

PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. (DCOA) will be held on Tuesday, October 13, 2015, Develop Abilene Conference Room, 174 Cypress St., 3rd floor, Abilene, Texas, commencing at 1:30 p.m. to consider the following agenda:

SIGNED:



Kent Sharp, CEO of the DCOA

AGENDA

October 13, 2015
1:30 p.m.

Develop Abilene Conference Room
174 Cypress St., 3rd floor, Abilene, TX

1. Call the meeting to order.
2. Approval of minutes from the September 21, 2015 and October 8, 2015 board meetings.
3. October 2015 sales tax report and statement of net position for August 2015.
4. Executive Session:
The DCOA reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any item on the agenda, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.074 (Personnel Matters) see list below, and 551.087 (Business Prospect/Economic Development). After discussion in executive session, any action or vote will be taken in public.

(Personnel) Section 551.074
The DCOA, pursuant to the adopted Bylaws, may consider the appointment, employment and duties of certain positions as well as membership of certain committees.
5. Discussion and possible approval of a resolution authorizing amended assistance for Broadwind Towers.
6. Discussion and possible approval of a resolution authorizing a contract with Lydick Hooks for roof repairs at the Blue Cross Blue Shield building on Loop 322.
7. Discussion and possible approval of a resolution authorizing financial assistance for Abimar Foods for its production expansion.
8. Adjournment.

CERTIFICATE

I hereby certify that the above notice of meeting was posted on the bulletin board at the City Hall of Abilene, Texas, on the _____ day of _____, 2015, 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 21, 2015

MEMBERS PRESENT: Dave Copeland Marelyn Shedd Jack Rich

MEMBERS ABSENT: John Beckham Dani Ramsay

STAFF PRESENT: Kent Sharp Kim Tarrant Stan Smith

GUESTS PRESENT: Brooke Crum – Abilene Reporter News

1. CALL THE MEETING TO ORDER: President Dave Copeland called the meeting to order at 1:38 p.m. at 174 Cypress St., 3rd floor conference room, Abilene Texas.

2. APPROVAL OF MINUTES FROM THE SEPTEMBER 8, 2015 BOARD MEETING: Jack Rich moved to approve the minutes from the September 8, 2015, board meeting. Marelyn Shedd seconded and the motion carried.

3. SALES TAX REPORT FOR SEPTEMBER 2015: Kent Sharp, CEO of the DCOA presented the sales tax report for September 2015. The sales tax rebate was \$3,244,543.05 which represents July sales. Economic Development received \$811,135.76 which is 4.10% below last year and 2.03% above the revised FY15 budget amount. For the period October through September, sales tax is 4.32% above last year and .56% above the revised FY 15 budget amount. This rebate concludes the 2014-15 fiscal year.

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 21, 2015, and the time is 1:40 p.m. Later, President Copeland announced the date is still September 21, 2015, and the time is 2:55 p.m. No vote or action was taken in Executive Session.

5. DISCUSSION AND POSSIBLE APPROVAL OF FY16 CONTRACTS WITH CITY OF ABILENE FOR AIRPORT BUSINESS DEVELOPMENT, CITY OF ABILENE FOR BUSINESS SERVICES, ABILENE CHAMBER OF COMMERCE MILITARY AFFAIRS, ABILENE INDUSTRIAL FOUNDATION AND SMALL BUSINESS DEVELOPMENT CENTER: Dave Copeland presented to the board several annual contracts with requests for funding. Item B on the agenda is the City of Abilene for Business Services and Item C is the Abilene Chamber of Commerce Military Affairs. Both of these contracts still have details to be worked through and Mr. Copeland recommended those items be tabled until the next DCOA board meeting when they could be presented in final form.

Item A is the City of Abilene for Airport Business Development contract, Item D is the Abilene Industrial Foundation contract, and Item E is the Small Business Development Center contract. These are the same contracts as last year with updated dates and dollar amounts.

Marelyn Shedd moved to table action on Item B the Business Services contract and Item C the Military Affairs contract, and moved to approve funding for Item A Airport Business Development, Item D Abilene Industrial Foundation and Item E Small Business Development Center contracts. Jack Rich seconded and the motion passed.

6. **ADJOURNMENT:** There being no further business the meeting was adjourned.

Dave Copeland, President

DEVELOPMENT CORPORATION OF ABILENE, INC.
JOINT MEETING WITH ABILENE CITY COUNCIL
MINUTES
October 8, 2015

DCOA MEMBERS PRESENT:

Dave Copeland John Beckham Marelyn Shedd Dani Ramsay

CITY COUNCIL MEMBERS PRESENT:

Norm Archibald Shane Price Bruce Kreitler Anthony Williams
Jay Hardaway Steve Savage Kyle McAlister

STAFF PRESENT:

Kent Sharp Kim Tarrant Akane Thaxton Stanley Smith
Robert Hanna Chase Craig Danette Dunlap Cheryl Sawyers
Mindy Patterson Tommy O'Brien

GUESTS PRESENT:

Tom Stelman, Alex Cooke - TIP Strategies; Ray Ferguson, Scott Senter, Tucker Bridwell, Yvonne Batts – Strategic Planning Committee members; Brooke Crum - Abilene Reporter News; Judy Wilhelm-SBDC; Scott Hibbs, Justin Jaworski, Iris Kammerdiener, Charles Black, Joe Crawford, Joseph Crowe, Mike Dunnahoo, Billy Edwards, Larry Gill, Gail Gregg, Russell Guthrie, Sandra Harper, Seaton Higginbotham, Fred Lee Hughes, Erik Johnson, Joe Kimble, Kelly Kinard, Gail Lawrence, Dee Moore, DonMark Nickson, Jack Rentz, Ben Russell, Mary Ross, Jimmy Tittle, Adam Turner, David Young, H.C. Zachary - Abilene Industrial Foundation board members; Gary Grubbs, Abilene Chamber of Commerce, Brian Yates, Abilene Chamber of Commerce Military Affairs, Sheila Clark

1. CALL THE MEETING TO ORDER: Mayor Norm Archibald announced the City Council had been in session since 8:30 am and was still in session. DCOA President Dave Copeland called the meeting to order for the DCOA at 12:00 noon, 555 Walnut St., 2nd Floor, council chambers, Abilene, TX. Mr. Copeland turned the meeting over to Ray Ferguson, Chairman of the DCOA's Strategic Planning Committee, who announced this was also a joint meeting with the Strategic Planning committee and the Abilene Industrial Foundation. Scott Hibbs, President of the AIF Board, then opened the meeting of the AIF.

2. PRESENTATION AND UPDATE FROM TIP STRATEGIES: Mr. Ferguson gave a short review of the joint meeting on May 12, 2015, where an outline was given on performance goals for the strategic plan, which includes 1) Community Asset Report; 2) Target Industry Report & Service Delivery Evaluation; and 3) Strategic Goals and Objectives. A service delivery evaluation will then take place explaining what structure and process need to be in place for the best chance of success with the strategies identified. Finally, there will be the annual performance scorecard, wherein an evaluation will take place once a year for a five-year period to see how the plan is progressing. The first two phases have been completed by TIP Strategies and are ready to move forward to the next stage. Last phase will be developing specific strategies and processes to support the goals.

Mr. Ferguson turned the meeting over to Tom Stellman with TIP Strategies. Mr. Stellman touched on employment history in a recession. Abilene's rate of unemployment was low in 2007 compared to other metro areas. By 2013, Abilene had recovered 100% of the employment lost since 2007. The complaints from current employers include; 1) Finding and keeping the people needed to grow a business and remain competitive, and 2) Maintaining and growing a customer base. TIP looks at three areas in a community to see what opportunities are available, population growth, total employment and innovation index.

Strengths of the community are, 1) Abilene Christian University, McMurry University, Hardin Simmons University and Texas Tech University, 2) healthcare facilities, 3) Chamber's Military Affairs committee, which supports Dyess and is the strongest in the country, 4) sales tax revenue, 5) private sector groups, 6) downtown infrastructure, and 7) transportation links. With recent school and infrastructure bond elections Abilene is making investments in the future. Weaknesses include; 1) attracting and retaining talent, 2) low unemployment rate, 3) low wages, 4) empty buildings, 5) underdeveloped entrepreneurial culture, 6) lack of amenities, 7) small industrial manufacturing base, and 8) being an isolated geographic location. Threats include; 1) not moving beyond low cost business location, 2) future support for public funding of economic development, 3) BRAC, sequestration, and defense spending uncertainty, 4) long-term water resources, and 5) sustained low oil prices.

Opportunities for the community to grow include; 1) leveraging higher education, 2) promoting the Pine Street corridor for medical and education uses, 3) making the downtown area an employment center, 4) talent attraction, 5) development and retention, 6) building an entrepreneurship base, 7) using the presence of Dyess to help grow the economy, and 8) adding to the local talent selection. Abilene needs to think outside the box for opportunities but also press harder and be more aggressive on the traditional methods of economic development. The goal is to become a well-rounded community that attracts and keeps its talent.

After the presentation Mr. Stellman opened up a session of questions and comments from members of the audience to see if TIP had missed anything or if more specific information was needed on a particular topic discussed.

3. ADJOURNMENT: There being no further business the meeting was adjourned by both Mayor Norm Archibald and DCOA President Dave Copeland.

Dave Copeland, President

MEMORANDUM

October 7, 2015

TO: Robert Hanna, City Manager
FROM: Mindy Patterson, Director of Finance
SUBJECT: October Sales Tax

The sales tax rebate for October is \$3,274,726.40 which represents August sales. This is 5.75% below last year and 6.69% below the projected FY 16 budget amount. The breakdown of the rebate is \$2,456,044.80 to the General Fund and \$818,681.60 for economic development. Of this rebate, \$71,609 is from prior periods, audit payments, future payments, and unidentified payments. This is the first rebate for our 2015-16 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	ECONOMIC DEVELOPMENT	TOTAL	GENERAL FUND	ECONOMIC DEVELOPMENT	TOTAL
	Actual 2014-15	Actual 2014-15	2014-15	Actual 2015-16	Actual 2015-16	2015-16
October	\$2,605,980.73	\$868,660.24	\$3,474,640.97	\$2,456,044.80	\$818,681.60	\$3,274,726.40
YTD	\$2,605,980.73	\$868,660.24	\$3,474,640.97	\$2,456,044.80	\$818,681.60	\$3,274,726.40
November	2,963,660.77	987,886.92	3,951,547.69			
December	2,510,766.92	836,922.30	3,347,689.22			
January	2,394,359.96	798,119.98	3,192,479.94			
February	3,411,247.43	1,137,082.47	4,548,329.90			
March	2,278,078.73	759,359.57	3,037,438.30			
April	2,201,001.23	733,667.07	2,934,668.30			
May	3,058,881.51	1,019,627.17	4,078,508.68			
June	2,468,865.01	822,955.00	3,291,820.01			
July	2,336,436.58	778,812.19	3,115,248.77			
August	2,994,226.69	998,075.56	3,992,302.25			
September	2,433,407.29	811,135.76	3,244,543.05			
FY TOTAL	\$31,656,912.85	\$10,552,304.23	\$42,209,217.08			

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 2014-15	Actual 2015-16	% Change
October	\$868,660	\$818,682	-5.75%
YTD	\$868,660	\$818,682	-5.75%
November	987,887		
December	836,922		
January	798,120		
February	1,137,082		
March	759,360		
April	733,667		
May	1,019,627		
June	822,955		
July	778,812		
August	998,076		
September	811,136		
FY TOTAL	<u><u>\$10,552,304</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 to the State Comptroller in accordance with GASB 33 requirements.

Revenue for October '15 represents August '15 sales. Approximately \$17,902 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 2011-12	Actual 2012-13	Actual 2013-14	Actual 2014-15
October	\$890,386	\$855,868	\$815,126	\$868,660
FY TOTAL	<u>\$890,386</u>	<u>\$855,868</u>	<u>\$815,126</u>	<u>\$868,660</u>
November	964,808	891,956	896,761	987,887
December	725,276	773,104	766,502	836,922
January	941,066	728,710	744,242	798,120
February	1,175,879	1,012,685	1,061,353	1,137,082
March	732,189	821,529	743,945	759,360
April	769,064	800,963	726,196	733,667
May	977,461	965,056	981,409	1,019,627
June	766,944	827,415	773,012	822,955
July	756,886	826,951	794,307	778,812
August	920,096	927,272	966,814	998,076
September	800,200	797,862	845,806	811,136
YTD	<u><u>\$10,420,256</u></u>	<u><u>\$10,229,372</u></u>	<u><u>\$10,115,471</u></u>	<u><u>\$10,552,304</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 to the State Comptroller in accordance with GASB 33 requirements.

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DEVELOPMENT CORPORATION OF ABILENE
STATEMENT OF NET POSITION
August 31, 2015 and 2014

	August 2015	August 2014
Current Assets:		
Cash and cash investments	\$ 19,572,872	\$ 18,892,181
Accounts receivable	173,059	35,293
Due from other governments	1,847,609	1,702,786
Total Current Assets	21,593,540	20,630,260
Noncurrent Assets:		
Notes receivable	14,966,103	17,364,377
Capital assets	47,929,002	44,144,817
Accumulated depreciation	(8,633,256)	(7,776,020)
Total capital assets, net	39,295,746	36,368,797
Total Noncurrent Assets	54,261,849	53,733,174
Total Assets	\$ 75,855,389	\$ 74,363,434
Liabilities		
Current:		
Accounts payable	\$ 384,902	\$ 51,679
Total Current Liabilities	384,902	51,679
Total Liabilities	384,902	51,679
Net Position		
Net Investment in capital assets	39,295,746	36,368,797
Restricted for contractual obligations	9,444,680	32,434,550
Unrestricted, designated for purposes of trust	26,730,061	5,508,408
Total Net Position	75,470,487	74,311,755
Total Liabilities and Net Position	\$ 75,855,389	\$ 74,363,434

DEVELOPMENT CORPORATION OF ABILENE
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For eleven months ending August 31, 2015 and 2014

	August 2015	Fiscal YTD 2015	Fiscal YTD 2014
Revenues:			
Sales and use taxes	\$ 998,075	\$ 9,741,169	\$ 9,269,665
Interest income	4,181	111,834	106,866
Building rental / land lease	91,480	983,004	1,010,160
Sale of land	-	163,635	231,163
Miscellaneous revenue	29,446	596,706	170,437
Total Revenues	1,123,182	11,596,348	10,788,291
Expenses:			
Economic Development Projects	761,954	8,504,439	7,106,968
Life Sciences property maintenance	23,881	516,129	492,774
DCOA property maintenance	18,855	231,086	335,528
Abilene Industrial Foundation	25,071	341,270	621,910
TTU Small Business Development Center	13,500	134,381	167,175
Chamber Military Affairs	39,055	274,956	23,707
Airport Business Development Manager	15,617	103,835	130,526
Economic Development Operating Division	45,646	497,735	549,618
Total Expenditures	943,579	10,603,831	9,428,206
Changes In Net Position	179,603	992,517	1,360,085
Net Position at Beginning of Period	75,290,885	74,477,971	72,951,670
Net Position at End of Period	\$ 75,470,488	\$ 75,470,488	\$ 74,311,755

Summary of Current Period Economic Development Projects:

TTU Pharmacy School - Principal Reduction	\$ 93,312
TTU 842 Pine	158,000
TTU Nursing School - Principal Reduction	269,368
Rentech ' 12 - Principal Reduction	142,000
Hangar Doghouse A/E	910
Hangar Doghouse Construction	25,013
EASI De-Fuel Truck	1,750
Pine St Bldgs Hail Damage	17,385
Datrou Technologies	34,216
DCOA Strategic Planning	20,000
Total	\$ 761,954

**Development Corporation of Abilene
Economic Program Status
As of August 31, 2015**

Economic Programs:	Project	Amount Budgeted	Prior Years Disbursement	Current Year Disbursement	Balance reserved for budgeted programs
Murf Systems	4998	\$ 235,665	\$ 235,665	\$ -	\$ -
TTU Pharmacy School	5242	1,702,310	1,524,992	177,318	-
Pactiv (formerly PWP)	5251	2,933,899	2,507,899	-	426,000
Run Energy	5295	65,431	-	65,431	-
TTU 842 Pine	5308	690,998	532,998	158,000	-
Enavail, LLC	5316	386,240	386,240	-	-
Energy Maintenance Serv (Broadwind Serv)	5319	902,500	762,500	140,000	-
Pepsi Beverage Co.	5321	350,000	140,000	-	210,000
Cooperative Response Center	5324	217,260	211,483	5,777	-
Petrosmith Ph 1, 3 & 4	5330	640,360	418,700	221,660	-
Petrosmith Ph 5	5330.1	-	-	-	-
TTUHSC School of Nursing	5331	806,885	537,517	269,368	-
Vine St. Fehr Foods Improvements	5335.10	147,214	9,400	135,814	2,000
Fehr Foods '12	5340	510,000	340,000	170,000	-
Rentech '12	5342	315,800	173,800	142,000	-
Pactiv Compressor Construction	5344.2	335,306	335,306	-	-
Owens Machine & Tool	5345	151,000	35,363	29,318	86,319
Biotech Marketing and PR Plan	5346	118,400	117,076	125	1,199
Hangar Doghouses A/E	5348.1	423,000	235,156	64,138	123,706
Hangar Doghouses Construction	5348.2	2,732,618	247,560	2,214,876	270,182
Enterprise Dr. Extension A/E	5352.1	889,462	889,462	-	-
Enterprise Dr. Extension Construction	5352.2	276,792	276,792	-	-
EASI De-Fuel Truck	5354	64,260	35,000	17,500	11,760
Fehr Foods ' 13	5356	240,000	74,272	74,272	91,456
Tucker Energy Services	5359	504,327	-	91,030	413,297
Five Points Infrastructure	5359.1	1,000,000	137,491	-	862,509
Five Points Survey	5360	42,484	42,484	-	-
Five Pts / Polaris Dr A/E	5362.1	59,565	59,565	-	-
Polaris Drive Construction	5362.2	1,064,100	593,725	408,485	61,890
5 Pts RR Expansion	5363.1	30,800	-	11,000	19,800
Spec 3 Finish Out A/E	5364.1	658,389	410,100	198,289	50,000
Spec 3 Finish Out Construction	5364.2	1,980,812	835,058	1,067,255	78,499
842 Pine Boiler Replacement A/E	5365.1	76,285	70,712	5,573	-
842 Pine Boiler Replacement Equipment	5635.2	312,300	186,846	103,469	21,985
842 Pine Boiler Construction	5635.3	868,820	691,301	145,033	32,486
CarbonLITE Industries	5366	-	-	-	-
Fehr Foods Expansion	5368	4,123,000	-	1,501,958	2,621,042
Broadwind Towers 2014	5373	1,438,526	-	99,222	1,339,304
Fast Track Welding '14	5375	154,702	154,702	-	-
Corley Wetsel Trucking	5376	455,200	-	-	455,200
Clavel Corp	5377	77,717	12,745	18,405	46,567
Fehr Foods 14	5378	200,000	-	53,426	146,574
Gift Card System	5379	82,100	-	22,340	59,760
TTUHSC FY 15 ExperImmune	5380	1,029,012	888,050	60,613	80,349
Fulwiler Land Purchase	5381	496,807	4,800	488,256	3,751
BWJ Consulting	5382	619,000	-	117,293	501,707
Dyess Telecomm Upgrade	5383	23,000	6,935	-	16,065
Pine St. Buildings - Hail Damage	5384.1	10,000	-	9,844	156
Pine St. Buildings - Construction	5384.2	449,690	-	98,135	351,555
Datoo Technologies	5385	280,750	-	34,216	246,534
DCOA Strategic Planning	5386	130,000	-	85,000	45,000
Subtotal Economic Program Obligation Reserve		\$ 31,302,786	\$ 14,121,695	\$ 8,504,439	\$ 8,676,652

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Development Corporation of Abilene
 Economic Program Status
 As of August 31, 2015

Economic Programs:	Project	Amount Budgeted	Prior Years Disbursement	Current Year Disbursement	Balance reserved for budgeted programs
Plus Administrative Division Obligations:					
Economic Development Operating Division	Division 2760	609,580	-	497,735	111,845
Life Sciences Property Maintenance	Division 2765	597,340	-	516,129	81,211
DCOA Property Maintenance	Division 2775	324,430	-	231,086	93,344
Abilene Industrial Foundation	Division 2775	604,780	-	341,270	263,510
TTU Small Business Dev Center	Division 2775	152,200	-	134,381	17,819
Chamber Military Affairs	Division 2775	397,000	-	274,956	122,044
Airport Business Development Manager	Division 2775	182,090	-	103,835	78,255
Subtotal Administrative Divisions Obligation Reserve		\$ 2,867,420	\$ -	\$ 2,099,392	\$ 768,028
Total reserve for obligated programs					\$ 9,444,680

<i>DCOA Board approved projects waiting for signed contracts:</i>		Expiration Date
TTUHSC School of Public Health	\$ 1,951,431	8/24/15
Dyess JLUS	50,000	12/17/15
Industrial Workforce Training Program	70,000	2/11/16
Project Pike	160,000	1/27/16
Coca Cola Refreshments	<u>3,200,000</u>	1/27/16
	<u>\$ 5,431,431</u>	

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA
MEETING DATE: October 13, 2015

PROJECT: Broadwind Towers (formerly Tower Tech Systems) Amended Assistance

STAFF: Kent Sharp, CEO

BACKGROUND INFORMATION

Broadwind Towers, formerly known as Tower Tech Systems, Inc. dba Texas TTSI, Inc., is based in Manitowoc, Wisconsin and manufactures wind turbine towers. Broadwind also owns Broadwind Services, formerly Energy Maintenance Services, a wind turbine blade repair and gearbox refurbishment/repair operation in the former Lockheed plant.

Original Agreement: In 2008, the DCOA approved resolution DCOA-2008.14 authorizing an assistance package for Broadwind Towers in the total amount of \$3,816,250 in direct incentives for job creation of 150 and capital investment of \$20+ million for construction of a new manufacturing plant in the Five Points Business Park and equipment purchases. The package also includes indirect incentives totaling \$911,250 for job training through the Fast Track Welding Training program, conveyance by the DCOA of 41.6 acres on Arnold Blvd. (north of Pactiv Industries) valued at \$600,000, and rail service to the south boundary of the new construction site.

Addendum A: Broadwind Towers experienced higher than expected construction costs, due in large part to the topography of the land and their need for a large, compacted surface to store wind turbine towers. In October 2008, the DCOA approved an additional \$700,000 capital investment incentive paid at 10% of the company's actual cost, which was around \$27.5 million. Construction was completed in early 2009, and two Fast Track Welding training sessions were held in 2008 and early 2009.

Addendum B: The company signed a contract in 2011 with Caterpillar (CAT) to manufacture masts for heavy oilfield trucks used in this area. The company needed to add about 97 welders to fulfill the contract with CAT and to fulfill 2012 tower orders. On November 8, 2011, the DCOA approved resolution DCOA-2012.02 authorizing the reallocation of \$20,500 from job creation incentive funds to be used instead for advanced welder training conducted by TSTC for 15 current and returning employees. The employees were trained in late 2011 and payment was made for Advanced Gas Metal Arc Welding and Advanced Flux Cored Welding.

Addendum C: In February 2012, the DCOA approved resolution DCOA-2012.12 authorizing another reallocation of job creation incentive funds of \$30,000 to provide advanced welding training to 20 more employees plus \$8,400 for leadership training for the supervisory team. Twenty employees and 8 supervisors were trained in 2012 at a total cost of \$35,572.

Below is a summary of the assistance package as amended, which expired on 10-31-13:

	Original Agreement	Revised	Funded
Job Creation Incentive	\$1,816,250	\$1,757,350	\$1,241,539
Capital Investment Incentive	\$2,000,000	\$2,700,000	\$2,700,000
Conveyance/Sale of Land	\$600,000	\$600,000	\$600,000
RR Service Extension	\$236,250	\$236,250	\$236,250
Welder Training Assistance	\$75,000	\$75,000	\$70,226
Advanced Welder Training Assistance		\$49,500	\$49,490
Leadership Training Assistance		\$9,400	\$6,572
TOTAL	\$4,727,500	\$5,427,500	\$4,904,077

Due to the economic downturn, the company experienced layoffs and furloughs of employees. FTE counts reported by Broadwind Towers during the contract period are:

	FTE's Regular	FTE's Temporary	Total Jobs	Amt. Earned for New Jobs
Year 1- to 10/31/09	100.9		100.9	222,466.78
Year 2- to 10/31/10	87.1	11.0	98.1	234,006.99
Year 3- to 10/31/11	99.4	10.0	109.4	258,443.14
Year 4- to 10/31/12	62.24	8.6	70.8	176,434.41
Year 5- to 10/31/13	110.44	4.89	115.3	350,187.21
				1,241,538.53

Current Agreement: During the process of planning for expanded rail service in the Five Points Business Park, it became clear that we needed additional land, so on February 10, 2014, the board approved resolution DCOA-2014.20 authorizing incentives in exchange for the company's 4.6 undeveloped acres of land located at the south end of their tower storage lot, adjacent to the north end of the Spec 3 lot.

Also approved under resolution DCOA-2014.20 to help Broadwind expand its yard and prepare for installation of expanded rail service in Five Points:

1. Job Creation Incentive – The amount of \$516,000 was unearned by the company under the previous agreement, so it was re-approved for a 5-year job creation period during which Broadwind Towers can earn incentives for FTEs in excess of 115/year. **STATUS** - The company has earned through 10-31-14 (Year 1) a total of \$99,222 for 51.5 FTEs created in excess of 115 (total of 166.7 FTEs), which was applied toward the note balance described in #3. below.
2. Rail Spur Extension - In exchange for 4.6 undeveloped acres at the south end of Broadwind's storage yard, DCOA will extend a new railroad line on the west side of the existing drainage ditch to the north property line of Broadwind Towers' current storage yard and install a fence along the new property line between DCOA and Broadwind Towers in the event Broadwind Towers begins construction of a fence around their storage yard. The rail extension is estimated at \$200,000 and the fence at \$20,000. **STATUS** - The 4.6 acres (valued at \$68,985) were conveyed to DCOA and re-platted into the Spec 3 lot in 2014. The rail spur construction plans are currently being drawn-up. Broadwind recently installed fencing around its entire storage yard area.

3. 10.909 Acre Lot Sale to Company - DCOA will pay to level Lot 303, Block B (containing 10.909 undeveloped acres) through cut and fill at an estimated cost of \$74,700 so that the DCOA and Broadwind Towers are swapping level acres for level acres. This expense will be part of the total bid to construct Polaris Dr. After the lot is leveled DCOA will sell Lot 303, Block B to Broadwind Towers for \$15,000/acre, or \$163,635. DCOA will finance the purchase for up to 5 years at 0% interest, secured by a first lien on the lot, with Broadwind Towers pledging the first \$163,635 of earned job creation incentives toward reducing the note balance. **STATUS** – DCOA contracted with Epic Construction to grade and level Lot 303, Block B, which was completed in late 2014 at a cost of \$65,713 (a savings of \$8,987). The lot was sold to Broadwind Towers under a note dated 12-18-14. The company has earned through 10-31-14 a total of \$99,222 toward reducing the balance for 51.5 FTEs created in excess of 115. The current note balance is \$64,413.

4. Base Material Loan – Broadwind Towers has until March 1, 2017 to contract directly for the installation of compacted limestone base material on the 10.909 acre lot (if desired), at which time DCOA will finance up to 75% of the cost, in an amount not to exceed \$526,350 for 18” of base material or \$702,525 for 24” of base material, under a 5-year, 0% interest note secured by a 1st lien on the lot. The base material was bid last year by Epic Construction as a line item in the construction of Polaris Dr. The monthly payment will fully amortize the outstanding balance by the end of the note term and will be calculated assuming Broadwind Towers will earn the full job creation incentive of \$516,000 by note maturity (i.e., the amortization will be based upon the note amount less \$352,365, being the difference of \$516,000 and \$163,635, amortized over the note term). After the 10.909 acre lot note is fully earned, any earned job creation incentive payments will be applied to this note. **STATUS** – Broadwind Towers has not yet contracted to install the base material on the 10.909 acre lot.

THE PROJECT

Broadwind Towers recently decided the extended rail spur as described above in #2 would not benefit their operations. Instead, they request the board re-allocate the rail spur funds of \$200,000 as follows:

1. Fencing – The company recently installed security fencing around the entire perimeter of their property because of copper thefts. The total cost was \$163,300 for 4,265 LF, and the board already agreed to reimburse for fencing along the new property line dividing the Spec 3 lot from the company’s tower storage yard at an estimated cost of \$20,000. The actual per foot cost of the fencing is \$38.29, with the DCOA’s responsibility being 850 LF, or \$32,546. The difference of \$12,546 (\$32,546-\$20,000) is additional funding to be paid by DCOA, which is partially offset by the \$8,987 savings realized when the board performed cut and fill on the 10.909 acre lot in 2014.

In lieu of the previously approved rail spur construction, the remaining \$130,754 (\$163,300 - \$32,546) of the company’s fencing cost would also be reimbursed to the company. Of the \$200,000 originally approved for the rail spur, there will be \$69,246 left.

2. Base Material – The company is responsible for 25% of the base material on the 10.909 acre lot as described in #4 above, with DCOA financing 75% up to a maximum amount of \$526,350 for 18” of base material or \$702,525 for 24” of base material. The \$69,246

left over from the fencing project (as noted above in #1) would be reimbursed to the company as all or part of their 25% payment obligation for the base material. This payment along with the board's obligation to finance the remaining 75% of the base material stands, as long as the company contracts for the improvements before March 1, 2017. Otherwise, the assistance expires.

FISCAL IMPACT

Fencing of 850 LF - additional funding of \$12,546 over estimated amount of \$20,000.
Re-allocation of previously-approved funding of \$200,000.

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2016.01 recognizing the additional expense of \$12,546 for fencing as described above, and authorizing amended assistance for Broadwind Towers, which will re-allocate the \$200,000 originally approved for an extended rail spur to instead be used for fencing and base material as described above.

ATTACHMENTS

Resolution DCOA-2016.01

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RESOLUTION NO. DCOA-2016.01

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS AUTHORIZING AMENDED FINANCIAL ASSISTANCE FOR BROADWIND TOWERS (“COMPANY”).

WHEREAS, Broadwind Towers, formerly known as Tower Tech Systems, Inc. dba Texas TTSI, Inc., is based in Manitowoc, Wisconsin and manufactures wind turbine towers; and,

WHEREAS, in 2008, the DCOA approved resolution DCOA-2008.14 authorizing an assistance package for Company in the total amount of \$3,816,250 in direct incentives for job creation of 150 and capital investment of \$20+ million for construction of a new manufacturing plant in the Five Points Business Park and equipment purchases; and,

WHEREAS, the package also included indirect incentives totaling \$911,250 for job training through the Fast Track Welding Training program, conveyance by the DCOA of 41.6 acres on Arnold Blvd. (north of Pactiv Industries) valued at \$600,000, and rail service to the south boundary of the new construction site; and,

WHEREAS, Company experienced higher than expected construction costs, due in large part to the topography of the land and their need for a large, compacted surface to store wind turbine towers, so in October 2008, the DCOA approved an additional \$700,000 capital investment incentive paid at 10% of the company’s actual cost, which was around \$27.5 million; and,

WHEREAS, Company signed a contract in 2011 with Caterpillar (CAT) to manufacture masts for heavy oilfield trucks used in this area and needed to add about 97 welders, so on November 8, 2011, the DCOA approved resolution DCOA-2012.02 authorizing the reallocation of \$20,500 from job creation incentive funds to be used instead for advanced welder training conducted by TSTC for 15 current and returning employees; and,

WHEREAS, in February 2012, the DCOA approved resolution DCOA-2012.12 authorizing another reallocation of job creation incentive funds of \$30,000 to provide advanced welding training to 20 more employees plus \$8,400 for leadership training for the supervisory team; and,

WHEREAS, in February 2014, the DCOA approved resolution DCOA-2014.20 authorizing a new assistance package for Company’s growth including: 1) re-approving \$516,000 Job Creation Incentive funds that were unearned from the previous agreement for creation of FTEs in excess of 115, 2) in exchange for 4.6 undeveloped acres at the south end of Company’s storage yard, DCOA will extend a new railroad line to the north property line of Company’s current storage yard (est. at \$200,000) and install a fence along the new property line between DCOA and Company (est. at \$20,000 for 850 LF), 3) financing Company’s purchase of a DCOA-owned 10.909 acre lot located adjacent to Company’s existing storage yard, and 4) financing up to 75% of the cost, in an amount for either 18” or 24” of base material should Company determine to install base material on the 10.909 acre lot; and,

WHEREAS, Company recently decided the extended rail spur approved in 2014 would not benefit their operations, but instead they request the board re-allocate the rail spur funds of \$200,000 for security fencing and Company’s portion of the cost to install base material on the 10.090 acre lot; and,

WHEREAS, Company recently installed security fencing around the entire perimeter of its property at a per foot cost of \$38.29 totaling \$163,300, which equates to \$32,546 for the 850' property line between DCOA and Company and represents an additional cost of \$12,546 over the estimated amount of \$20,000; and,

WHEREAS, staff requests the DCOA acknowledge an additional expense of \$12,546 for fencing and authorize amended assistance for Company whereby \$200,000 originally approved for a rail spur extension is re-allocated for other purposes.

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

PART 1. DCOA hereby acknowledges the expense of Twelve Thousand Five Hundred Forty-Six and no/100's Dollars (\$12,546) over and above the estimated \$20,000 approved under resolution DCOA-2014.20 for fencing along the new property line between DCOA-owned land and Broadwind Towers' storage yard in the Five Points Business Park. Company's actual cost for the fencing is \$38.29/LF, or \$32,546 for the 850 LF that is DCOA's responsibility.

DCOA also authorizes amended assistance for Broadwind Towers, specifically re-allocation of the \$200,000 originally approved under resolution DCOA-2014.20 for an extended rail spur. The funds shall instead be used as follows:

Fencing - \$130,754 is to reimburse Company for the remainder of its cost for security fencing around the perimeter of its property (\$163,300 - \$32,546).

Base Material - \$69,246 is to reimburse Company for all or a portion of its 25% payment obligation for the base material on the 10.909 acre lot in the Five Points Business Park that was recently sold by DCOA to Company. This payment along with the DCOA's obligation to finance the remaining 75% of the base material stands, as long as the company contracts for the improvements before March 1, 2017. Otherwise, the assistance expires.

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 13th day of October, 2015.

ATTEST:

Dani Ramsay
Secretary/Treasurer

Dave Copeland
President

APPROVED:

Stanley Smith, Asst. City Attorney

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DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA
MEETING DATE: October 13, 2015

PROJECT: Blue Cross Blue Shield Roof Repairs Contract and Funding

STAFF: Kent Sharp, CEO

BACKGROUND

On June 12, 2014, the northern and eastern parts of Abilene were hit by a severe storm that produced baseball-sized hail stones. In addition to the life sciences properties on Pine St. (842 and 1325), the facility at 4002 Loop 322, occupied by Blue Cross Blue Shield, was also damaged. The facility is approximately 157,500 sq ft and is insured under the City of Abilene's self-insurance program. Because of the severity of the losses from the storm, all claims are being treated by Texas Municipal League (TML) as typical insurance claims.

THE REQUEST

The roof doesn't need to be replaced; however, a membrane material will be applied over the existing roof. The material is manufactured by Siplast out of Irving, TX, and is the company that currently warranties the existing roof material. Siplast developed specifications for the overlay project, which will extend the warranty on the roof another 10 years. Bill Noonan with Tittle Luther Partnership/Parkhill Smith & Cooper (TLP/PSC) reviewed the specs and developed an AIA contract for the project. This process is typical of all roofing projects covered under the City's insurance plan to ensure we receive the full RCV consideration. We don't anticipate a charge for TLP/PSC's work on this project.

Bids were received in April of this year from three contractors: 1) Lydick Hooks Roofing-\$875,000, 2) Empire Roofing of Ft. Worth-\$965,763, and 3) Tecta America of Amarillo-\$1,049,000. An updated bid from Lydick Hooks Roofing was received in September at the increased price of \$908,000.

The TML adjuster applied an RCV of \$619,615.58 and an ACV of \$452,379.91. Low values have been consistently applied to all properties, and since the low bid for this project is considerably higher, the City's Risk Management Dept. along with Bill Noonan of TLP/PSC will work with the adjuster to get these values in line with actual costs. The City's deductible amount for any single event is \$250,000, and fortunately, only a portion of that will likely be applied to the BCBS facility. At this time, we don't have an amount for which the DCOA is responsible.

Because it has been 16 months since the hail storm and the extent of the damage sustained to the BCBS facility roof, staff recommends the board contract with Lydick Hooks Roofing for the base proposal of \$908,000 plus a contingency of 5%. The actual cost to the DCOA will be considerably less when taking into consideration the newly adjusted RCV value and associated insurance claim amount, less a prorata portion of the deductible.

FISCAL IMPACT

Construction (Lydick Hooks) Base Proposal	\$908,000
5% Contingency	<u>\$ 45,400</u>
TOTAL Project Cost	\$953,400

The actual impact will be less once the RCV is settled and the insurance claim received.

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2016.02 authorizing a construction contract with Lydick Hooks Roofing for base proposal of \$908,000 to repair the roof at 4002 Loop 322. Also authorized is a contingency of 5%, or \$45,400.

ATTACHMENTS

Resolution No. DCOA-2016.02

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RESOLUTION NO. DCOA-2016.02

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS AUTHORIZING A CONTRACT FOR ROOF REPAIRS TO THE BLUE CROSS BLUE SHIELD BUILDING AT 4002 LOOP 322, ABILENE, TEXAS, WHICH WAS DAMAGED AS A RESULT OF THE JUNE 2014 HAIL STORM.

WHEREAS, on June 12, 2014, the northern and eastern parts of Abilene were hit by a severe storm that produced baseball-sized hail stones; and,

WHEREAS, in addition to the life sciences properties on Pine St., the facility at 4002 Loop 322, occupied by Blue Cross Blue Shield, was also damaged; and,

WHEREAS, the facility is approximately 157,500 sq ft and is insured under the City of Abilene's self-insurance program; and,

WHEREAS, the roof doesn't need to be replaced; however, a membrane material will be applied over the existing roof, which is manufactured by Siplast out of Irving, TX; and,

WHEREAS, Siplast developed specifications for the overlay project, which will extend the warranty on the roof another 10 years; and,

WHEREAS, Bill Noonan with Tittle Luther Partnership/Parkhill Smith & Cooper (TLP/PSC) reviewed the specs and developed an AIA contract for the project; and,

WHEREAS, bids were received in April of this year from three contractors: 1) Lydick Hooks Roofing-\$875,000, 2) Empire Roofing of Ft. Worth-\$965,763, and 3) Tecta America of Amarillo-\$1,049,000; and,

WHEREAS, an updated bid from Lydick Hooks Roofing was received in September at the increased price of \$908,000; however, the insurance adjuster applied an RCV of \$619,615.58 and an ACV of \$452,379.91; and,

WHEREAS, low values have been consistently applied to all properties, and since the low bid for this project is considerably higher, the City's Risk Management Dept. along with Bill Noonan of TLP/PSC will work with the adjuster to get these values in line with actual costs; and,

WHEREAS, because it has been 16 months since the hail storm and the extent of the damage sustained to the BCBS facility roof, staff recommends the board contract with Lydick Hooks Roofing for the base proposal of \$908,000 plus a contingency of 5%.

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

PART 1. DCOA hereby approves a contract with Lydick Hooks Roofing for roof repairs needed at 4002 Loop 322, occupied by Blue Cross Blue Shield, as a result of the June 2014 hail storm. The base proposal from Lydick Hooks Roofing is \$908,000 and the DCOA authorizes a 5% contingency of \$45,400 for total funding of Nine Hundred Fifty-Three Thousand Four Hundred and no/100's Dollars (\$953,400.00).

PART 2. Funding under this resolution is contingent upon execution of all necessary agreements.

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 13th day of October, 2015.

ATTEST:

Dani Ramsay
Secretary/Treasurer

Dave Copeland
President

APPROVED:

Stanley Smith, Acting City Attorney

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DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: October 13, 2015

PROJECT: Abimar Foods Expansion

STAFF: Kent Sharp, CEO

THE COMPANY

Abimar Foods (formerly Fehr Foods, Inc.) began operations in 1992 with 27 employees after Steve Fehr purchased the assets of Magic Dream Cookies from the FDIC and Bankruptcy Court. In 1997 Fehr Baking Company, Inc., a wholly-owned subsidiary was merged into Fehr and relocated to Abilene. The company manufactured cookies that were sold under the name of Lil' Dutch Maid and private labels.

In 2010, 100% of the stock of Fehr Holdings, LLC ("Fehr") was acquired along with its affiliates Fehr Foods, Inc., Oktex Baking, LP, and Oktex Baking GP, LLC. The company mainly merchandises its products under the brands Lil' Dutch Maid, Sun Valley, and Tru-Blu that are sold in 43 states in the United States, in Mexico, and in Panama. Grupo Nutresa's purchase of Fehr made the Abilene operation the only one in the U.S. In 2014, the corporate name was changed to Abimar Foods, Inc., while remaining a subsidiary of Grupo Nutresa.

The DCOA has assisted the company since 1992 with many of its expansion and capital investment projects. Employment has grown from 27 in 1992 to over 400. In 2004, the company began leasing Warehouse A totaling 70,000 sq ft at 4009 Vine St. from the DCOA for its warehousing operation. In 2011, when Affiliated Foods ceased operations in the remainder of the warehouses, Abimar began leasing the adjacent Warehouse B totaling 40,429 sq ft. In 2013, the company picked up Warehouse C totaling 29,044 sq ft and in 2015, they began leasing the final Warehouse D totaling 34,215 sq ft.

In October 2013 the company began its \$30 million expansion into crackers in the former Sam's Club on S. 1st St. The DCOA is currently under an agreement with the company to provide \$4,500,000 for capital investment, facility improvements, and equipment purchases. Also included is \$623,000 for creation of 105 new jobs in excess of the existing cookie production jobs at the N. 1st St. facility.

In 2014, the board assisted the company in the amount of \$200,000 with a capital project at the cookie production facility on N. 1st St., which included automated equipment, updated equipment, energy efficiency upgrades, employee safety upgrades, and environmental safety upgrades.

THE REQUEST

See attached.

FISCAL IMPACT

Capital Investment Incentive	\$1,500,000
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STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2016.03 authorizing assistance for Abimar Foods' expansion of its cookie and cracker production in the amount of \$1,500,000, forgiven over 5 years.

ATTACHMENTS

Resolution DCOA-2016.03

Project NEXT USA (AbiMar Foods)

AbiMar Foods was originally established as Fehr Foods, Inc. in Abilene, Texas in March of 1992. The manufacturing facility initially consisted of one shift, two ovens, three customers and approximately 40 different product items. Since then, the company has grown in every conceivable way.

The company makes cookies under the brand names Lil' Dutch Maid, Sun Valley and Tru-Blu. In October 2010, Fehr Foods was acquired by Grupo Nutresa, one of the largest food groups in South America. Their customers vary from local and regional distributors to the Fortune 500 retailers all over the U.S. and their brands continue to gain national recognition. With the acquisition came the change in name from Fehr Foods to AbiMar Foods.

Grupo Nutresa markets its products in 43 states and is currently exporting to Mexico, Central & South America and the Caribbean. Grupo Nutresa also produces 6 different segments: cold cuts, cookies and crackers, chocolates, coffee, ice cream and pasta. Since the acquisition, the company has grown its operations significantly by investing more than \$24 million in the newly acquired property on South 1st.

Project Description

Several months ago, AbiMar foods approached the AIF/DCOA about further expanding their footprint in Abilene by adding three additional production lines. At the time, the local leadership needed to discuss the concept with the parent company in Columbia before proceeding. As a result of that discussion, the parent company has expressed strong support for continued investment in their Abilene operations.

Currently, the company employs 410 people in both the cookie plant at their North 1st location and the cracker plant at their South 1st location. The expansion will be facilitated by \$15 million in additional investment that will result in an additional 50 jobs.

The focal point of the project is to: 1) Increase capacity in wirecuts and crèmes, 2) increase productivity, 3) reduce conversion costs and 4) consolidate some of their operations. The three additional production lines will include two for the production of crackers and one for the production of cookies. The new wirecut cookie line at the South 1st facility will be composed of completely new production equipment. It will also include state of the art packaging technology that will be the means by which the company increases efficiency and high volume production.

The company will also modify an existing cookie production line at their North 1st facility to run crème sandwich cookies instead of wirecut. Though this modification will utilize some existing equipment, it will require the purchase of several new pieces to fully accomplish the upgrade. A second modification at the North 1st facility will also be accomplished by adding an additional oven zone that will provide a necessary increase in capacity for special rotary products. As a result of these additional and modified lines, the company will increase bulk material storage in both the North 1st and South 1st plants.

Annual Economic Impact

It is estimated that the company generates \$149.7 million in direct economic output each year. Spin-off businesses in the community will produce \$60.5 million in economic output per year as a result of the local operations. In total, the company will support \$210.1 million in economic output per year on average. Economic output is the value of goods and services produced in the economy and can be thought of as revenues for businesses. The economic output calculations in this report were estimated using the RIMS II economic impact model and the firm's employment estimates. The employment

multiplier shows the number of spin-off jobs that will be created from each direct job. Similarly, the earnings multiplier estimates the wages to be paid to workers in the spin-off jobs for each \$1 paid to a direct worker.

Annual Impact of the Company on the Local Economy	
Direct, indirect jobs and total jobs	406 357 763
Annual direct and indirect salaries	\$22,273,860
Local taxable sales	\$11,173,195
Local lodging sales	\$24,000
Direct Economic Output	\$149,671,162
Indirect Economic Output	\$60,452,182
Total Economic Output	\$210,123,344
Property on local tax rolls:	
The company's property	\$51,212,000,000
Residential property owned or occupied by direct & indirect workers	\$64,327,433
Total property on local tax rolls supported by the company	\$51,276,327,433

Multiplier Reference Table				
Multiplier	Project	Lowest	Mean	Highest
Earnings Multiplier	0.8100	0.3226	0.6429	2.1338
Employment Multiplier	0.8791	0.1694	0.7801	4.7337

The earnings and employment multipliers are used to determine the "spin-off jobs" and wages to be paid as a result of the project.

Total Annual Tax Revenues for Local Taxing Districts	
Total Tax Collections	
Sales Taxes	\$223,464
Hotel Occupancy Taxes	\$1,680
Property Taxes	\$1,242,681,795
Total	\$1,242,906,939

Estimated Economic Impact (10 year)

A summary of the firm's economic impact on the Taylor County area over the first 10 years is shown below. On average, the firm will generate \$20.2 million in direct economic output over the next 10 years. Spin-off businesses in the community will produce \$8.2 million in economic output per year as a result of the firm. In total, the firm will support \$28.3 million in economic output per year on average. Economic output is the value of goods and services produced in the economy and can be thought of as revenues for businesses. The economic output calculations in this report were estimated using the RIMS II economic impact model and the firm's employment estimates.

Economic Impact Over the First 10 Years			
Impact Category	Direct	Indirect & Induced	Total
Total number of permanent direct and indirect jobs to be created	50	44	94
Salaries to be paid to direct and indirect workers	\$13,687,151	\$11,586,083	\$27,773,744
Economic output supported	\$201,829,737	\$81,519,031	\$283,348,768
Number of direct and indirect workers who will move to the City	3	2	5

Number of new residents in the City	8	5	13
Number of new residential properties to be built in the City	1	0	1
Number of new students expected to attend local school district	2	1	5
Taxable sales and purchases expected in the City	\$6,511,028	\$42,880	\$107,200
The value of new residential property to be built for direct and indirect workers who move to the City by Year 10	\$64,320	\$42,880	\$107,200
The market value the firm's property on local tax rolls in Year 1	\$15,000,000	\$0	\$15,000,000

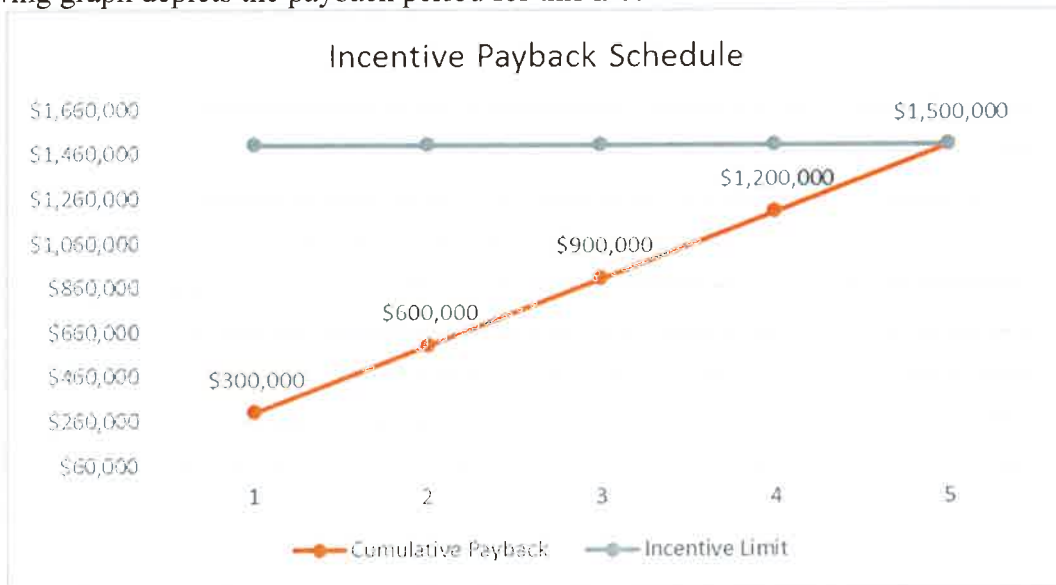
Net Benefits Over the First 10 Years for Local Taxing Districts				
	Additional Benefits	Additional Costs	Net Benefits	Present Value of Net Benefits*
City of Abilene	\$885,777	(\$115,138)	\$770,640	\$635,254
Taylor County	\$447,930	(\$10,676)	\$437,254	\$360,545
Abilene ISD	\$1,198,277	(\$1,031,024)	\$167,253	\$136,809
Total	\$2,531,984	(\$1,156,837)	\$1,375,147	\$1,132,609

Incentive Summary

Discussions with company representatives indicated that the DCOA's support would play a key role in determining whether or not the expansion of the business would take place. At a minimum, the leadership expressed a strong interest in the DCOA's support in the amount up to 15% of the total capital investment, estimated at \$15 million.

Staff recommends an incentive not to exceed 10% capital investment for an estimated \$1,500,000 in total value. The incentive would be paid to the company in Year 1 for the first \$1.5 million in expenditures. The money would be granted as a forgivable loan and backed by a lien against the company's plant on South 1st with terms to be provided in the Agreement for Financial Assistance that is reduced on an annual basis in the amount of \$300,000 for a term of 5 years.

The following graph depicts the payback period for this incentive.



4
7.4

Timing

The company is considering the implementation of this project in the coming 2 to 3 months, depending on certain criteria. DCOA participation will greatly determine whether or not the company pursues an aggressive purchase of equipment that will facilitate the expansion.

RESOLUTION NO. DCOA-2016.03

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS, AUTHORIZING ASSISTANCE TO ABIMAR FOODS INC. (“ABIMAR”) FOR ITS PRODUCTION EXPANSION.

WHEREAS, Abimar (formerly Fehr Foods) began operations in 1992 with 27 employees and manufactured cookies that were sold under the name of Lil’ Dutch Maid and private labels; and,

WHEREAS, on October 15, 2010, 100% of the stock of Fehr Holdings, LLC (“Fehr”) was acquired along with its affiliates by Grupo Nutresa (holding company), which is devoted to the production and merchandising of cookies through its two production platforms, one located in Texas and the other in Oklahoma; and,

WHEREAS, the DCOA has assisted the company since 1992 with many of its expansion and capital investment projects; and,

WHEREAS, employment has grown from 27 in 1992 to over 400; and,

WHEREAS, in October 2013, the company began its \$30 million expansion into crackers in the former Sam’s Club on S. 1st St. with the DCOA providing \$4,500,000 for capital investment, facility improvements, and equipment purchases; and,

WHEREAS, also included is \$623,000 for creation of 105 new jobs in excess of the existing cookie production jobs at the N. 1st St. facility; and,

WHEREAS, in 2014, the board assisted the company in the amount of \$200,000 with a capital project at the cookie production facility on N. 1st St., which included automated equipment, updated equipment, energy efficiency upgrades, employee safety upgrades, and environmental safety upgrades; and,

WHEREAS, several months ago, AbiMar approached the AIF/DCOA about further expanding its footprint in Abilene by adding three additional production lines at a cost of \$15,000,000 and an estimated 50 new jobs; and,

WHEREAS, the focal point of the project is to: 1) Increase capacity in wirecuts and crèmes, 2) increase productivity, 3) reduce conversion costs and 4) consolidate some of their operations; and,

WHEREAS, staff recommends an incentive not to exceed 10% capital investment for an estimated \$1,500,000 in total value.

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

PART 1. DCOA hereby authorizes assistance for Abimar Foods for its production expansion in an amount not to exceed One Million Five Hundred Thousand and no/100’s Dollars (\$1,500,000.00) at 10% for the company’s projected capital investment totaling approximately \$15 million. The incentive will be paid to the company in Year 1 for the

first \$1.5 million in expenditures. The money would be granted as a forgivable loan and backed by a lien against the company's plant on South 1st with terms to be provided in the Agreement for Financial Assistance that is reduced on an annual basis in the amount of \$300,000 for a term of 5 years.

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 13th day of October, 2016.

ATTEST:

Dani Ramsay
Secretary/Treasurer

Dave Copeland
President

APPROVED:

Stanley Smith, Acting City Attorney

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