

PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, July 29, 2014, at Abilene Laboratories conference room, 1325 Pine St., Abilene, Texas, commencing at 1:30 p.m. to consider the following agenda:

SIGNED:


Richard Burdine, CEO

AGENDA

July 29, 2014
1:30 p.m.

Abilene Laboratories
1325 Pine St.

1. Call the meeting to order.
2. Approval of minutes from the June 10, 2014, and July 16, 2014, board meetings.
3. Sales tax report for July 2014 and status of funds for May 2014 and June 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.

(Consultation with Attorney) Section 551.072
Discuss DCOA v. Slidefire litigation.
5. Discussion and possible approval of a resolution authorizing the DCOA to recommend the hiring of a director of Economic Development/CEO of the DCOA to the City of Abilene pursuant to the conditions set forth in the first amended FY14 contract between the DCOA and the City.
6. Discussion and possible approval of a resolution authorizing an extension of the Professional Services contract with Richard Burdine for CEO services through August 2014.
7. Discussion and possible approval of engagement letters with a financial advisory and bond counsel for services associated with the DCOA's borrowing options for finish-out of the Spec 3 building for occupancy by CarbonLITE Recycling, LLC.

8. Discussion and possible approval of a resolution authorizing reimbursement to DCOA for payment of expenditures in connection with finish-out and expansion of the Spec 3 building for occupancy by CarbonLITE Recycling, LLC made prior to the issuance of obligations to finance the project.
9. Discussion and possible approval of a contract with Imperial Construction for finish-out and expansion of the Spec 3 building for occupancy by CarbonLITE Recycling, LLC.
10. 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
June 10, 2014

MEMBERS PRESENT:	Dave Copeland Scott Senter	Marelyn Shedd John Beckham
MEMBER ABSENT:	Dani Ramsay	
STAFF PRESENT:	Kim Tarrant	Dan Santee
GUESTS PRESENT:	Gary Robinett Brian Bethel	Abilene Industrial Foundation Abilene Reporter News

1. **CALL THE MEETING TO ORDER:** President Dave Copeland called the meeting to order at 1:35p.m. at Abilene Laboratories, 1325 Pine St., Abilene Texas.
2. **APPROVAL OF MINUTES FROM THE MAY 27, 2014, BOARD MEETING:** John Beckham moved to approve the minutes from the May 27, 2014 board meeting. Scott Senter seconded and the motion carried.
3. **EXECUTIVE SESSION NO. 1:** I hereby announce we are going into Executive Session pursuant to Texas Government Code Sections 551.071, 072, 074 and 087 to consult with our legal counsel, discuss real property transactions, personnel matters, and discuss economic development negotiations involving a business prospect, as set forth on the agenda. Any vote or action will be taken in open session.

President Dave Copeland announced the date is June 10, 2014, and the time is 1:36 p.m. Later, President Copeland announced the date is still June 10, 2014, and the time is 1:50 p.m. No vote or action was taken in Executive Session.

4. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT BW:** Kim Tarrant, Business Services Manager of the Economic Development Department presented a request for Project BW. The company has been operating in Abilene since 1996 and is expanding. They are in the design phase for a new 30,000 sq. ft. building on East US Hwy 80, and will purchase a number of pieces of new equipment. The total anticipated capital investment is \$3 million. They also plan to hire 20 new employees in addition to the current 24 employees. Staff proposes an incentives package of \$539,000 with \$114,000 for new job creation and \$425,000 for capital investment in capital equipment, land and

building costs. The incentives will be paid over 5 years up to \$75,000 per year upon proof of actual costs.

Scott Senter moved to approve resolution DCOA-2014.33 authorizing assistance for Project BW as presented. Marelyn Shedd seconded and the motion carried.

5. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT KW.** Ms. Tarrant also presented the request for Project KW, an existing Abilene I.T. services company established in 2004 with 10 Abilene employees. The company is ready for growth and is under contract to purchase a downtown building as their new office. The building has a second floor, which will require installation of an elevator at an estimated cost of \$250,000. The company qualifies for the DCOA's assistance because a majority of their products and services are sold outside the Abilene region.

The proposed incentives package totals \$280,750, with \$133,000 for job creation incentives for 10 new jobs in addition to the existing 10 and \$147,750 for capital investment incentives in exchange for the company's investment of \$1,010,000. All incentives will be paid over 3 years upon proof of actual costs.

John Beckham moved to approve resolution DCOA-2014.34 authorizing an incentive package to Project KW. Scott Senter seconded and the motion carried.

6. **APPOINTMENT BY PRESIDENT COPELAND OF THE PROJECT EVALUATION AND BUDGET & FINANCE COMMITTEES FOR 2014:** President Dave Copeland announced 2014 appointments to the DCOA's two standing committees; Budget and Finance Committee and Project Evaluation Committee. These two committees are one-year term and typically meet one time during the budgeting process for the coming fiscal year. The Project Evaluation Committee reviews performance reports on the DCOA's contract agencies and the Budget & Finance Committee recommends a budget for the DCOA.
3. **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 June 10, 2014, and the time is 1:55 p.m. Later, President Copeland announced the date is still June 10, 2014, and the time is 2:12 p.m. No vote or action was taken in Executive Session.

7. **ADJOURNMENT:** The next meeting is scheduled for June 24, 2014. There being no further business the meeting was adjourned.

Dave Copeland, President

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DEVELOPMENT CORPORATION OF ABILENE, INC.
SPECIAL CALLED BOARD MEETING MINUTES
July 16, 2014

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

STAFF PRESENT: Larry Gilley

GUESTS PRESENT: Norm Archibald DCOA CEO Search Committee
 Yvonne Batts DCOA CEO Search Committee
 Paul Cannon DCOA CEO Search Committee
 Joe Crawford DCOA CEO Search Committee
 Jason Smith Abilene Chamber of Commerce
 Kate Alford Community Foundation of Abilene

1. **CALL THE MEETING TO ORDER:** President Dave Copeland called the meeting to order at 1:32 p.m. at Develop Abilene Conference Room, 174 Cypress Street, 3rd floor, Abilene Texas.

2. **EXECUTIVE SESSION:** 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 July 16, 2014, and the time is 1:32 p.m. Later, President Copeland announced the date is still July 16, 2014, and the time is 2:55 p.m. No vote or action was taken in Executive Session.

3. **ADJOURNMENT:** The next regularly scheduled meeting is on July 29, 2014. There being no further business the meeting was adjourned.

Dave Copeland, President

MEMORANDUM

July 9, 2014

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

The sales tax rebate for July is \$3,177,228.19 which represents May sales. This is 3.95% below last year and 7.09% above the projected FY 14 budget amount. The breakdown of the July rebate is \$2,382,921.14 to the General Fund and \$794,307.05 for economic development. Of this rebate, \$90,382 is from prior periods, audit payments, future payments, and unidentified payments. For the period of October through July, sales tax is 2.37% below last year and 3.15% 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
May	2,895,168.95	965,056.32	3,860,225.27	2,944,225.82	981,408.61	3,925,634.43
June	2,482,246.02	827,415.34	3,309,661.36	2,319,035.66	773,011.89	3,092,047.55
July	2,480,852.18	826,950.72	3,307,802.90	2,382,921.14	794,307.05	3,177,228.19
YTD	\$25,512,713.80	\$8,504,237.92	\$34,016,951.72	\$24,908,553.40	\$8,302,851.15	\$33,211,404.55
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%
May	965,056	981,409	1.69%
June	827,415	773,012	-6.58%
July	826,951	794,307	-3.95%
YTD	\$8,504,238	\$8,302,851	-2.37%
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 July '14 represents May '14 sales. Approximately
\$22,595 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
May	814,964	948,413	977,461	965,056	981,409
June	612,963	741,634	766,944	827,415	773,012
July	660,806	749,767	756,886	826,951	794,307
YTD	<u>\$6,834,170</u>	<u>\$7,483,252</u>	<u>\$8,699,959</u>	<u>\$8,504,238</u>	<u>\$8,302,851</u>
August	829,188	1,013,393	920,096	927,272	
September	649,391	799,173	800,200	797,862	
FY TOTAL	<u><u>\$ 8,312,748</u></u>	<u><u>\$ 9,295,819</u></u>	<u><u>\$ 10,420,256</u></u>	<u><u>\$ 10,229,372</u></u>	

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

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

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

	May 2014	May 2013
Current Assets:		
Cash and cash investments	\$ 19,111,351	\$ 17,480,563
Accounts receivable	35,293	35,293
Due from other governments	1,702,786	1,738,931
Prepaid expense	-	130
	<u>20,849,430</u>	<u>19,254,917</u>
Total Current Assets		
Noncurrent Assets:		
Notes receivable	17,952,486	16,843,357
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>54,321,283</u>	<u>53,308,215</u>
Total Noncurrent Assets		
Total Assets	<u><u>\$ 75,170,713</u></u>	<u><u>\$ 72,563,132</u></u>
Liabilities		
Current:		
Accounts payable	\$ <u>51,679</u>	\$ <u>49,802</u>
	<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	35,307,739	12,276,783
Unrestricted, designated for purposes of trust	<u>3,442,498</u>	<u>23,771,689</u>
	<u>75,119,034</u>	<u>72,513,330</u>
Total Net Position		
Total Liabilities and Net Position	<u><u>\$ 75,170,713</u></u>	<u><u>\$ 72,563,132</u></u>

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

	May 2014	Fiscal YTD 2014	Fiscal YTD 2013
Revenues:			
Sales and use taxes	\$ 981,409	\$ 6,735,532	\$ 6,849,872
Interest income	3,259	24,597	25,344
Building rental / land lease	82,735	748,408	630,155
Sale of land	-	231,163	81,770
Miscellaneous revenue	7,905	142,072	302,432
Total Revenues	<u>1,075,308</u>	<u>7,881,772</u>	<u>7,889,573</u>
Expenses:			
Economic development projects	369,423	3,987,366	3,002,040
Life Sciences property maintenance	50,295	389,257	475,126
DCOA Property Maintenance	19,853	237,476	188,387
Abilene Industrial Foundation	77,303	419,141	367,879
TTU Small Business Development Center	21,525	123,000	100,856
Chamber Military Affairs	-	18,313	15,139
Airport Business Development Manager	14,470	86,512	78,209
General administrative services	46,573	453,343	443,669
Total Expenditures	<u>599,442</u>	<u>5,714,408</u>	<u>4,671,305</u>
Changes In Net Position	475,866	2,167,364	3,218,268
Net Position at Beginning of Period	<u>74,643,168</u>	<u>72,951,670</u>	<u>69,295,062</u>
Net Position at End of Period	<u>\$ 75,119,034</u>	<u>\$ 75,119,034</u>	<u>\$ 72,513,330</u>

Summary of Current Period Economic Development Projects:

Smith Pipe - Principal Reduction	\$ 75,500
Biotech Marketing and PR Plan	3,467
Enterprise Dr. Extension A/E	3,250
Enterprise Dr. Extension Construction	118,607
EASI De-Fuel Truck	1,750
Five Points Infrastructure	62,186
Five Points Polaris Drive A/E	2,264
Five Points Polaris Drive Construction	41,629
Spec 3 Finish Out A/E	431
842 Pine Boiler Replacement Equipment	20,112
842 Pine Boiler Construction	18,322
Richard Burdine Professional Services	15,293
Clavel Corp	6,612
Total	<u>\$ 369,423</u>

Development Corporation of Abilene
Economic Program Status
As of May 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	\$ 36,000	\$ -
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	347,600	214,744
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	17,975	1
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	140,000	19,569
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	763,091	151,000	267,700	344,391
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	33,625	683
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	22,104	13,135
Hangar Doghouses A/E	5348.1	423,000	97,967	50,050	274,983
Hangar Doghouses Construction	5348.2	2,642,049	-	-	2,642,049
Enterprise Dr. Extension A/E	5352.1	907,250	10,200	875,172	21,878
Enterprise Dr. Extension Construction	5352.2	282,091	-	216,342	65,749
EASI De-Fuel Truck	5354	64,260	14,000	12,250	38,010
Fehr Foods ' 13	5356	240,000	-	74,272	165,728
Purchase 834 Pine	5358	42,960	40,485	2,475	-
Tucker Energy Services	5359	413,295	-	-	413,295
Five Points Infrastructure	5359.1	1,000,000	-	99,838	900,162
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 / Polaris Dr A/E	5362.1	60,200	-	49,829	10,371
Polaris Drive Construction	5362.2	1,064,100	-	41,629	1,022,471
5 Pts RR Expansion	5363.1	16,000	-	-	16,000
Spec 3 Finish Out A/E	5364.1	759,601	-	12,556	747,045
Spec 3 Finish Out Construction	5364.2	11,041,249	-	-	11,041,249
842 Pine Boiler Replacement A/E	5365.1	75,500	-	59,990	15,510
842 Pine Boiler Replacement Equipment	5635.2	162,040	-	53,712	108,328
842 Pine Boiler Construction	5635.3	904,520	-	19,814	884,706

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

Economic Programs:	Project	Amount Obligated	Prior Years Disbursement	Current Year Disbursement	Balance reserved for obligated programs
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	-	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	76,108	-	45,879	30,229
Broadwind Towers 2014	5373	1,438,525	-	-	1,438,525
CEO Search 2014	5374	45,000	-	17,007	27,993
Fast Track Welding '14	5375	248,462	-	-	248,462
Corley Wetsel Trucking	5376	455,200	-	-	455,200
Clavel Corp	5377	77,717	-	12,745	64,972
Fehr Foods 14	5378	200,000	-	-	200,000
Subtotal Economic Program Obligation Reserve		\$ 53,846,401	\$ 15,833,560	\$ 3,987,366	\$ 34,025,475
Plus Administrative Division Obligations:					
Business Services Division	Division 2760	646,610	-	453,343	193,267
Life Sciences Property Maintenance	Division 2765	579,930	-	389,257	190,673
DCOA Property Maintenance	Division 2775	308,810	-	237,476	71,334
Abilene Industrial Foundation	Division 2775	934,790	-	419,141	515,649
TTU Small Business Dev Center	Division 2775	250,000	-	123,000	127,000
Chamber Military Affairs	Division 2775	100,000	-	18,313	81,687
Airport Business Development Manager	Division 2775	189,160	-	86,512	102,648
Subtotal Administrative Divisions Obligation Reserve		\$ 3,009,300	\$ -	\$ 1,727,042	\$ 1,282,258
Total reserve for obligated programs					\$ 35,307,733

DCOA Board approved projects waiting for signed contracts:

		Expiration Date
Project KM	\$ 82,100	6/30/14
Project BE	553,750	7/8/14
Smith Pipe Ph. 5	452,000	8/12/14
Dyess AFB Telecomm Upgrade	23,000	11/27/14
	<u>\$ 1,110,850</u>	

DEVELOPMENT CORPORATION OF ABILENE
STATEMENT OF NET POSITION
June 30, 2014 and 2013

	June 2014	June 2013
Current Assets:		
Cash and cash investments	\$ 19,530,313	\$ 17,545,617
Accounts receivable	35,293	35,293
Due from other governments	1,702,786	1,738,931
Prepaid expense	-	130
	<u>21,268,392</u>	<u>19,319,971</u>
Total Current Assets		
Noncurrent Assets:		
Notes receivable	17,926,186	16,843,357
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>54,294,983</u>	<u>53,308,215</u>
Total Noncurrent Assets		
Total Assets	<u><u>\$ 75,563,375</u></u>	<u><u>\$ 72,628,186</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	34,822,519	13,029,047
Unrestricted, designated for purposes of trust	<u>4,320,380</u>	<u>23,084,479</u>
Total Net Position	<u>75,511,696</u>	<u>72,578,384</u>
Total Liabilities and Net Position	<u><u>\$ 75,563,375</u></u>	<u><u>\$ 72,628,186</u></u>

DEVELOPMENT CORPORATION OF ABILENE
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For nine months ending June 30, 2014 and 2013

	June 2014	Fiscal YTD 2014	Fiscal YTD 2013
Revenues:			
Sales and use taxes	\$ 773,012	\$ 7,508,544	\$ 7,677,287
Interest income	74,705	99,303	99,850
Building rental / land lease	112,047	860,455	688,499
Sale of land	-	231,163	81,770
Miscellaneous revenue	-	142,071	302,433
Total Revenues	<u>959,764</u>	<u>8,841,536</u>	<u>8,849,839</u>
Expenses:			
Economic development projects	363,126	4,350,491	3,708,536
Life Sciences property maintenance	32,352	421,610	499,487
DCOA property maintenance	41,177	278,653	195,746
Abilene Industrial Foundation	67,971	487,112	424,792
TTU Small Business Development Center	12,000	135,000	117,469
Chamber Military Affairs	-	18,313	15,139
Airport Business Development Manager	14,948	101,459	91,042
General administrative services	35,528	488,872	514,306
Total Expenditures	<u>567,102</u>	<u>6,281,510</u>	<u>5,566,517</u>
Changes In Net Position	392,662	2,560,026	3,283,322
Net Position at Beginning of Period	<u>75,119,034</u>	<u>72,951,670</u>	<u>69,295,062</u>
Net Position at End of Period	<u>\$ 75,511,696</u>	<u>\$ 75,511,696</u>	<u>\$ 72,578,384</u>

Summary of Current Period Economic Development Projects:

TTU 842 Pine	\$ 3,450
Slide Fire Improvements	1,593
Owens Machine & Tool	24,079
Biotech Marketing and PR Plan	8,203
Hangar Doghouse A/E	31,080
Enterprise Dr. Extension Construction	60,450
EASI De-Fuel Truck	1,750
Five Points Infrastructure	37,652
Five Points Survey	(994)
TTUHSC Center FY14 Operating	58,572
Five Points Polaris Drive A/E	2,464
Five Points Polaris Drive Construction	61,883
841 Pine Boiler Replacement A/E	2,329
842 Pine Boiler Construction	40,844
Richard Burdine Professional Services	15,293
CEO Search 2014	14,478
Total	<u>\$ 363,126</u>

Development Corporation of Abilene
Economic Program Status
As of June 30, 2014

Economic Programs:	Project	Amount Obligated	Prior Years Disbursement	Current Year Disbursement	Balance reserved for obligated programs
Murf Systems	4998	\$ 235,665	\$ 199,665	\$ 36,000	\$ -
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	347,600	214,744
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	4,904,077	4,433,889	470,187	1
Coca Cola Abilene	5296	2,020,000	-	-	2,020,000
TTU 842 Pine	5308	382,860	361,434	21,424	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	140,000	19,569
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	763,091	151,000	267,700	344,391
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	33,625	683
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	214,127	18,111
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	-	35,363	315,637
Biotech Marketing and PR Plan	5346	118,400	81,161	30,307	6,932
Hangar Doghouses A/E	5348.1	423,000	97,967	81,130	243,903
Hangar Doghouses Construction	5348.2	2,642,049	-	-	2,642,049
Enterprise Dr. Extension A/E	5352.1	907,250	10,200	875,172	21,878
Enterprise Dr. Extension Construction	5352.2	282,091	-	276,792	5,299
EASI De-Fuel Truck	5354	64,260	14,000	14,000	36,260
Fehr Foods ' 13	5356	240,000	-	74,272	165,728
Purchase 834 Pine	5358	42,960	40,485	2,475	-
Tucker Energy Services	5359	413,295	-	-	413,295
Five Points Infrastructure	5359.1	1,000,000	-	137,491	862,509
Five Points Survey	5360	38,016	28,865	2,348	6,803
TTUHSC Center FY14 Operating	5361	427,109	274,400	144,706	8,003
Five Pts / Polaris Dr A/E	5362.1	60,200	-	52,293	7,907
Polaris Drive Construction	5362.2	1,064,100	-	103,512	960,588
5 Pts RR Expansion	5363.1	16,000	-	-	16,000
Spec 3 Finish Out A/E	5364.1	759,601	-	12,556	747,045
Spec 3 Finish Out Construction	5364.2	11,041,249	-	-	11,041,249
842 Pine Boiler Replacement A/E	5365.1	75,500	-	62,319	13,181
842 Pine Boiler Replacement Equipment	5635.2	162,040	-	53,712	108,328
842 Pine Boiler Construction	5635.3	904,520	-	60,658	843,862

3.11

Development Corporation of Abilene
Economic Program Status
As of June 30, 2014

Economic Programs:	Project	Amount Obligated	Prior Years Disbursement	Current Year Disbursement	Balance reserved for obligated programs
CarbonLITE Industries	5366	6,196,000	-	-	6,196,000
Hangar 4 Ventilation System A/E	5367.1	3,200	-	3,200	-
Hangar 4 Ventilation Construction	5367.2	44,400	-	44,400	-
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	76,108	-	61,172	14,936
Broadwind Towers 2014	5373	1,438,525	-	-	1,438,525
CEO Search 2014	5374	45,466	-	31,485	13,981
Fast Track Welding '14	5375	248,462	-	-	248,462
Corley Wetsel Trucking	5376	455,200	-	-	455,200
Clavel Corp	5377	77,717	-	12,745	64,972
Fehr Foods 14	5378	200,000	-	-	200,000
Gift Card System	5379	82,100	-	-	82,100
Subtotal Economic Program Obligation Reserve		\$ 53,928,289	\$ 15,833,560	\$ 4,350,491	\$ 33,744,238
Plus Administrative Division Obligations:					
Business Services Division	Division 2760	646,610	-	488,872	157,738
Life Sciences Property Maintenance	Division 2765	579,930	-	421,610	158,320
DCOA Property Maintenance	Division 2775	308,810	-	278,653	30,157
Abilene Industrial Foundation	Division 2775	934,790	-	487,112	447,678
TTU Small Business Dev Center	Division 2775	250,000	-	135,000	115,000
Chamber Military Affairs	Division 2775	100,000	-	18,313	81,687
Airport Business Development Manager	Division 2775	189,160	-	101,459	87,701
Subtotal Administrative Divisions Obligation Reserve		\$ 3,009,300	\$ -	\$ 1,931,019	\$ 1,078,281
Total reserve for obligated programs					\$ 34,822,519

DCOA Board approved projects waiting for signed contracts:

		Expiration Date
Project BE	553,750	7/8/14
Smith Pipe Ph. 5	452,000	8/12/14
Dyess AFB Telecomm Upgrade	23,000	11/27/14
Project BW	539,000	12/10/14
Project KW	280,750	12/10/14
	<u>\$ 1,848,500</u>	

Information for Item 5. on the agenda will be made available during the meeting.

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: July 29, 2014

PROJECT: 2nd 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).

Because a new CEO had not been hired, on April 29, 2014, the board approved resolution DCOA-2014.30 authorizing a 2-month extension to July 31, 2014, and additional funding of \$25,280.50; 1) \$22,939.50 paid semi-monthly at \$7,646.50, 2) \$775 for additional sick and vacation leave, and 3) \$1,566 to reimburse for professional liability insurance coverage. This was to allow the new CEO to be in place and oriented by the end of July.

THE REQUEST

I've asked Mr. Burdine to stay on through Friday, August 29th. The contract states Mr. Burdine will be reimbursed at the end of the contract period for professional liability insurance coverage during the contract and extension periods and paid \$81.75 for each unused leave hour accrued at 20 hours/month.

The funding required for the extension is \$17,802.65, as follows:

1. 2 payments of \$7,646.50 for August = **\$15,293**;

led

2. Of the 110 hours of leave accrued over the 6 month period (20 hours each month except only 10 hours for July because of 2-week vacation), Mr. Burdine expects to use 15, so the estimated unused leave balance of 95 hours is payable at \$81.75/hour, or \$7,766.25 LESS the \$4,948 approved in January and the \$775 approved in April = **\$2,043.25**.
3. Professional liability insurance coverage thru August = \$2,032.40 LESS \$1,566 previously approved = **\$466.40**.

FISCAL IMPACT

Contract extension for 1 month effective 8-1-14 expiring 8-29-14	\$15,293.00
Additional unused sick and vacation leave	\$ 2,043.25
<u>Reimbursement for professional liability insurance</u>	<u>\$ 466.40</u>
TOTAL	\$17,802.65

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2014.36 authorizing a 1-month extension to August 29, 2014, of the professional services contract with Richard Burdine and additional funding of \$17,802.65 for continuity of client care during the process of identifying, hiring and orienting a new CEO.

ATTACHMENTS

DCOA Resolution No. DCOA-2014.36

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RESOLUTION NO. DCOA-2014.36

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA"), ABILENE, TEXAS AUTHORIZING A 1-MONTH EXTENSION TO AUGUST 29, 2014 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, on April 29, 2014, the DCOA approved resolution DCOA-2014.30 authorizing a 2-month extension through July 2014 of the contract with Mr. Burdine plus additional funding of \$25,280.50; 1) \$22,939.50 paid semi-monthly at \$7,646.50, 2) \$775 for additional sick and vacation leave, and 3) \$1,566 to reimburse for professional liability insurance coverage; and,

WHEREAS, Mr. Burdine's services are needed through August 2014; and,

WHEREAS, the DCOA is requested to authorize a 1-month extension to August 29, 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 1-month extension to August 29, 2014, of the professional services contract with Richard Burdine and additional funding of Seventeen Thousand Eight Hundred Two and 65/100's Dollars (\$17,802.65) to provide continuity of client care during the process of identifying, hiring and acclimating a new CEO.

The funding of \$17,802.65 required for the contract extension shall be disbursed as follows:
A. 2 payments of \$7,646.50 for August = \$15,293;

- B. Of the 110 hours of leave accrued over the 6 month contract period, as extended, (20 hours each month except only 10 hours for July because of 2-week vacation), Mr. Burdine expects to use 15, so the estimated unused leave balance of 95 hours is payable at \$81.75/hour, or \$7,766.26 **LESS** the \$4,948 approved in January and the \$775 approved in April = \$2,043.25.
- C. Professional liability insurance coverage through August = \$2,032.40 **LESS** \$1,566 previously approved = \$466.40.

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 July, 2014.

ATTEST:

Dani Ramsay
Secretary/Treasurer

Dave Copeland
President

APPROVED:

T. Daniel Santee, City Attorney

S:\DCOA\Resolution\2014\2014.36 Richard Burdine prof serv contract-lto ext 729-14.doc

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA
MEETING DATE: July 29, 2014

PROJECT: Spec 3 Finish-Out & Expansion Engagement of Financial Advisor and Bond Counsel for Borrowing Options

STAFF: Richard Burdine, CEO

BACKGROUND

DCOA Board and staff have worked with CarbonLITE Industries for 3+ years to establish a plastic bottle recycling plant in Abilene and create 100+ jobs. The plant is in response to a growing demand for food grade post-consumer plastic to be made into new bottles. Nestle is already under contract for at least 2.7 million lbs/month.

The project includes finish-out of the existing 100,000 s.f. shell building for production and addition of a 100,000 s.f. warehouse and approximately 9,000 s.f. of office, for which CarbonLITE has signed a 10-year lease at \$934,500/year. DCOA's budget is \$11.8 million for design & construction with CarbonLITE paying all costs in excess of the budget. DCOA will also make an earnable loan of up to \$5.25 million, secured by a letter of credit, in exchange for CarbonLITE's \$35+ million capital equipment investment. Therefore the total project cost is \$17 million.

THE REQUEST

The DCOA Board prefers to not carry debt but feels it must assess its borrowing options out of necessity to accommodate this major client and meet its other commitments. The Board is considering long-term financing through sale of economic development sales tax-backed revenue bonds of 15- to 20-years term.

I request the board engage the services of the City's bond counsel (McCall, Parkhurst & Horton, LLP) and financial advisor (First Southwest Company) to assist in the process, structure the long-term debt, assure that all state law requirements are met and review and recommend the bond package to City Council for approval, per DCOA Bylaws. Once approved by City Council, DCOA would sell bonds in 18 to 24 months when the project is complete to pay off the interim construction loan. The final amount of bonds to sell will be determined close to the sale date and take into account any offsetting revenues from other sources such as New Market Tax Credits the DCOA is now pursuing.

FISCAL IMPACT

Fees will be determined once the size of the bond issue is set and will be paid out of the sale proceeds.

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2014.37 authorizing the engagement of financial advisory services from First Southwest Company and bond counsel services from McCall, Parkhurst & Horton, LLP associated with the DCOA's borrowing options for finish-out of the Spec 3 building for occupancy by CarbonLITE Recycling, LLC.

ATTACHMENTS

Resolution DCOA-2014.37

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RESOLUTION NO. DCOA-2014.37

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA"), ABILENE, TEXAS AUTHORIZING THE ENGAGEMENT OF FINANCIAL ADVISORY SERVICES FROM FIRST SOUTHWEST COMPANY AND BOND COUNSEL SERVICES FROM MCCALL, PARKHURST & HORTON, LLP ASSOCIATED WITH THE DCOA'S BORROWING OPTIONS FOR FINISH-OUT OF THE SPEC 3 BUILDING FOR OCCUPANCY BY CARBONLITE RECYCLING, LLC.

WHEREAS, DCOA Board and staff have worked with CarbonLITE Industries for 3+ years to establish a plastic bottle recycling plant in Abilene and create 100+ jobs; and,

WHEREAS, the plant is in response to a growing demand for food grade post-consumer plastic to be made into new bottles with Nestle already under contract for at least 2.7 million lbs/month; and,

WHEREAS, the project includes finish-out of the existing 100,000 s.f. shell building for production and addition of a 100,000 s.f. warehouse and approximately 9,000 s.f. of office, for which CarbonLITE has signed a 10-year lease at \$934,500/year; and,

WHEREAS, DCOA's budget is \$11.8 million for design and construction with CarbonLITE paying all costs in excess of the budget; and,

WHEREAS, DCOA will also make an earnable loan of up to \$5.25 million, secured by a letter of credit, in exchange for CarbonLITE's \$35+ million capital equipment investment; and,

WHEREAS, the DCOA Board prefers to not carry debt but feels it must assess its borrowing options out of necessity to accommodate this major client and meet its other commitments; and,

WHEREAS, the Board is considering long-term financing through sale of economic development sales tax-backed revenue bonds of 15- to 20-years term; and,

WHEREAS, staff requests the DCOA engage the services of the City of Abilene's bond counsel and financial advisor to assist in the process, structure the long-term debt, assure that all state law requirements are met and review and recommend the bond package to City Council for approval.

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

PART 1. DCOA authorizes the engagement of First Southwest Company's financial advisory services and McCall, Parkhurst & Horton, LLP's bond counsel services to assist the DCOA in the process of issuing long-term financing through sale of economic development sales tax-backed revenue bonds of 12- to 20-years terms. These firms will structure the long-term debt, assure that all state law requirements are met, and review and recommend the bond package to City Council for review.

Fees will be determined once the size of the bond issue is set and will be paid out of the sale proceeds.

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 CEO 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 July, 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: July 29, 2014

PROJECT: Spec 3 Finish-Out & Expansion Reimbursement for Expenses Prior to Issuance of Obligations to Finance the Project

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 in the Spec 3 building located at 6558 Five Points Parkway. The company expects to invest \$35 million in capital equipment and create 90 jobs. Shortly after, 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 an approximately 10,000 sf office addition. The estimated cost for finish-out, including the warehouse and office additions, is \$11,800,850, including design fees and other services.

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.

On January 14, 2014, the board approved resolution DCOA-2014.15 authorizing a contract with Tittle Luther Partnership/Parkhill Smith Cooper (TLP/PSC) 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. On April 29, 2014, the board approved 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.

During this meeting, the board is being asked to approve a GMP construction contract with Imperial Construction, Inc. for finish out and expansion of the Spec 3 building to CarbonLITE Recycling's specifications. Final design of the improvements is expected in a couple months and Imperial should begin construction shortly thereafter with an expected completion in spring 2015.

THE REQUEST

Also during this meeting, the board is being asked to engage the services of a financial advisor and bond attorney for services associated with the DCOA's borrowing options for finish-out of the Spec 3 building. The next step is to adopt a resolution that allows reimbursement to the board for project costs paid prior to issuance of obligations to fund the project.

Reimbursement will come through the potential future sale of bonds for such costs as design work, soils testing and construction. No obligations will be issued by the DCOA after a date which is later than 18 months after the later of (1) the date the expenditures are paid, or (2) the date on which the property, with respect to which such expenditures were made, is placed in service. So far, \$57,970 has been expended for design services.

FISCAL IMPACT

Unknown. DCOA will be reimbursed for capital expenses incurred prior to issuance of obligations to fund the project.

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2014.38 authorizing the reimbursement to itself for expenditures in connection with the construction, installation and equipping of improvements and finish out of Spec 3 at such time as it issues obligations to finance the project.

ATTACHMENTS

Resolution DCOA-2014.38

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RESOLUTION NO. DCOA-2014.38

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA"), ABILENE, TEXAS AUTHORIZING REIMBURSEMENT TO THE DCOA OF EXPENDITURES IN CONNECTION WITH THE FINISH OUT AND EXPANSION OF THE SPEC 3 BUILDING AT 6558 FIVE POINTS PARKWAY, ABILENE, TEXAS ("SPEC 3"), FOR OCCUPANCY BY CARBONLITE RECYCLING, LLC, PRIOR TO THE ISSUANCE OF OBLIGATIONS TO FINANCE THE PROJECT.

WHEREAS, the DCOA is a non-profit industrial development corporation created, existing and governed by V.T.C.A. Local Government Code, Title 12, Subtitle C1, as amended (the "Act") (formerly known as the Development Corporation Act of 1979, Tex. Rev. Civ. Stat. Ann. Article 5190.6), specifically Chapters 501, 502 and 504 thereof; and,

WHEREAS, the DCOA expects to pay expenditures in connection with the construction, installation and equipping of improvements and finish out of Spec 3, which currently consists of approximately 100,000 square feet, plus construction of an approximately 10,000 square foot office building addition, and construction of an approximately 100,000 square foot warehouse addition; and,

WHEREAS, the DCOA finds, considers and declares that the reimbursement of the DCOA for the payment of such expenditures will be appropriate and consistent with the lawful objectives of the DCOA and, as such, chooses to declare its intention, in accordance with the provisions of state and federal law and regulations, to reimburse itself for such payments at such time as it issues obligations to finance the project; and,

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

- PART 1.** A. DCOA reasonably expects to incur debt, as one or more series of obligations, with an aggregate maximum principal amount not to exceed \$17,100,000 for the purpose of paying the costs of the project.
- B. All costs to be reimbursed pursuant hereto will be capital expenditures. No obligations will be issued by the DCOA in furtherance of this Resolution after a date which is later than 18 months after the later of (1) the date the expenditures are paid, or (2) the date on which the property, with respect to which such expenditures were made, is placed in service.
- C. The foregoing notwithstanding, no obligation will be issued pursuant to this Resolution more than three (3) years after the date any expenditure which is to be reimbursed is paid.
- 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 CEO 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 July, 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: July 29, 2014

PROJECT: Spec 3 Finish-Out & Expansion Construction Contract with Imperial Construction, Inc.

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.

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 an approximately 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 (TLP/PSC) 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.

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.

On April 29, 2014, the board approved 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. I was to return to the board for award of the construction contract once bids were received.

THE REQUEST

In order to keep the construction project within the approved budget of \$11,041,249 as much as possible, Jack Harkins with TLP/PSC and I have negotiated with Imperial Construction, Inc. of Weatherford, Texas, for a Guaranteed Maximum Price (GMP) contract. A GMP contract is such that

Imperial Construction will work with TLP/PSC during a “preconstruction phase” to determine best practices and most effective way to design and build the necessary improvements. Then, Imperial Construction will propose a cost of work and add its fee of 5% to the cost. The GMP amount is not yet determined because plans for the construction are not yet complete. Should the final GMP plus fee exceed the construction budget of \$11,041,249, CarbonLITE Recycling has agreed to pay the difference. Once we determine the GMP, and if it exceeds the DCOA’s commitment, I will expect CarbonLITE to pay its prorata share of the total monthly payments to Imperial Construction.

FISCAL IMPACT

None.

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2014.35 authorizing a GMP contract with Imperial Construction, Inc. for finish-out and expansion construction of Spec 3 for occupancy by CarbonLITE Recycling, LLC.

ATTACHMENTS

Resolution DCOA-2014.35

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RESOLUTION NO. DCOA-2014.35

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA"), ABILENE, TEXAS AUTHORIZING A GUARANTEED MAXIMUM PRICE ("GMP") CONTRACT WITH IMPERIAL CONSTRUCTION, INC. FOR FINISH-OUT AND EXPANSION CONSTRUCTION OF THE SPEC 3 BUILDING AT 6558 FIVE POINTS PARKWAY FOR OCCUPANCY BY CARBONLITE RECYCLING, LLC.

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, on April 29, 2014, the board approved 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 with staff returning to the board for award of the construction contract once bids were received; and,

WHEREAS, in order to keep the construction project within the approved budget of \$11,041,249 as much as possible, Jack Harkins with TLP/PSC and CEO Richard Burdine negotiated with Imperial Construction, Inc. of Weatherford, Texas, for a Guaranteed Maximum Price (GMP) contract; and,

WHEREAS, staff requests the DCOA authorize a Spec 3 finish-out GMP construction contract with Imperial Construction, Inc.

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

PART 1. DCOA authorizes a construction contract with Imperial Construction, Inc. for finish-out and expansion of the Spec 3 building at 6558 Five Points Parkway to CarbonLITE Recycling's specifications, including an approximately 10,000 sf office addition and a 100,000 sf warehouse addition. The contract shall be for a Guaranteed Maximum Price (GMP) wherein Imperial Construction will work with Tittle Luther Partnership/Parkhill Smith Cooper (TLP/PSC) during a "preconstruction phase" to determine best practices and most effective way to design and build the necessary improvements. Then, Imperial Construction will propose a cost of work and add its fee of 5% to the cost.

The GMP amount is not yet determined because plans for the construction are not yet complete. Should the final GMP plus fee exceed the construction budget of \$11,041,249, CarbonLITE Recycling has agreed to pay the difference. Once the GMP is determined, and if it exceeds the DCOA's funding commitment, CarbonLITE is expected to pay its prorata share of the total monthly payments to Imperial Construction.

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 July, 2014.

ATTEST:

Dani Ramsay
Secretary/Treasurer

Dave Copeland
President

APPROVED:

T. Daniel Santee, City Attorney

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