potential end-users, and the on-going search to identify a new CEO for the DCOA, staff proposes the board extend Ms. Woods' contract two months to May 31, 2014, with the option to extend an additional 3 months, or until a new CEO is hired.

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

PART 1. DCOA authorizes an extension to the contract with Consultant Lee Ann Woods from April 1, 2014 through May 31, 2014, with an option to extend an additional 3 months through August 2014, or until a new CEO for the DCOA is hired. Ms. Woods' will continue to provide on-going business and marketing support at Abilene Laboratories, as follows:

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

The monthly fee will continue at \$2,500, plus expenses (travel and registration fees, all approved in advance, and website and e-newsletter management through Zachry Associates). The estimated total cost to extend for up to 5 months (through August 2014) is around \$16,500, which will be paid with funds carried over from a previous contract approval.

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

ADOPTED this the 8th day of April, 2014.

ATTEST:

Dani Ramsay
Secretary/Treasurer

Dave Copeland
President

APPROVED:

T. Daniel Santee, City Attorney

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