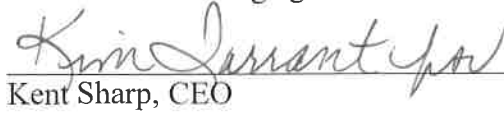


PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Thursday, October 16, 2014, at Abilene Laboratories conference room, 1325 Pine St., Abilene, Texas, commencing at 1:30 p.m. to consider the following agenda:

SIGNED:


Kent Sharp, CEO

AGENDA

October 16, 2014
1:30 p.m.

Abilene Laboratories
1325 Pine St.

1. Call the meeting to order.
2. Approval of minutes from the September 23, 2014, board meeting.
3. Sales tax report for October 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 FY15 funding for the Texas Manufacturing Assistance Center (TMAC).
6. 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
September 23, 2014

MEMBERS PRESENT:	Dave Copeland Scott Senter Marelyn Shedd	Dani Ramsay John Beckham
STAFF PRESENT:	Kent Sharp Mike Rains	Kim Tarrant Daniel Santee
GUESTS PRESENT:	Jason Smith Kelvin Mullins Chris Bryan Jack Harkins	Abilene Chamber of Commerce Imperial Construction, Inc. Imperial Construction, Inc. Tittle Luther Partnership/PSC

1. **CALL THE MEETING TO ORDER:** President Dave Copeland called the meeting to order at 1:32 p.m. at Abilene Laboratories, 1325 Pine St., Abilene Texas.
2. **APPROVAL OF MINUTES FROM THE AUGUST 26, 2014, BOARD MEETING:** Scott Senter moved to approve the minutes from the August 26, 2014 board meeting. John Beckham seconded and the motion carried.
3. **SALES TAX REPORT FOR SEPTEMBER 2014 AND STATUS OF FUNDS FOR AUGUST 2014:** Mike Rains Assistant Finance Director for the City of Abilene presented the Sales Tax Report for September 2014. The sales tax rebate for September is \$3,383,223.16, which represents July sales. This is 6.01% above last year and 8.66% above the revised FY 14 budget amount. Mr. Rains also presented the August 2014 Statement of Net Position. Currently, Cash and Cash Investments are valued at \$18,892,181. Revenue for August totals \$1,072,215. Expenses for the month included sixteen projects totaling \$1,094,689. The total amount of the six projects approved by the DCOA without signed contracts is \$1,294,750.
4. **EXECUTIVE SESSION – SESSION 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 September 23, 2014, and the time is 1:38 p.m. Later, President Copeland announced the date is still September 23, 2014, and the time is 2:00 p.m. No vote or action was taken in Executive Session.

5. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING IMPROVEMENTS TO WAREHOUSES A, B, C AND D AT 4009 AND 4109 VINE ST. AND A LEASE WITH FEHR FOODS:** Kent Sharp, CEO of the DCOA, presented improvements needed at 4009/4109 Vine St. warehouse property for occupancy by Fehr Foods and a new five-year lease plan to include additional lease area and repayment of half of the

improvements cost. Currently, Fehr Foods leases Warehouses A, B, and C with 2 dock doors. The remaining Warehouses D and E with 6 dock doors are vacant. In order to accommodate Fehr Foods' pending expansion into cracker production, the company expressed a need for the remaining warehouse space and dock doors. Fehr Foods also requested improvements be made to all the warehouses in order to provide a safe work environment and meet FDA's food storage regulations. The improvements include remodeling the men's restroom in Warehouse A, demolition of walls in Warehouse C, repair of stucco and concrete walls in Warehouse D, and installation of a ventilation system to provide air flow in Warehouse A, B and C. Jacob & Martin designed the ventilation system and bids for all the improvements have been received. The total cost for warehouse improvements is \$135,343.

Fehr Foods agreed to pay one-half of the improvements cost plus half of last year's Warehouse D ventilation system installation, which totals about \$75,000. Fehr Foods will pay their portion of the cost as part of a monthly payment in their new 5-year lease effective immediately. For the new lease, the rental rate for the existing lease area A, B, and C will remain the same (\$1.67/sq ft/yr), the new areas D and E will be \$1.73/sq ft/yr (3.5 % increase), and an additional \$0.085/sq ft/yr will be added to all of the space as repayment of half of the total improvement cost.

Scott Senter moved to approve resolution DCOA-2014.45 authorizing \$135,343 for improvements to the warehouses located at 4009/4109 Vine St. and a new five year lease with Fehr Foods. Marelyn Shedd seconded and the motion carried.

6. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING THE PURCHASE OF APPROXIMATELY 80 ACRES OF VACANT LAND NEAR FIVE POINTS BUSINESS PARK:** Mr. Sharp explained there is approximately 80 acres of vacant land for sale north of Five Points Business Park. The seller, William J. Fulwiler, Jr. Estate, has agreed to sell the land for \$480,000 (\$6,000/acre). The DCOA will order a Phase 1 environmental study and survey of the land. The total funding requested is \$493,150; \$480,000 for purchase, \$3,750 for Phase 1 environmental study, \$6,900 for the land survey, and \$2,500 for estimated closing costs.

Dani Ramsey moved to approve resolution DCOA-2014.44 authorizing the purchase of approximately 80 acres of vacant land near Five Points Business Park and related costs for the purchase. John Beckham seconded and the motion carried.

7. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING AMENDED ASSISTANCE FOR BWJ CONSULTING, INC. (PROJECT BW):** Mr. Sharp explained that on June 10, 2014 the DCOA approved resolution DCOA-2014.33 authorizing assistance for Project BW, including Job Creation Incentives (\$114,000) and Capital Investment Incentives (\$425,000). The company will construct a new 28,400 sq ft facility and purchase new capital equipment totaling about \$3 million for its steel fabrication operation.

In process of working with the engineers at Jacob & Martin, the company was informed the water supply to the site will not provide enough volume to fight a potential fire. The least cost solution involves installing a new water line and 3 fire hydrants on site at about \$80,000.

The number of FTEs to be retained by the company dropped from 24 to 21 after a baseline job certification report was submitted for the 12 months ended 5-31-14.

Marelyn Shedd moved to approve resolution DCOA-2014.46 authorizing amended assistance for BWJ Consulting adding \$80,000 for fire protection improvements for total assistance of \$619,000 and reducing the job retention to 21 full-time equivalent employees. Dani Ramsey abstained from voting. Scott Senter seconded and the motion carried.

4. **EXECUTIVE SESSION – SESSION 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 September 23, 2014, and the time is 2:07 p.m. Later, President Copeland announced the date is still September 23, 2014, and the time is 4:18 p.m. No vote or action was taken in Executive Session.

8. **ADJOURNMENT:** The next meeting is scheduled for Thursday, October 16, 2014, at 1:30 p.m. There being no further business the meeting was adjourned.

Dave Copeland, President

MEMORANDUM

October 8, 2014

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

The sales tax rebate for October is \$3,474,640.97 which represents August sales. This is 6.57% above last year and 4.48% above the projected FY 15 budget amount. The breakdown of the October rebate is \$2,605,980.73 to the General Fund and \$868,660.24 for economic development. Of this rebate, \$78,605 is from prior periods, audit payments, future payments, and unidentified payments. This is the first rebate for our 2014-15 fiscal year. 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 2013-14	ECONOMIC DEVELOPMENT Actual 2013-14	TOTAL 2013-14	GENERAL FUND Actual 2014-15	ECONOMIC DEVELOPMENT Actual 2014-15	TOTAL 2014-15
October	\$2,445,377.87	\$815,125.96	\$3,260,503.83	\$2,605,980.73	\$868,660.24	\$3,474,640.97
YTD	\$2,445,377.87	\$815,125.96	\$3,260,503.83	\$2,605,980.73	\$868,660.24	\$3,474,640.97
November	2,690,282.27	896,760.76	3,587,043.03			
December	2,299,504.67	766,501.56	3,066,006.23			
January	2,232,726.16	744,242.05	2,976,968.21			
February	3,184,058.27	1,061,352.76	4,245,411.03			
March	2,231,833.90	743,944.63	2,975,778.53			
April	2,178,587.64	726,195.88	2,904,783.52			
May	2,944,225.82	981,408.61	3,925,634.43			
June	2,319,035.66	773,011.89	3,092,047.55			
July	2,382,921.14	794,307.05	3,177,228.19			
August	2,900,442.34	966,814.11	3,867,256.45			
September	2,537,417.37	845,805.79	3,383,223.16			
FY TOTAL	\$30,346,413.11	\$10,115,471.05	\$40,461,884.16			

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 to the State Comptroller 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 2013-14	Actual 2014-15	% Change
October	\$815,126	\$868,660	6.57%
YTD	\$815,126	\$868,660	6.57%
November	896,761		
December	766,502		
January	744,242		
February	1,061,353		
March	743,945		
April	726,196		
May	981,409		
June	773,012		
July	794,307		
August	966,814		
September	845,806		
FY TOTAL	\$10,115,471		

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 to the State Comptroller in accordance with GASB 33 requirements.

Revenue for October '14 represents August '14 sales. Approximately \$19,651 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 2010-11	Actual 2011-12	Actual 2012-13	Actual 2013-14	Actual 2014-15
October	\$661,859	\$890,386	\$855,868	\$815,126	\$868,660
YTD	\$661,859	\$890,386	\$855,868	\$815,126	\$868,660
November	774,838	964,808	891,956	896,761	
December	647,119	725,276	773,104	766,502	
January	693,114	941,066	728,710	744,242	
February	978,890	1,175,879	1,012,685	1,061,353	
March	646,308	732,189	821,529	743,945	
April	641,310	769,064	800,963	726,196	
May	948,413	977,461	965,056	981,409	
June	741,634	766,944	827,415	773,012	
July	749,767	756,886	826,951	794,307	
August	1,013,393	920,096	927,272	966,814	
September	799,173	800,200	797,862	845,806	
FY TOTAL	<u>\$9,295,819</u>	<u>\$10,420,256</u>	<u>\$10,229,372</u>	<u>\$10,115,471</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 to
the State Comptroller in accordance with GASB 33 requirements.

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: October 16, 2014

PROJECT: Texas Manufacturing Assistance Center Request for FY15 Funding

STAFF: Kent Sharp, CEO

GENERAL INFORMATION:

TMAC delivers hands-on technical assistance and training to a wide range of businesses, including manufacturing, government, and health care. They offer a wide array of services that improve efficiency, quality, and productivity. Focus areas include Lean Enterprise, technology solutions, strategic management, quality systems, environment and safety. Their mission is to increase the global competitiveness of the Texas economy by working with the extended manufacturing enterprise. Their objective is to develop a company's in-house expertise so that improvements are sustainable. In 16 years, TMAC has worked with more than 6,200 companies. In independent surveys, those customers have reported cumulative impacts totaling:

- \$1.8 billion in new or retained sales
- \$537 million in cost savings and cost avoidance on materials, labor, inventory and equipment
- More than 16,700 Texas jobs created or retained

TMAC is an affiliate of the Manufacturing Extension Partnership (MEP) program of the National Institute of Standards and Technology (NIST). The program is hosted by seven partner institutions: Texas Engineering Extension Service (TEEX), University of Texas at Arlington, University of Texas at El Paso, University of Houston, Southwest Research Institute, Texas Tech University, and University of Texas-Pan American. The TMAC West Texas is located in Lubbock and is affiliated with Texas Tech University. TMAC West Texas reports to the V.P. of Research and Graduate Services and is associated with the Small Business Development Center (SBDC) system.

In June 2004, the board approved total funding of \$60,000 to cost-share for TMAC services with local manufacturers. The funding was to extend through FY06, and was limited to \$7,500 per manufacturer per year. A total of \$40,925 was funded and the remainder was unencumbered. In September 2006, another \$60,000 was approved for FY07 through FY09, but the funding ran out by the end of 2008. In October 2008, the board approved another \$60,000 through FY11 at the same \$7,500/company/year rate.

TMAC's typical program included 2 days of training. They concluded in 2010 that about half of the companies served had difficulty initiating the agreed upon changes to operating procedures within that time, so they added a 3rd "jump start" day to help companies begin transformation immediately. It also gives the companies the much-needed initiation phase so they can sustain improvement. They tested the "jump start" approach and determined that it substantially improves implementation, quality and speed. In July of 2011, TMAC requested the DCOA amend the agreement with \$34,000 remaining to allow assistance for 3 companies through September 2011 at the increased rate of \$11,000/company for the new 3-day program. The board

also approved resolution DCOA-2011.20 authorizing \$88,000 for FY12 paid at \$11,000/manufacturer, \$33,000 of which was actually funded for three manufacturers. The remaining balance of \$55,000 was unencumbered.

In October 2012, the DCOA approved resolution DCOA-2013.02 \$110,000 to continue supporting TMAC through FY13 for 10 local companies. Two companies were assisted leaving \$88,000 unfunded. In December 2013, the board approved resolution 2014.10 and \$88,000 to continue the program through FY14. A total of 5 companies were assisted at a cost of \$55,000, leaving \$33,000 unfunded.

THE REQUEST:

TMAC's request for FY15 funding has increased significantly. According to Dr. Michael Sanders of TMAC in Lubbock, there are a couple of critical facts which will clarify the need for redefining Abilene projects starting this year (FY15):

- 1) To maintain our effectiveness and sustainability, we have determined that our services to rapidly growing companies require more time and resource. Therefore, we are offering comprehensive growth solutions. Instead of 3 days of onsite assistance coupled with 90 days of off-site support and follow up visits, it is much more effective to expand the onsite portion of our work by 200%-400%. We have already obtained internal approval to cover our contribution for this expanded approach.
- 2) To make our improved approach available to Abilene manufacturers, we propose increasing per project funds by DCOA to \$20,000 - \$25,000. This will assure that local companies may obtain complete assistance for assured and sustained gains over the long run. To keep DCOA informed we will submit financial requirements per project.
- 3) Growing companies require an ever expanding array of services, including marketing support, effective online/Internet visibility, and software solutions. Our end requires tremendous manpower and expertise to provide.

We strongly believe the above approach will be the most effective means to assure that DCOA's funds fulfill their mission. Our normal cost and efforts for one specific type of project will range from \$75,000-\$120,000 for 15-30 days of direct assistance followed by 180 days of support. We utilize expensive and advanced solutions and simulation concepts, which smaller companies cannot afford.

TMAC is requesting the DCOA consider funding for FY15 in the amount of \$125,000 payable at up to \$25,000/company for an expanded program of 15-30 days followed by 180 days of off-site support and follow-up visits. Dr. Sanders will be in attendance at the meeting to explain the newly expanded program.

FUNDING/FISCAL IMPACT:

\$125,000 through 9-30-15 limited to \$25,000/company/year.

STAFF RECOMMENDATION:

Staff recommends the board hear the request from Dr. Sanders and consider tabling approval of funding until the next board meeting.

ATTACHMENT:

A summary of all the companies assisted with DCOA funding.

Company	Amt. of Assistance	TMAC assistance provided
Red's Satellite Service	\$14,975	'05-Safety training for OSHA compliance, development of safety manual and procedures '07-Drug testing, pulmonary function testing of sandblasters, safety training for OSHA compliance, updating Employee Manual for OSHA compliance
Ab-Tex Beverage	\$14,950	'05-Safety training '07-DOT training, safety training for OSHA compliance, updating Employee Manual for OSHA compliance
Mrs. Baird's Bread	\$14,500	'06-Safety training, forklift operator certification, scissor lift operator, and fall protection '09-Principals of Lean Manufacturing and Value Stream Mapping training
Hartmann's, Inc.	\$4,000	'06-Enhanced order tracking software and SIO 9000 systems
Union Drilling	\$7,500	'06-Safety training (i.e. fire protection, fall protection, lifting techniques, good housekeeping bloodborne pathogens, forklift operating)
Ringo Drilling	\$7,500	'06-Safety training (i.e. fire protection, fall protection, lifting techniques, good housekeeping bloodborne pathogens, forklift operating)
E. C. Tool	\$7,500	'07-Safety training for OSHA compliance
Fehr Foods	\$7,500	'07-Safety training
Coca Cola Enterprises	\$18,500	'08-Development of purchasing management software '12-Operations and Energy user Evaluation of Abilene plant
Bandag	\$22,500	'08-Introduction to Process Auditing Approach for 8 attendees '09-Lean & Six Sigma Fundamentals training, and Lean Manufacturing and Value Stream Mapping training
Tige Boats	\$18,500	'08-Safety and Haz-Mat training '12-Principles of Lean Enterprise and Value Stream Mapping
Zoltek	\$18,500	'09-Lean Manufacturing training '14 - Comprehensive Power & Lean Assessments
Clear Fork, Inc.	\$3,500	'10-Petroleum Education Council basic orientation training
Broadwind Towers	\$22,000	'11-Principles of Lean Enterprise and Value Stream Mapping '14 - 5S Principle and Implementation Frame Work
Robinson Fans	\$33,000	'11-Lean Production Systems '12-Principles of Lean Enterprise and Value Stream Mapping '13- Applying and Implementing Comprehensive Lean Based Scheduling
Texas Aerospace	\$11,000	'11-Lean production Systems
Pactiv Industries	\$22,000	'13- Operations & Energy Use Evaluation '14- Hiring Process w/Lean Principles
Clavel Corporation	\$11,000	'14 - Lean Principles
Micrometals, Inc.	\$11,000	'14 - Comprehensive Power & Lean Assessments
TOTAL	\$269,925	