

PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, April 29, 2014, at Eagle Aviation Services conference room, Hangar #1, 2751 Airport Blvd., Abilene, Texas, commencing at 1:00 p.m. to consider the following agenda:

SIGNED:


Richard Burdine, CEO

AGENDA

April 29, 2014
1:00 p.m.

Eagle Aviation Services, Hangar #1
2751 Airport Blvd.

1. Call the meeting to order.
2. Tour of Hangars 0, 1, 2, 3, and 4 occupied by Eagle Aviation Services.
3. Approval of minutes from the April 8, 2014, board meeting.
4. Sales tax report for April 2014 and status of funds report for March 2014.
5. Presentation by Richard Burdine of the economic impact Eagle Aviation Services has had on the Abilene economy.
6. 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.
7. Discussion and possible approval of a resolution authorizing a construction contract and funding to add a doghouse to Hangar 1 at the Abilene Regional Airport occupied by Eagle Aviation Services.
8. Discussion and possible approval of a resolution authorizing a construction budget for expansion and finish-out of Spec 3 at 6558 Five Points Parkway for tenant CarbonLITE Recycling.
9. Discussion and possible approval of an agreement with HWH Group to secure New Markets Tax Credits and a Texas Enterprise Fund Award to offset Spec 3 Building Expansion Costs.

10. Discussion and possible approval of a resolution authorizing an extension of the Professional Services contract with Richard Burdine for CEO services through July 2014.
11. 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
April 08, 2014

MEMBERS PRESENT:	Dave Copeland Scott Senter	Marelyn Shedd John Beckham
MEMBER ABSENT:	Dani Ramsay	
STAFF PRESENT:	Richard Burdine	Kim Tarrant
GUESTS PRESENT:	Robbie Ruminer Steven Hattier Don Green Gary Robinett Brian Bethel Jon Weidanz	HWH Group HWH Group Abilene Regional Airport Abilene Industrial Foundation Abilene Reporter News TTUHSC/ExperImmune

1. **CALL THE MEETING TO ORDER:** President Dave Copeland called the meeting to order at 1:37 p.m. at Abilene Laboratories, 1325 Pine St., Abilene Texas.
2. **APPROVAL OF MINUTES FROM MARCH 25, 2014 BOARD MEETING:** Scott Senter moved to approve the minutes from the March 25, 2014 board meeting. Marelyn Shedd seconded and the motion carried.
3. **STATUS OF FUNDS REPORT FOR FEBRUARY 2014:** The DCOA spent \$268,919 in February 2014 for economic development projects. The DCOA's total current assets as of February 28, 2014 were \$19,813,513 compared to \$18,387,677 on February 28, 2013. There are six approved projects for which contracts have not yet been signed with incentives totaling \$3,556,228.
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:** Robbie Ruminer presented brief history and services of HWH Group and introduced Steven Hattier, Vice President of New Market Tax Credits (NMTC) Finance. Mr. Hattier explained the NMTC program and how the DCOA can apply the program to finish-out construction of Spec 3 for CarbonLITE Recycling to minimize the cost and maximize the benefit.
5. **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 April 8, 2014, and the time is 2:23 p.m. Later, President Copeland announced the date is still April 8, 2014, and the time is 3:10 p.m. No vote or action was taken in Executive Session.

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:** According to Mr. Burdine, current market conditions indicate this study may not be necessary at this time.

Scott Senter moved to table Resolution No. DCOA-2014.28. Marelyn Shedd seconded and the resolution was tabled.

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:** Mr. Burdine requested the DCOA approve up to a five month extension of Lee Ann Woods' contract which expired on March 31, 2014. Ms. Woods has been working for AbLabs since October 2012. Her work includes biotech asset inventory, competitive analysis, and outlining a business development plan, development of AbLabs' website, publishing monthly newsletters, attending meetings and contacting prospective tenants.

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 up to 5 months (through August 2014) is approximately \$16,500, no additional funding is needed.

John Beckham moved to approve resolution DCOA-2014.27 as presented. Scott Senter seconded and the motion carried.

5. **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 April 08, 2014, and the time is 3:15 p.m. Later, President Copeland announced the date is still April 8, 2014, and the time is 4:00 p.m. No vote or action was taken in Executive Session.

8. **ADJOURNMENT:** The next meeting is scheduled for April 29, 2014. There being no further business the meeting was adjourned.

Dave Copeland, President

MEMORANDUM

April 8, 2014

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

The sales tax rebate for April is \$2,904,783.52 which represents February sales. This is 9.33% below last year and 11.11% below the projected FY 14 budget amount. The breakdown of the April rebate is \$2,178,587.64 to the General Fund and \$726,195.88 for economic development. Of this rebate, \$87,454 is from prior periods, audit payments, future payments, and unidentified payments. For the period of October through April, sales tax is 2.22% below last year and 4.14% 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
April	2,402,889.56	800,963.19	3,203,852.75	2,178,587.64	726,195.88	2,904,783.52
YTD	\$17,654,446.65	\$5,884,815.54	\$23,539,262.19	\$17,262,370.78	\$5,754,123.60	\$23,016,494.38
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%
April	800,963	726,196	-9.33%
YTD	\$5,884,816	\$5,754,124	-2.22%
May	965,056		
June	827,415		
July	826,951		
August	927,272		
September	797,862		
FY TOTAL	<u>\$10,229,372</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 April '14 represents February '14 sales. Approximately
\$21,863 of the rebate is from prior periods, audit, and future payments.

Audit Payments: Larger businesses submit sales tax collections to the State
Comptroller every month and smaller ones either quarterly or annually. The
Comptroller audits the books of these businesses on a four year cycle to
determine if sales tax was collected on all taxable sales. Audit collections
represent the sales tax revenue from prior sales and submitted or refunded
subsequent to the audit.

DEVELOPMENT CORPORATION OF ABILENE, INC.
1/2 CENT SALES TAX REVENUE
Five Year Comparison

Accounting Period Month	Actual 2009-10	Actual 2010-11	Actual 2011-12	Actual 2012-13	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
April	601,410	641,310	769,064	800,963	726,196
YTD	<u>\$4,745,436</u>	<u>\$5,043,438</u>	<u>\$6,198,668</u>	<u>\$5,884,816</u>	<u>\$5,754,124</u>
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>\$ 8,312,748</u>	<u>\$ 9,295,819</u>	<u>\$ 10,420,256</u>	<u>\$ 10,229,372</u>	

Note: Report reflects the month sales tax is received from Austin.
Revenue is recorded on this basis for budgetary purposes.

The Comprehensive Annual Financial Report (CAFR) will reflect
revenue based upon the month the sales tax is paid by the vendor
in accordance with GASB 33 requirements.

DEVELOPMENT CORPORATION OF ABILENE
STATEMENT OF NET POSITION
March 31, 2014 and 2013

	March 2014	March 2013
Current Assets:		
Cash and cash investments	\$ 18,249,423	\$ 16,800,507
Accounts receivable	35,293	35,293
Due from other governments	1,702,786	1,738,931
Prepaid expense	-	130
	<u>19,987,502</u>	<u>18,574,861</u>
Total Current Assets		
Noncurrent Assets:		
Notes receivable	18,225,572	17,105,458
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>54,594,369</u>	<u>53,570,316</u>
Total Noncurrent Assets		
Total Assets	<u>\$ 74,581,871</u>	<u>\$ 72,145,177</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	22,222,903	12,378,950
Unrestricted, designated for purposes of trust	<u>15,938,492</u>	<u>23,251,567</u>
Total Net Position	<u>74,530,192</u>	<u>72,095,375</u>
Total Liabilities and Net Position	<u>\$ 74,581,871</u>	<u>\$ 72,145,177</u>

DEVELOPMENT CORPORATION OF ABILENE
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For six months ending March 31, 2014 and 2013

	March 2014	Fiscal YTD 2014	Fiscal YTD 2013
Revenues:			
Sales and use taxes	\$ 743,944	\$ 5,027,928	\$ 5,083,852
Interest income	3,204	18,257	19,418
Building rental / land lease	78,466	511,705	521,450
Sale of land	-	201,013	-
Miscellaneous revenue	13,763	125,413	289,929
	<u>839,377</u>	<u>5,884,316</u>	<u>5,914,649</u>
Total Revenues			
Expenses:			
Economic development projects	412,617	3,077,194	1,933,921
Life Sciences property maintenance	37,930	231,048	303,270
DCOA Property Maintenance	25,362	178,022	165,031
Abilene Industrial Foundation	51,757	280,798	256,388
TTU Small Business Development Center	19,650	83,400	69,900
Chamber Military Affairs	4,391	18,313	-
Airport Business Development Manager	12,798	59,995	46,940
General administrative services	124,982	377,024	338,886
	<u>689,487</u>	<u>4,305,794</u>	<u>3,114,336</u>
Total Expenditures			
Changes In Net Position	149,890	1,578,522	2,800,313
Net Position at Beginning of Period	<u>74,380,302</u>	<u>72,951,670</u>	<u>69,295,062</u>
Net Position at End of Period	<u>\$ 74,530,192</u>	<u>\$ 74,530,192</u>	<u>\$ 72,095,375</u>

Summary of Current Period Economic Development Projects:

Cooperative Response Center (Job Creation)	\$ 46,640
Cooperative Response Center (Capital Investment)	30,250
Fehr Foods '12 (Capital Investment)	170,000
Biotech Marketing and PR Plan	2,887
Enterprise Dr. Extension A/E	4,648
EASI De-Fuel Truck	1,750
Five Points Survey	320
TTUHSC Center FY14 Operating	44,400
Five Points Polaris Drive A/E	11,765
Spec 3 Finish Out A/E	1,517
842 Pine Boiler Replacement A/E	6,814
Hanger 4 Ventilation Construction	44,400
TMAC FY14	11,000
Springboard Ideas	5,000
Richard Burdine Professional Services	15,293
CEO Search 2014	15,933
Total	<u>\$ 412,617</u>

Development Corporation of Abilene
Economic Program Status
As of March 31, 2014

Economic Programs:	Project	Amount Obligated	Prior Years Disbursement	Current Year Disbursement	Balance reserved for obligated programs
Murf Systems	4998	\$ 235,665	\$ 199,665	\$ 24,000	\$ 12,000
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	483,622	268,598	-	215,024
Genesis Network Phase II	5284	22,924	22,924	-	-
Tower Tech (Broadwind Towers)	5285	4,906,905	4,433,889	470,187	2,829
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	762,500	602,931	-	159,569
Pepsi Beverage Co.	5321	350,000	140,000	-	210,000
Cooperative Response Center	5324	296,500	134,593	76,890	85,017
Land 922 N 13th Street	5325	48,485	48,485	-	-
Teleperformance USA	5326	301,400	183,100	-	118,300
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	268,149	268,149	-	-
Vine St. Warehouse	5335.1	55,457	55,457	-	-
Vine St. Fire Safety	5335.2	284,965	284,965	-	-
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	123,031	123,031	-	-
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	170,000	170,000
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	15,350	19,889
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	871,922	25,128
Enterprise Dr. Extension Construction	5352.2	282,091	-	61,708	220,383
EASI De-Fuel Truck	5354	64,260	14,000	8,750	41,510
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	3,343	5,808
TTUHSC Center FY14 Operating	5361	427,109	274,400	86,134	66,575
Five Pts / Pdaris Dr A/E	5362.1	60,200	-	46,565	13,635
Polaris Drive Construction	5362.2	1,064,100	-	-	1,064,100
5 Pts RR Expansion	5363.1	16,000	-	-	16,000
Spec 3 Finish Out A/E	5364.1	759,601	-	9,240	750,361
842 Pine Boiler Replacement A/E	5365.1	75,500	-	55,663	19,837
842 Pine Boiler Replacement Equipment	5635.2	162,040	-	-	162,040
842 Pine Boiler Construction	5635.3	904,520	-	-	904,520
CarbonLITE Industries	5366	6,196,000	-	-	6,196,000

Development Corporation of Abilene
Economic Program Status
As of March 31, 2014

Economic Programs:	Project	Amount Obligated	Prior Years Disbursement	Current Year Disbursement	Balance reserved for obligated programs
Hangar 4 Ventilation System A/E	5367.1	3,500	-	3,200	300
Hangar 4 Ventilation Construction	5367.2	47,400	-	44,400	3,000
Fehr Foods Expansion	5368	2,623,000	-	-	2,623,000
TMAC FY 14	5369	88,000	-	33,000	55,000
Ads4Next Sponsorship	5370	2,500	-	2,500	-
Springboard Ideas	5371	5,000	-	5,000	-
Richard Burdine Professional Services	5372	50,830	-	15,293	35,537
Broadwind Towers 2014	5373	1,462,075	-	-	1,462,075
CEO Search 2014	5374	45,000	-	15,933	29,067
Fast Track Welding '14	5375	248,462	-	-	248,462
Subtotal Economic Program Obligation Reserve		\$ 39,352,957	\$ 15,833,560	\$ 3,077,194	\$ 20,442,203
Plus Administrative Division Obligations:					
Business Services Division	Division 2760	\$ 646,610	\$ -	\$ 377,024	\$ 269,586
Life Sciences Property Maintenance	Division 2765	579,930	-	231,048	348,882
DCOA Property Maintenance	Division 2775	308,810	-	178,022	130,788
Abilene Industrial Foundation	Division 2775	934,790	-	280,798	653,992
TTU Small Business Dev Center	Division 2775	250,000	-	83,400	166,600
Chamber Military Affairs	Division 2775	100,000	-	18,313	81,687
Airport Business Development Manager	Division 2775	189,160	-	59,995	129,165
Subtotal Administrative Divisions Obligation Reserve		\$ 3,009,300	\$ -	\$ 1,228,600	\$ 1,780,700
Total reserve for obligated programs					\$ 22,222,903

DCOA Board approved projects waiting for signed contracts:

		Expiration Date
Project KM	\$ 82,100	3/31/14
Project BE	553,750	4/8/14
Project AH (Clavel Corp)	77,710	11/25/14
Smith Pipe Ph. 5	452,000	5/12/14
Project VC (Corley Wetsel Truck Center)	455,200	6/16/14
Fehr Foods 2014 Capital Projects	200,000	8/10/14
	<u>\$ 1,820,760</u>	

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: April 29, 2014

PROJECT: Construction Contract for Hangar 1 Doghouse Occupied by Eagle Aviation Services, Inc.

STAFF: Richard Burdine, CEO

BACKGROUND INFORMATION:

The DCOA began its relationship with Eagle Aviation Services, Inc. (EASI) in June 1994 when the DCOA purchased Hangars 2 and 3 at the Abilene Regional Airport and began leasing space to EASI for its aircraft maintenance operation, providing maintenance checks service for American Eagle Airline's ATR fleet. EASI committed to 100 aircraft maintenance jobs. Since then, the relationship has grown so that now EASI occupies 5 hangars for maintenance checks and a separate building for records and parts storage, all within close proximity of each other. EASI operates 5 dock lines and employs over 400 maintenance and support personnel, which is American Eagle's largest maintenance base. Also, the DCOA's assistance to EASI has benefited the Abilene community and surrounding region by the addition of regional jet service to and from D/FW Airport.

In the wake of American Airlines' bankruptcy and pending merger with US Airways, American Eagle was renamed Envoy. The forecast for new aircraft orders by regional airlines is for larger planes with taller tail sections that won't fit inside any of the hangars currently occupied by EASI. EASI's competition has the advantage of being able to accommodate the larger aircraft.

EASI is now able to pursue maintenance work for other regional airlines and the hangars can accommodate the smaller regional jets right now. However taller regional jets are the future. On November 13, 2012, DCOA approved resolution DCOA-2013.05 authorizing a contract with Tittle Luther Partnership/Parkhill Smith & Cooper (TLP/PSC) to design modifications to Hangars 0, 1 and 3 to accommodate larger aircraft with taller tail sections. Also approved was funding of \$423,000; 1) \$400,000 for basic design services, 2) 10,000 for additional services for a feasibility study for the possible removal of the structural steel column centered in Hangar 1, 3) \$5,000 for reimbursable expenses, and 4) \$8,000 for survey and soils testing.

THE REQUEST:

Seventy (70) new, larger aircraft have been ordered by American Airlines and the need for heavy-check maintenance work will follow in about 2 years. All indications are that maintenance work on the smaller aircraft that our current hangars can accommodate will go away in 3-5 years. At least one of the 3 maintenance hangar candidates (0, 1 or 3) should be modified now to show Abilene's good faith effort to keep EASI in Abilene and to allow EASI to contract-out its services to other regional carriers. Hangar 1 is the logical first choice because it is not currently configured for a maintenance dock line and stands empty much of the time.

TLP/PSC has worked with Lansford Company from Lampasas, Texas to determine the cost to modify Hangar 1. Lansford has extensive experience designing and building aircraft hangars. The cost below is to add 40' to the front of the hangar and install 40' tall sliding doors on new tracks with new concrete paving as follows:

New hangar structure/modifications and concrete foundation	\$1,404,327
Fire suppression system & equipment	\$ 303,750
Concrete apron pavement (1,200 sy)	\$ 475,481
Additional concrete apron pavement replacement (1,146 sy)	\$ 349,313
Construction contingency (5% of construction)	<u>\$ 109,178</u>
TOTAL	\$2,642,049

Included in the bid is replacement of 1,146 sy of existing concrete apron pavement that is failing and will not tolerate larger, heavier aircraft. To avoid the loss of future American Airlines business and help provide for new carrier maintenance business, I recommend the board approve a contract with Lansford Company to construct the necessary modifications to Hangar 1 and apron replacement.

FISCAL IMPACT:

Funding to modify Hangar 1 for larger aircraft, as described above	\$2,642,049
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STAFF RECOMMENDATION:

Staff recommends approval of resolution DCOA-2014.29 authorizing a contract with Lansford Company for construction of modifications to Hangar 1 to accommodate larger regional jets with taller tail sections and funding of \$2,642,049.

ATTACHMENT:

Resolution DCOA-2014.29

RESOLUTION NO. DCOA-2014.29

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS AUTHORIZING A CONTRACT WITH LANSFORD COMPANY FOR CONSTRUCTION OF MODIFICATIONS TO HANGAR 1 AT THE ABILENE REGIONAL AIRPORT OCCUPIED BY EAGLE AVIATION SERVICES TO ACCOMMODATE LARGER AIRCRAFT WITH TALLER TAIL SECTIONS.

WHEREAS, the purpose of the DCOA is to expand employment opportunities for the citizens of Abilene; and,

WHEREAS, the DCOA began its relationship with Eagle Aviation Services, Inc. (EASI) in June 1994 when the DCOA purchased Hangars 2 and 3 at the Abilene Regional Airport and began leasing space to EASI for its aircraft maintenance operation, providing maintenance checks service for American Eagle Airline's ATR fleet. EASI committed to 100 aircraft maintenance jobs; and,

WHEREAS, the relationship has grown so that now EASI occupies 5 hangars for maintenance checks and a separate building for records and parts storage, all within close proximity of each other, and operates 5 dock lines employing over 400 maintenance and support personnel, which is American Eagle's largest maintenance base; and,

WHEREAS, the DCOA's assistance to EASI has benefited the Abilene community and surrounding region by the addition of regional jet service to and from D/FW Airport; and,

WHEREAS, in the wake of American Airlines' bankruptcy and pending merger with US Airways, American Eagle was renamed Envoy; and,

WHEREAS, the forecast for new aircraft orders by regional airlines is for larger planes with taller tail sections that won't fit inside any of the hangars currently occupied by EASI; and,

WHEREAS, EASI is now able to pursue maintenance work for other regional airlines and the hangars can accommodate the smaller regional jets right now; however, taller regional jets are the future; and,

WHEREAS, on November 13, 2012, DCOA approved resolution DCOA-2013.05 authorizing a contract with Tittle Luther Partnership/Parkhill Smith & Cooper (TLP/PSC) to design modifications to Hangars 0, 1 and 3 to accommodate larger aircraft with taller tail sections along with funding of \$423,000; and,

WHEREAS, at least one of the 3 maintenance hangar candidates (0, 1 or 3) should be modified now to show Abilene's good faith effort to keep EASI in Abilene and to allow EASI to contract-out its services to other regional carriers; and,

WHEREAS, to avoid the loss of future American Airlines business and help provide for new carrier maintenance business, staff requests the DCOA approve a contract with Lansford Company to construct the necessary modifications to Hangar 1 and apron replacement.

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

PART 1. DCOA approves a contract with Lansford Company to construct modifications to Hangar 1 at the Abilene Regional Airport (2751 Airport Blvd), currently occupied by Eagle Aviation Services, Inc., to accommodate larger aircraft with taller tail sections. Also approved is funding in the amount of Two Million Six Hundred Forty-Two Thousand Forty-Nine and no/100's Dollars (\$2,642,049) as described below:

New hangar structure/modifications and concrete foundation	\$1,404,327
Fire suppression system & equipment	\$ 303,750
Concrete apron pavement (1200 sy)	\$ 475,481
Additional concrete apron pavement replacement (1146 sy)	\$ 349,313
Construction contingency (5% of construction)	<u>\$ 109,178</u>
TOTAL	\$2,642,049

Included in the bid is replacement of 1146 sy of existing concrete apron pavement that is failing and will not tolerate larger, heavier aircraft.

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

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

ADOPTED this the 29th day of April, 2014.

ATTEST:

Dani Ramsay
Secretary/Treasurer

Dave Copeland
President

APPROVED:

T. Daniel Santee, City Attorney

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7.4

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA

MEETING DATE: April 29, 2014

PROJECT: Spec 3 Finish-Out Construction Budget for CarbonLITE Recycling

STAFF: Richard Burdine, CEO

BACKGROUND

At their California plant CarbonLITE Recycling, LLC (formerly Project RZ) is the largest producer of food-grade post-consumer recycled polyethylene terephthalate (PET) in the world. They specialize in processing used plastic bottles into high quality PET resin flakes and pellets that can then be used to manufacture new plastic beverage bottles and other products.

On August 27, 2013, the board approved resolution DCOA-2013.24 authorizing assistance totaling \$6,196,000 for CarbonLITE Recycling, LLC to open their second plant in Abilene, as described below:

1. **Capital Investment Incentive/Forgivable Loan for Equipment Purchases** – Funding of 15% of Company's investment of \$35 million in capital equipment, up to \$5,250,000. The funds shall be advanced under a Promissory Note at 0% interest secured by a letter of credit, with the balance forgiven over 5 years not to exceed \$1,050,000/year. CarbonLITE recently revised its estimated capital investment from \$35 million to \$40 million - no change to the incentives package is proposed.

2. **Job Creation Incentive** – Up to \$896,000 for creation of 90 new FTEs payable over 5 years. CarbonLITE recently revised its employment estimate from 90 to 106 - no change to the incentives package is proposed.

3. **Job Training Grant** – Funding up to \$50,000 to train 10-15 of Company's employees at the plant in California. Reimbursements to Company shall be calculated at 50% of actual cost for payroll, transportation to and from California, lodging and meals for the trainees.

4. **Lease of Facility** – Lease terms are 10-years triple-net, two 5-year options to renew, and annual lease payments calculated at 5.25% of actual construction costs of the Spec 3 Building shell plus the cost to finish it out to Company's specifications. Company has executed the lease and provided the DCOA with a \$48,125 security deposit.

5. **Finish-Out of Spec 3 Building** – At the time the incentives package was approved finish out of the Spec 3 Building was estimated to cost \$4 million to \$5 million. This funding is not calculated in the total assistance package because:

- it is for improvements to a DCOA-owned building the company will lease,
- most improvements will be beneficial to future tenants if CarbonLITE chooses to leave, and,
- the DCOA will earn far more return on its funds by investing in a building with annual lease revenue based on 5.25% of total construction costs than having idle funds earning less than 1%/year.

During a site visit in December 2013, we learned of the company's need for space in addition to the existing 100,000 sf building, specifically a 100,000 sf warehouse addition and a 10,000 sf office addition. The estimated cost for finish-out, including the warehouse and office additions, increased the preliminary finish-out estimate from \$4-5 million to \$11,800,850, including design fees and other services.

On January 14, 2014, the board approved resolution DCOA-2014.15 authorizing a contract with Tittle Luther Partnership/Parkhill Smith Cooper and funding of \$759,601 for architectural, civil, structural, mechanical, plumbing & electrical design services based on the increased construction budget. The board also authorized me to bid the project.

THE REQUEST

To move the project forward, I propose the board authorize a construction budget not to exceed \$11,041,249. This investment benefits the DCOA and the community in several ways:

- Lease payments to DCOA of approximately \$934,545 per year;
- Once the Spec 3 Building is expanded and finished out the company will pay property taxes to the city, county and school district while the vacant Spec 3 Building produces no property taxes;
- The company will also pay property taxes to the city, county and school district on their capital equipment;
- Addition of another quality employer of Abilene citizens; and,
- Addition of this manufacturer further diversifies Abilene's economy, helping to insulate it from negative economic impact of a downturn in any one sector.

FISCAL IMPACT

Construction budget for Spec 3 Building finish-out	\$11,041,249.
Annual lease payments to DCOA during 10-year lease	\$ 9,345,450.

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2014.31 authorizing a construction budget of \$11,041,249 for finish-out of the Spec 3 Building at 6558 Five Pts Pkwy to CarbonLITE's specifications. Once bids are received, I will return to the board for award of the construction contract.

ATTACHMENTS

Resolution DCOA-2014.31

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RESOLUTION NO. DCOA-2014.31

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA"), ABILENE, TEXAS AUTHORIZING A CONSTRUCTION BUDGET FOR THE SPEC 3 BUILDING AT 6558 FIVE POINTS PARKWAY TO FINISH-OUT THE SITE TO CARBONLITE RECYCLING'S ("CARBONLITE") SPECIFICATIONS.

WHEREAS, at their California plant CarbonLITE Recycling, LLC (formerly Project RZ) is the largest producer of food-grade post-consumer recycled polyethylene terephthalate (PET) in the world; and,

WHEREAS, on August 27, 2013, the board approved resolution DCOA-2013.24 authorizing Phase 1 assistance for CarbonLITE totaling \$6,196,000 including capital investment, job creation and job training incentives in exchange for CarbonLITE's investment of \$35 million in capital equipment and 90 new jobs; and,

WHEREAS, at the time the incentives package was approved, finish-out of the Spec 3 Building was estimated to cost \$4 million to \$5 million, which is not calculated in the total assistance package because; 1) it is for improvements to a DCOA-owned building the company will lease, 2) most improvements will be beneficial to future tenants if CarbonLITE chooses to leave, and 3) the DCOA will earn far more return on its funds by investing in a building with annual lease revenue based on 5.25% of total construction costs than having idle funds earning less than 1%/year; and,

WHEREAS, during a site visit in December 2013, we learned of the company's need for space in addition to the existing 100,000 sf building, specifically a 100,000 sf warehouse addition and a 10,000 sf office addition; and,

WHEREAS, the estimated cost for finish-out, including the warehouse and office additions, increased the preliminary finish-out estimate from \$4-5 million to \$11,800,850, including design fees and other services; and,

WHEREAS, on January 14, 2014, the board approved resolution DCOA-2014.15 authorizing a contract with Tittle Luther Partnership/Parkhill Smith Cooper and funding of \$759,601 for architectural, civil, structural, mechanical, plumbing & electrical design services based on the increased construction budget. The board also authorized staff to bid the project; and,

WHEREAS, this investment benefits the DCOA and the community in several ways; 1) lease payments to DCOA of approximately \$934,545 per year, 2) once the Spec 3 Building is completed, the CarbonLITE will pay property taxes to the city, county and school district while the vacant Spec 3 Building produces no property taxes, 3) the company will also pay property taxes to the city, county and school district on their capital equipment, 4) addition of another quality employer of Abilene citizens, and 5) addition of this manufacturer further diversifies Abilene's economy, helping to insulate it from negative economic impact of a downturn in any one sector; and,

WHEREAS, staff requests the DCOA authorize a Spec 3 finish-out construction budget to keep the project moving forward.

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

- PART 1.** DCOA authorizes a construction budget of Eleven Million Forty-One Thousand Two Hundred Forty-Nine and no/100's Dollars (\$11,041,249) for finish-out of the Spec 3 building at 6558 Five Points Parkway to CarbonLITE Recycling's specifications, including a 10,000 sf office addition and a 100,000 sf warehouse addition. Once bids are received, staff will return to the board for award of the construction contract.
- 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 29th 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: March 29, 2014

PROJECT: Agreement with HWH Group to secure New Markets Tax Credits and a Texas Enterprise Fund Award to offset Spec 3 Building Expansion Costs

STAFF: Richard Burdine, CEO

BACKGROUND INFORMATION

The DCOA Board is considering an \$11 million construction budget for the expansion of the Spec 3 Building to lease it to CarbonLITE Recycling, LLC. This is a large demand on DCOA's resources so staff recommends looking for other sources of funds. We know of two sources; New Markets Tax Credits (NMTC) and the Texas Enterprise Fund (TEF) in the Governor's Office.

HWH Group has extensive experience with both programs. If NMTC can be secured for the project, we could receive approximately \$3.6 million to help reduce the DCOA's "out-of-pocket" costs. In addition, if a TEF grant were approved for the project, we would expect \$.6 to \$1 million to help offset costs. HWH Group will help us secure a TEF award with no payment in addition to the fee they receive for securing NMTC for the project.

THE REQUEST

We anticipate design and construction of the Spec 3 Building expansion to begin immediately so time is of the essence in finding additional funding for the project.

FISCAL IMPACT

Fees in the NMTC transaction, including CDE fee (8%), Attorney fees (3%), Consultant fees (2%) and Accountant fees (0.25%) will be deducted from the gross proceeds from sale of the tax credits before funds are transferred to the DCOA. HWH Group would receive a consultant fee of approximately \$350,000 at closing of the deal, based on 2% of a \$17.8 million in tax credits.

New Markets Tax Credits	\$3,600,000
<u>Texas Enterprise Fund Award</u>	<u>\$ 600,000 to \$1,000,000</u>
Total Potential Funding	\$4,200,000 to \$4,600,000

STAFF RECOMMENDATION

Staff recommends the DCOA approve an oral resolution authorizing an agreement with HWH Group to secure New Markets Tax Credits and a Texas Enterprise Fund award to offset Spec 3 Building Expansion costs.

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: April 29, 2014

PROJECT: Extension of Professional Services Contract with Richard Burdine

STAFF: Dave Copeland, President

BACKGROUND INFORMATION

Richard Burdine served as CEO of the DCOA and Assistant City Manager for Economic Development for the City of Abilene from September 2003 until his retirement from the City effective February 28, 2014. Post-retirement, Mr. Burdine agreed to continue to provide on a temporary basis the same level of professional services to the DCOA and City of Abilene at the same level of salary and benefits he was receiving.

In addition, Mr. Burdine agreed to assist the newly-appointed Search Committee as they work to identify and hire a new CEO. He will provide transition services for the new CEO, once hired, by briefing him/her on current project status, arranging introductions to key local, county and state individuals that affect or can impact the Abilene economy, provide training on City of Abilene policies and procedures and identify key City staff.

On January 30, 2014, the DCOA approved resolution DCOA-2014.17 authorizing a professional services contract for 3 months beginning March 1, 2014, and funding of \$50,827; 1) \$45,879 paid semi-monthly at \$7,646.50, and 2) \$4,948 for unused sick and vacation leave accrued during the initial term (highest estimate).

THE REQUEST

The contract requires the DCOA Board to notify Mr. Burdine 30-days in advance if it wants to extend the contract. A new CEO hasn't been hired and won't likely be in place and oriented by May 31st. For that reason, I am proposing an extension of the contract for 2 months through July 31, 2014.

The contract also states Mr. Burdine will be reimbursed at the end of the contract period for professional liability insurance coverage during the contract and extension period and paid \$81.75 for each unused leave hour accrued at 20 hours/month.

The funding required for the extension is \$25,280.50 as follows:

1. 1 payment of \$15,293 for June and 1 payment of \$7,646.50 for July (Richard will be on vacation July 9th through 20th so will receive only a partial month's payment) = \$22,939.50.
2. Of the 100 hours of leave accrued over the 5 month period (20 hours/month), Mr. Burdine expects to use 30, so the estimated unused leave balance of 70 hours is payable at \$81.75/hour, or \$5,722.50 LESS the amount approved in January of \$4,948 = \$775
3. Professional liability insurance coverage thru July = \$1,566.

FISCAL IMPACT

Contract extension for 2 months effective 6-1-14 expiring 7-31-14	\$22,939.50
Additional unused sick and vacation leave	\$ 775.00
Reimbursement for professional liability insurance	<u>\$ 1,566.00</u>
TOTAL	\$25,280.50

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2014.30 authorizing a 2-month extension of the professional services contract with Richard Burdine and additional funding for continuity of client care during the process of identifying, hiring and orienting a new CEO.

ATTACHMENTS

DCOA Resolution No. DCOA-2014.30

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RESOLUTION NO. DCOA-2014.30

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA"), ABILENE, TEXAS AUTHORIZING A 2-MONTH EXTENSION OF THE PROFESSIONAL SERVICES CONTRACT WITH RICHARD BURDINE TO PROVIDE CONTINUITY OF CLIENT CARE DURING THE PROCESS OF SEARCHING FOR AND HIRING A NEW CHIEF EXECUTIVE OFFICER ("CEO") FOR THE DCOA.

WHEREAS, Richard Burdine served as CEO of the DCOA and Assistant City Manager for Economic Development for the City of Abilene from September 2003 until his retirement from the City effective February 28, 2014; and,

WHEREAS, post-retirement, Mr. Burdine agreed to continue to provide on a temporary basis the same level of professional services to the DCOA and City of Abilene at the same level of salary and benefits he was receiving; and,

WHEREAS, in addition, Mr. Burdine agreed to assist the newly-appointed Search Committee as they work to identify and hire a new CEO; and,

WHEREAS, he will also provide transition services for the new CEO, once hired, by briefing him/her on current project status, arranging introductions to local, county and state players that affect or can impact the local economy, and provide training on City of Abilene policies and procedures and identify key City staff; and,

WHEREAS, on January 30, 2014, the DCOA approved resolution DCOA-2014.17 authorizing a professional services contract with Richard Burdine for 3 months beginning March 1, 2014, and funding of \$50,827; 1) \$45,879 paid semi-monthly at \$7,646.50, and 2) \$4,948 for unused sick and vacation leave accrued during the initial term (highest estimate); and,

WHEREAS, the contract requires the DCOA Board notify Mr. Burdine 30-days in advance if it wants to extend the contract, and a new CEO hasn't been hired and won't likely be in place and oriented by May 31st; and,

WHEREAS, the DCOA is requested to authorize a 2-month extension through July 2014 of the professional services contract with Richard Burdine with the goal of providing continuity of client care.

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

PART 1. DCOA authorizes a 2-month extension through July 2014 of the professional services contract with Richard Burdine and additional funding of Twenty-Five Thousand Two Hundred Eighty and 50/100's Dollars (\$25,280.50) to provide continuity of client care during the process of identifying, hiring and acclimating a new CEO.

The funding of \$25,280.50 required for the contract extension shall be disbursed as follows:

- A. \$22,939.50 – 1 payment of \$15,293 for June and 1 payment of \$7,646.50 for July (Mr. Burdine will be on vacation July 9th through 20th so will receive only a partial month's payment).
- B. \$775 - Of the 100 hours of leave accrued over the 5 month period (20 hours/month),

Mr. Burdine expects to use 30, so the estimated unused leave balance of 70 hours is payable at \$81.75/hour, or \$5,722.50 LESS the amount approved in January of \$4,948.

C. \$1,566 - Professional liability insurance coverage thru July.

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 President of the Development Corporation of Abilene, Inc. is hereby authorized to negotiate and sign any contract and all other related documents on behalf of the DCOA.

ADOPTED this the 29th day of April, 2014.

ATTEST:

Dani Ramsay
Secretary/Treasurer

Dave Copeland
President

APPROVED:

T. Daniel Santee, City Attorney

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