

PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, November 17, 2015, at 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

AGENDA

November 17, 2015
1:30 p.m.

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

1. Call the meeting to order.
2. Approval of minutes from the October 26, 2015, board meeting.
3. Sales tax report for November 2015 and Preliminary September 2015 financial reports.
4. Presentation and possible approval of the FY15 Annual Report of Activities of the Development Corporation of Abilene, Inc.
5. Executive Session:
The DCOA reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any item on the agenda, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.074 (Personnel Matters) see list below, and 551.087 (Business Prospect/Economic Development). After discussion in executive session, any action or vote will be taken in public.

(Personnel) Section 551.074
The DCOA, pursuant to the adopted Bylaws, may consider the appointment, employment and duties of certain positions as well as membership of certain committees.
6. Discussion and possible approval of a resolution authorizing assistance for Project Thread Count.
7. Discussion and possible approval of a resolution authorizing additional assistance for Prairie Dog Pet Products (also known as Project Goldstar).
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
October 26, 2015

MEMBERS PRESENT:	Dave Copeland John Beckham	Dani Ramsay	
MEMBERS ABSENT:	Jack Rich	Marelyn Shedd	
STAFF PRESENT:	Kent Sharp	Kim Tarrant	Stanly Smith
GUESTS PRESENT:	Brian Yates Kate Alvarez Judy Wilhelm Justin Jaworski Brooke Crum	Chamber Military Affairs Committee Abilene Regional Airport Small Business Development Center Abilene Industrial Foundation Abilene Reporter News	

- 1. CALL THE MEETING TO ORDER:**
President Dave Copeland called the meeting to order at 1:30 p.m. at 174 Cypress St., 3rd floor conference room, Abilene Texas.

- 2. APPROVAL OF MINUTES FROM THE OCTOBER 13, 2015, BOARD MEETING:**
John Beckham moved to approve the minutes from the October 13, 2015 board meeting. Dani Ramsay seconded and the motion carried.

- 3. PRESENTATION OF ANNUAL REPORTS FOR FISCAL YEAR ENDED SEPTEMBER 30, 2015 BY: TEXAS TECH UNIVERSITY SMALL BUSINESS DEVELOPMENT CENTER, ABILENE INDUSTRIAL FOUNDATION, ABILENE CHAMBER OF COMMERCE MILITARY AFFAIRS COMMITTEE, AND CITY OF ABILENE AIRPORT BUSINESS DEVELOPMENT MANAGER:**
Texas Tech University Small Business Development Center (SBDC):
Judy Wilhelm, Director of the SBDC, presented their FY15 annual report to the DCOA. During FY15 SBDC helped 375 business owners in Abilene by providing them business counseling sessions at no charge. SBDC provided 1,368 counseling sessions resulting in the creation of 188 jobs and 39 new businesses. A total of 2,103.50 counseling hours were billed to the DCOA. As of October 1, 2015 SBDC transitioned to the new name America's SBDC at Texas Tech.

Abilene Industrial Foundation (AIF):

Justin Jaworski, Director of Business and Marketing for the AIF presented their annual report for FY15. Projects this past year include the “Made in Abilene” series published in the Chamber quarterly publication “Connection” highlighting products of local manufacturers; plus the consolidated Sites and Buildings database, which provides a more accurate list of available real estate in Abilene. AIF purchased an Econometric model, a tool being used to gauge the impact of future prospects and projects. The AIF will continue to sponsor two events aimed at maintaining existing relationships with employers, Semi-Annual Manufacturers luncheon and the Business Retention/Expansion luncheon.

Abilene Chamber of Commerce Military Affairs:

Brian Yates, Vice President for Military Affairs, presented the annual report for FY15. The Military Affairs Committee (MAC) hosted the 50th Annual “World’s Largest Barbeque” in May during the two-day airshow at Dyess. In September the MAC led an Abilene Civic Leader trip to Washington D.C., meeting with senior executives at the Pentagon, members of Congress, and various staffers on key defense committees. The Chamber led several successful outreach and informational activities and is developing plans to increase both the involvement and effectiveness of MAC volunteers. The Chamber will continue to pursue the potential for Dyess to be one of the bases selected for the Air Force’s new Long Range Strike Bomber.

City of Abilene Airport Business Development (ABI):

Kate Alvarez, Marketing and Development Manager of Abilene Regional Airport presented their FY 15 annual report. After a record year in FY14, enplanements are down 6% in FY15 due to ABI seeing a larger cost spread between American Airline fares at ABI and DFW, recent lower oil prices and the economy overall slowing down. Revenue from rental cars went up 1.05% and parking lot revenue was down 4.28%. ABI’s current marketing avenues are TV, radio, sponsorships and social media with Instagram added this year. Mike Boyd of Boyd Group International met with City Council, DCOA and Airport Development Board in February to provide his candid outlook on additional air service feasibility. ABI will continue to study the airline market in Abilene and promote ABI as the airport of choice.

5. **UNTABLE AND POSSIBLE APPROVAL OF THE FY16 CONTRACT WITH THE CHAMBER MILITARY AFFAIRS COMMITTEE:** Dave Copeland presented to the board the FY16 contract with the Chamber Military Affairs Committee. The contract, updated this year, changes from strictly a consultant based structure to one that allows Brian Yates, VP for Military Affairs, to be full time. He will meet with consultants when needed, stay within the fund allocation and have flexibility to draw resources as necessary.

John Beckham moved to untable the item and approve the FY16 contract. Dani Ramsay seconded and the motion carried.

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 October 26, 2015, and the time is 2:25 p.m. Later, President Copeland announced the date is still October 26, 2015, and the time is 3:15 p.m. No vote or action was taken in Executive Session.

6. ADJOURNMENT:

There being no further business the meeting was adjourned.

Dave Copeland, President

MEMORANDUM

November 4, 2015

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

The sales tax rebate for November is \$3,920,003.85 which represents September sales. This is .80% below last year and 1.78% below the projected FY 16 budget amount. The breakdown of the rebate is \$2,940,002.89 to the General Fund and \$980,000.96 for economic development. Of this rebate, \$79,292 is from prior periods, audit payments, future payments, and unidentified payments. For the period of October through November, sales tax is 3.12% below last year and 4.08% below the projected FY 16 budget amount. I have requested the detail from the state.

Should you have any questions, please contact me.

MP:ls

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
November	2,963,660.77	987,886.92	3,951,547.69	2,940,002.89	980,000.96	3,920,003.85
YTD	\$5,569,641.50	\$1,856,547.16	\$7,426,188.66	\$5,396,047.69	\$1,798,682.56	\$7,194,730.25
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%
November	987,887	980,001	-0.80%
YTD	\$1,856,547	\$1,798,683	-3.12%
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	\$10,552,304		

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 November '15 represents September '15 sales. Approximately \$19,823 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	Actual 2015-16
October	\$890,386	\$855,868	\$815,126	\$868,660	\$818,682
November	964,808	891,956	896,761	987,887	980,001
FY TOTAL	<u>\$1,855,194</u>	<u>\$1,747,824</u>	<u>\$1,711,887</u>	<u>\$1,856,547</u>	<u>\$1,798,683</u>
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.

DEVELOPMENT CORPORATION OF ABILENE
STATEMENT OF NET POSITION
September 30, 2015 and 2014
Preliminary

	September 2015	September 2014
Current Assets:		
Cash and cash investments	\$ 20,306,992	\$ 17,968,363
Accounts receivable	173,059	37,413
Due from other governments	1,847,609	1,702,786
Prepaid expense	8,200	-
	<u>22,335,860</u>	<u>19,708,562</u>
Total Current Assets		
Noncurrent Assets:		
Notes receivable	14,932,770	17,270,577
Capital assets	47,929,002	44,144,817
Accumulated depreciation	(8,633,256)	(7,776,020)
	<u>39,295,746</u>	<u>36,368,797</u>
Total capital assets, net		
	<u>54,228,516</u>	<u>53,639,374</u>
Total Noncurrent Assets		
	<u>\$ 76,564,376</u>	<u>\$ 73,347,936</u>
Total Assets		
Liabilities		
Current:		
Accounts payable	\$ 870,510	\$ 1,746,692
	<u>870,510</u>	<u>1,746,692</u>
Total Current Liabilities		
	<u>870,510</u>	<u>1,746,692</u>
Total Liabilities		
	<u>870,510</u>	<u>1,746,692</u>
Net Position		
Net Investment in capital assets	39,295,746	36,368,797
Restricted for contractual obligations	8,549,691	29,822,746
Unrestricted, designated for purposes of trust	27,848,429	5,409,701
	<u>75,693,866</u>	<u>71,601,244</u>
Total Net Position		
	<u>\$ 76,564,376</u>	<u>\$ 73,347,936</u>
Total Liabilities and Net Position		

DEVELOPMENT CORPORATION OF ABILENE
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ending September 30, 2015 and 2014
Preliminary - Budget Basis

	September 30, 2015	Fiscal YTD 2015	Fiscal YTD 2014
Revenues:			
Sales and use taxes	\$ 811,135	\$ 10,552,304	\$ 10,115,471
Interest income	4,670	116,504	110,588
Building rental / land lease	87,891	1,070,896	1,094,173
Sale of land	-	163,635	382,197
Miscellaneous revenue	14,778	611,483	181,379
Total Revenues	918,474	12,514,822	11,883,808
Expenses:			
Economic Development Projects	322,391	8,826,830	10,501,079
Life Sciences property maintenance	38,303	554,433	527,523
DCOA property maintenance	25,421	256,506	362,064
Abilene Industrial Foundation	69,112	410,382	791,941
TTU Small Business Development Center	23,381	157,763	193,706
Chamber Military Affairs	116,426	391,382	100,000
Airport Business Development Manager	35,607	139,442	158,479
Economic Development Operating Division	64,455	562,189	599,442
Total Expenditures	695,096	11,298,927	13,234,234
Changes In Net Position	223,378	1,215,895	(1,350,426)
Net Position at Beginning of Period	75,470,488	74,477,971	72,951,670
Net Position at End of Period	\$ 75,693,866	\$ 75,693,866	\$ 71,601,244 A

Summary of Current Period Economic Development Projects:

Hangar Doghouse A/E	5,860
Hangar Doghouse Construction	97,435
EASI De-Fuel Truck	3,500
Pine St Bldgs Hail Damage A/E	172
Pine St Bldgs Hail Damage Construction	195,424
DCOA Strategic Planning	20,000
Total	\$ 322,391

A: Reconciliation to Beginning Fund Balance - FY 15

FY 14 Net Position before audit accruals	71,601,244
Add: Fixed assets capitalized	4,283,089
Add: Gain on sale of assets	29,055
Add: Change in sales tax revenue accrual	144,823
Add: Accrual for capital contributions	68,895
Less: Change in accrued expenses	(195,285)
Less: Proceeds from sale of land	(352,047)
Less: Depreciation	(1,101,803)
	74,477,971

**Development Corporation of Abilene
Economic Program Status
As of September 30, 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	145,214	9,400	135,814	-
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	117,201	117,076	125	-
Hangar Doghouses A/E	5348.1	423,000	235,156	69,998	117,846
Hangar Doghouses Construction	5348.2	2,732,618	247,560	2,312,310	172,748
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	21,000	8,260
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	1,002,210	593,725	408,485	-
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	290,315	186,846	103,469	-
842 Pine Boiler Construction	5635.3	836,334	691,301	145,033	-
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	948,663	888,050	60,613	-
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	10,016	-	10,016	-
Pine St. Buildings - Construction	5384.2	449,690	-	293,560	156,130
Datroo Technologies	5385	280,750	-	34,216	246,534
DCOA Strategic Planning	5386	130,000	-	105,000	25,000
Subtotal Economic Program Obligation Reserve		\$ 31,102,893	\$ 14,121,695	\$ 8,826,830	\$ 8,154,368

**Development Corporation of Abilene
Economic Program Status
As of September 30, 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	-	562,189	47,391
Life Sciences Property Maintenance	Division 2765	597,340	-	554,433	42,907
DCOA Property Maintenance	Division 2775	324,430	-	256,506	67,924
Abilene Industrial Foundation	Division 2775	604,780	-	410,382	194,398
TTU Small Business Dev Center	Division 2775	152,200	-	157,763	(5,563)
Chamber Military Affairs	Division 2775	397,000	-	391,382	5,618
Airport Business Development Manager	Division 2775	182,090	-	139,442	42,648
Subtotal Administrative Divisions Obligation Reserve		\$ 2,867,420	\$ -	\$ 2,472,097	\$ 395,323
Total reserve for obligated programs					\$ 8,549,691

DCOA Board approved projects waiting for signed contracts:

		Expiration Date
TTUHSC School of Public Health	\$ 1,951,431	12/24/15
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	3,200,000	1/27/16
Prairie Dog Pet Products (Project Goldstar)	4,000,000	3/8/16
	<u>\$ 9,431,431</u>	

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA
MEETING DATE: November 17, 2015

PROJECT: DCOA Annual Report of Activities for FY15

STAFF: Kent Sharp, CEO

GENERAL INFORMATION:

The By-laws of the DCOA require an annual status report be submitted to the City Council.

SPECIAL CONSIDERATIONS:

The DCOA's FY15 Annual Report covers activities for the period ended 9-30-15 and is the twenty sixth annual report submitted by DCOA since its inception. The City Council will consider the report on December 17, 2015.

FISCAL IMPACT:

None.

STAFF RECOMMENDATION:

Staff recommends the Board approve the DCOA's FY15 Annual Report.

ATTACHMENT:

DCOA's FY15 Annual Report of Activities

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DEVELOPMENT CORPORATION OF ABILENE

ANNUAL REPORT OF ACTIVITIES
October 2014 – September 2015

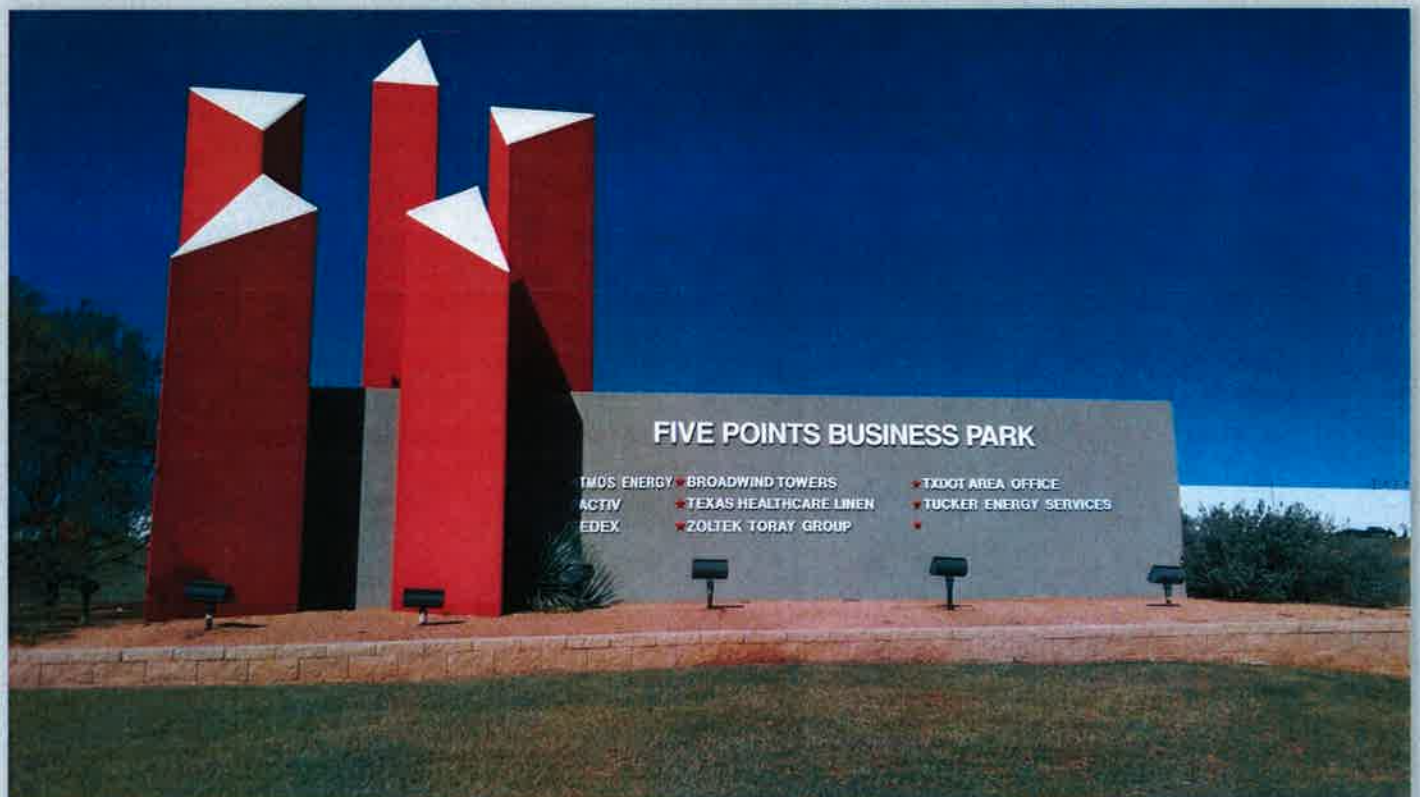


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DEVELOPMENT CORPORATION OF ABILENE

HISTORY:

In 1989, this community set a precedent for the rest of Texas when Abilenians voted to become the first community to adopt a half-cent sales tax devoted specifically to economic development. On November 16, 1989, City Council authorized the creation of the Development Corporation of



Goals:

The DCOA has identified six key goals for its economic development efforts.

1. To make Abilene competitive in the attraction of business and industry in order to create new, sustainable jobs.
2. To create new jobs and retain existing jobs by providing assistance to existing and emerging businesses.
3. To strengthen and expand the skills of the Abilene labor force.
4. To strengthen and revitalize downtown Abilene.
5. To increase the number and size of minority-owned, woman-owned, small and entrepreneurial businesses in Abilene.
6. To effectively administer the sales tax revenue.



Mission Statement:

The mission of the Development Corporation of Abilene, Inc. is to use sales tax revenue to effectively stimulate Abilene's economic growth. This is done by assessing the community's economic development needs, developing a plan to meet those needs, coordinating community economic development efforts, and supporting targeted activities that enhance the quality of life in the community and maximize the public's return on invested tax dollars.



LETTER FROM THE CEO

Fiscal year 2014-2015 was a very good year for the Development Corporation of Abilene (DCOA). Throughout our twenty-five year history the DCOA has helped companies and organizations create thousands of jobs and invest hundreds of millions of dollars into the Abilene community. We are happy to announce several new projects being added to our roster of successes.

A \$2.5 million project to expand hangar 1 at the Abilene Regional Airport used by Eagle Aviation Services to accommodate the new Embraer 175 regional jet, which is much larger than the current Embraer 145RJ. This addition allows Eagle Aviation to continue its superior service to Envoy, the regional affiliate to American Airlines, as well as maintain its 450 good jobs in Abilene.



In partnership with Texas Tech University Health Sciences Center and other local organizations, the DCOA was able to provide an incentive for construction of the new TTUHSC School of Public Health in Abilene. The new school will be the fourth on the Abilene campus, joining the Schools of Pharmacy, Nursing and Biomedical Sciences.

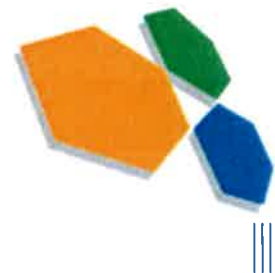
The DCOA joined with area high schools, Cisco College and Workforce Solutions of West Central Texas to create a much needed industrial workforce training program. Each year area high school students will be enrolled in classes to provide education and training in industrial plumbing, HVAC, electrical, welding and industrial maintenance, with opportunities for possible paid internships with local employers. After graduation from high school these students will have the advanced skills needed to apply for jobs with good wages in the industrial workforce of Abilene.

An incentive package was approved for Coca Cola Refreshments to allow the company to expand their production in Abilene by increasing the manufacturing technology inside the local plant. This \$32 million capital expenditure by Coca Cola Refreshments will help keep the Abilene plant competitive with other U.S. plants under the Coca Cola umbrella.

A private sector win for Abilene was the announcement of Prairie Dog Pet Products choosing Abilene as the site for their new \$30 million manufacturing and processing facility. Abilene competed with ten other states and over a dozen cities for this project. The company will not only invest millions in the new facility, but will also create over 200 new jobs when fully operational.

As I look back over my first year in Abilene, I am proud of our efforts to enhance economic development in Abilene. I would be remiss if I did not take this opportunity to thank all of our partners for their outstanding dedication to this process. Develop Abilene is a team sport and the players include the DCOA, America's Small Business Development Center, Abilene Industrial Foundation, Abilene Chamber of Commerce, City of Abilene, Workforce Solutions of West Central Texas, as well as local school districts and our local institutions of higher education.

Kent Sharp, CEO
Development Corporation of Abilene



Board of Directors:

President:
Dave Copeland
 Vice President:
Marelyn Shedd
 Secretary/Treasurer:
Dani Ramsay
 Members:
John Beckham
Jack Rich

Staff:

Chief Executive Officer:
Kent Sharp
 Chief Administrative Officer:
Kim Tarrant
 Economic Development Specialist:
Akane Thaxton
 Project Manager:
Don Hardin
 Administrative Coordinator:
Cynthia Nesmith



Develop Abilene

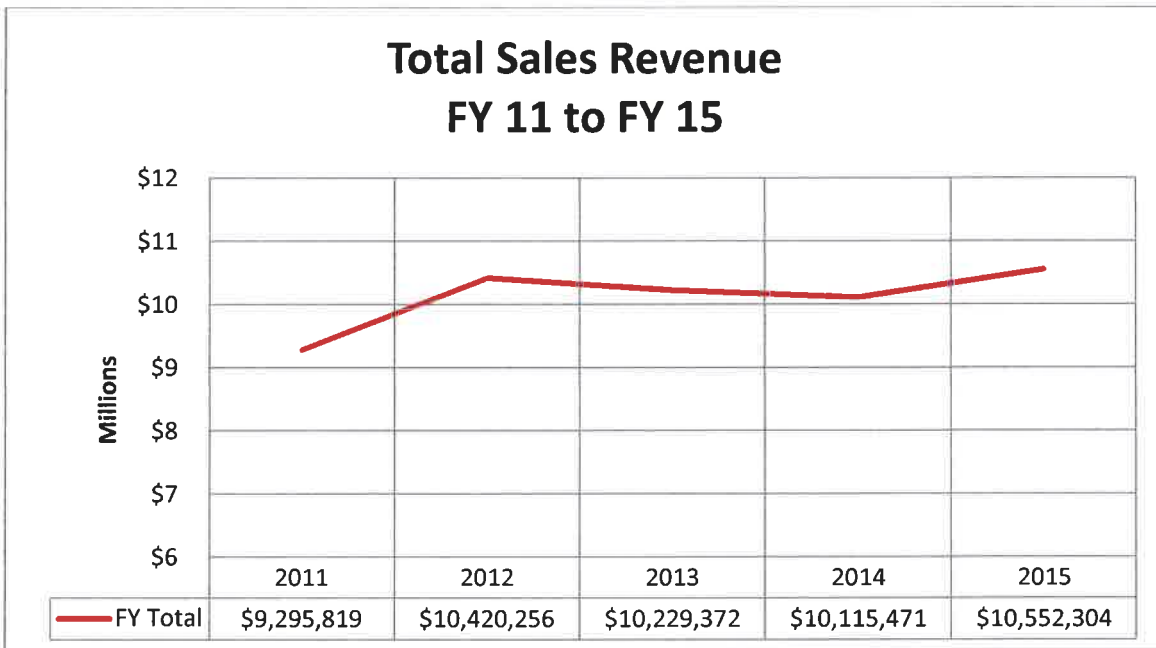
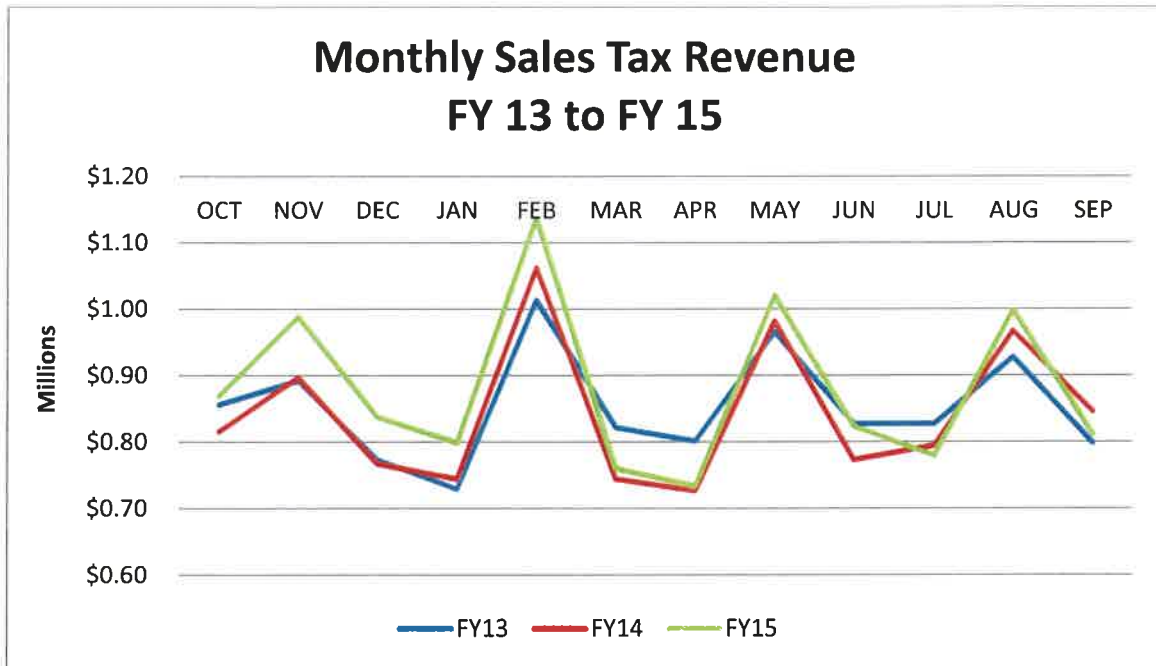
Development Corporation of Abilene

174 Cypress Street, Suite 301
 Abilene, Texas 79601
 325.676.6390

www.developabilene.com

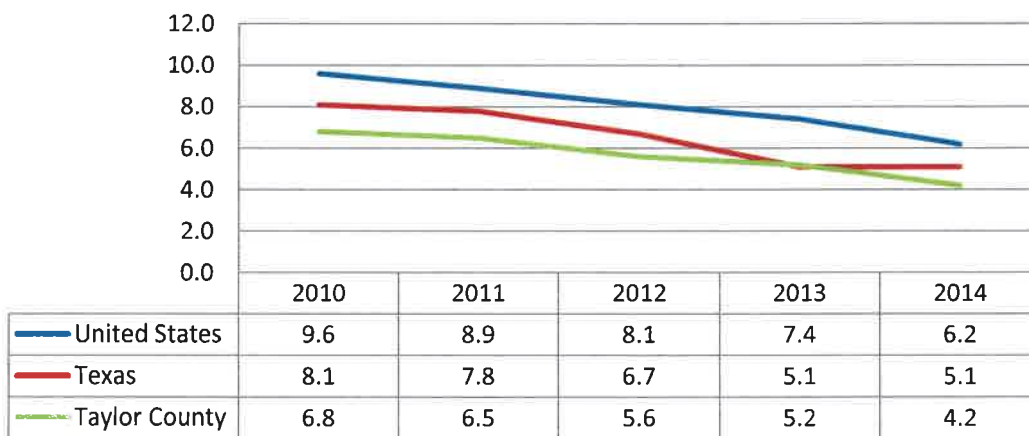


ECONOMIC DEVELOPMENT SALES TAX COLLECTIONS





Unemployment Rate (%)



United States Department of Labor
 Bureau of Labor Statistics
<http://www.bls.gov/home.htm>



PROJECT SUMMARIES



Eagle Aviation Services

The DCOA contracted in 2014 to add a “doghouse” extension to hangar 1 at the Abilene Regional Airport occupied by Eagle Aviation Services, Inc. (EASI). The addition will accommodate the taller, heavier Embraer 175 regional jets that Envoy will soon receive and will eventually replace the existing regional jet fleet. The DCOA authorized \$2.7 million for construction, including ADA compliance in the

hangar offices and a new dual-purpose concrete apron/outdoor wash bay. The fact that the new E175 aircraft can and will be serviced at the EASI facilities ensures the continued success of this partnership with the Abilene community.

Texas Tech University Health Sciences Center School of Public Health

Texas Tech University Health Sciences Center School of Public Health in Abilene was announced in July of 2014 as the 4th school on the Abilene campus. Currently existing are the Schools of Pharmacy, Nursing and Biomedical Sciences. The Master of Public Health program will bring 150 new students to Abilene and provide advanced training, opportunities for research, and the study of factors which impact a population’s health. The board approved up to \$1.95 million toward the \$20 million project for infrastructure improvements.



Coca Cola Refreshments, Inc.



The Abilene Coca Cola Refreshments plant was one of four selected by the company in 2015 for expansion consideration. The DCOA approved up to \$3.2 million to help with a \$32 million project to expand and upgrade the Abilene plant. The funds will help with the company’s installation of in-blow molding equipment, which will allow for the production of PET bottles needed for the manufacturing process. Also being added is a 16oz energy drink product line. This expansion

will help the Abilene facility retain its current employment levels and further establish it as an integral component within the company, greatly reducing the likelihood of its closure.



Industrial Workforce Training

The DCOA approved \$40,000 for an Industrial Workforce Training Program offered through Abilene and Cooper high schools in partnership with Cisco College and the Workforce Center. Beginning in the fall 2015 semester, high school juniors and seniors will be recruited for training in HVAC, plumbing, electrical, welding and industrial maintenance. These skill sets will provide students with a desire to enter the workforce after high school the opportunity for immediate employment with good wages. The DCOA also approved \$30,000 to be used as match funds for a state grant to purchase specialized equipment needed to conduct the industrial maintenance module of the program. The funding is contingent on the Workforce Center applying for and being awarded a High Demand Workforce grant for the remainder of the funds needed to purchase the equipment.



Prairie Dog Pet Products

The DCOA approved an assistance package totaling \$9,000,000 for Prairie Dog Pet Products to help establish a new \$30 million manufacturing plant and move corporate headquarters to the Spec 3 building in the Five Points Business Park. The company is a leading specialty manufacturer of premium pet treats and antlers using the finest quality ingredients. Included is \$4,000,000 toward finish out of the building to the company's specifications. The project will bring approximately 200 manufacturing jobs to Abilene.

Martin Sprocket & Gear

Martin Sprocket & Gear is a family-owned, international, privately-held company that manufactures power transmission products, bulk material handling products, industrial hand tools, and heavy duty conveyor pulleys. The Abilene plant has been operational since 1974. To assist with the company's \$1.6 million expansion into a new product line, the DCOA approved \$160,000 for construction of a 27,000 sq ft facility.



DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA
MEETING DATE: November 17, 2015

PROJECT: Project Thread Count

STAFF: Kent Sharp, CEO

PROJECT DESCRIPTION & INCENTIVE SUMMARY:

See attached.

FISCAL IMPACT:

Capital investment loan guaranty at 50%	\$ 62,000 (124,000 / 2 = 62,000)
Job creation incentive	<u>\$ 50,000</u>
TOTAL	\$112,000

STAFF RECOMMENDATION:

Staff recommends the Board approve resolution DCOA-2016.05 authorizing financial assistance for Project Thread Count up to \$112,000 as described herein.

ATTACHMENT:

Project Thread Count Summary Sheet
Resolution DCOA-2016.05

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Develop Abilene

Abilene Industrial Foundation

Project Thread Count

November 17, 2015

Summary Sheet

Abilene, Texas

DevelopAbilene – Abilene Industrial Foundation

174 Cypress Street, Suite 300, Abilene, Texas 79601

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www.developabilene.com

Project Thread Count

Project Thread Count is a locally owned manufacturer of custom canvas and vinyl products to meet a diverse customer base. The products range from utility lift bags, truck tarps, patio enclosures, commercial and residential awnings, oil field products, boat covers, signs and decals. Although created in 2011, the company has a long history in West Texas. Over a period of 40 years, the company went through a series of acquisitions and mergers performing a wide range of business activities, including manufacturing. The current ownership has been in place since 2004 and eventually reorganized the operation with a primary focus on manufacturing.

As a result, the company purchased a 10,000 square foot building in downtown Abilene at a cost of \$135,000 and invested an additional \$40,000 in electrical, lighting, heating and office improvements. Subsequent investments were made in equipment in the amount of \$42,000 in order to accommodate growth. Shortly thereafter, the company acquired a competitor based in Sweetwater, Texas in the amount of \$240,000 and absorbed both the customer base and equipment.

The company's success can best be described by the international customers that purchase their products. Customers who purchase the utility grade lift bags include General Electric International, AES Wind Generation, EDP Renewables, EDF Energy, NRG Energy, Gexpro Energy Solutions, Rexel Holdings USA, Duke Energy and many more. Customers that purchase their truck tarps include Birdsong Peanuts in Brownfield, TX branch and home office in Suffolk, VA; WTI Trucking in Portales, NM; Heeden Feed & Seed in Houston, TX; Bilbo Transports, Inc. in Dallas, TX; Golden Peanut, US Concrete/Ingram Concrete West Texas locations; ST Trucking multiple locations, Reus Grain in Hondo, TX and numerous small agriculture operations throughout West Texas (grain & cotton trucks).

Project Description

In early August, the DevelopAbilene team visited with the business owner who was interested in a request for financial assistance. During the course of that visit, the owner described the company as the only one of its kind operating in Texas between the DFW Metroplex and El Paso. He is making plans for growth of the operation to include more customers and a larger facility in the coming months as a result of increased demand for his products.

Shortly following the visit, the owner was approached by a representative from Tigé Boats who wished to pursue a business relationship that would employ the company to manufacture their boat covers. Tigé Boats manufactures a world-class, hand-made, specialty performance boat designed especially for wake board surfing. The boats are manufactured with only the highest quality standards and controls to meet their customer's expectations of absolute perfection. The boats represent the upper tier price for this market and range from \$60,000 to \$120,000. Tigé's interest is a testament to the company's ability to produce top-quality sewing and needle work products.

Presently, Tigé is purchasing these covers from a company in Michigan and is interested in working with a local manufacturer to provide more quality control and promote local business. In addition to Tigé, the company has received inquiries from Casey Products in Illinois to make custom covers for a line a Caterpillar Skid Loaders as well as a utility tool bag for Ergodyne, which currently purchases 15,000 to 20,000 tool bags from an Asian based manufacturer, providing for an additional opportunity to bring back the, "Made in the USA" here in Abilene, Texas.

The largest impediment to the company's growth that could provide manufacturing for these potential clients is represented in limitations in both facilities and equipment. As a result, the owner has plans to acquire additional land, buildings and equipment in order to facilitate additional growth. These plans include the following.

Facility upgrades (\$34,500)

A/C & Heat at current location	\$ 30,000.00
Electrical upgrades	\$ 4,500.00

Real estate acquisitions

Purchase of additional land and buildings	\$ 500,000.00
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Equipment upgrades (\$88,845)

Carlson Pro PT Plotter Cutter	\$ 55,345.00
LT 2D3D Fabric Laser Digitizer	\$ 25,000.00
60 gallon Air compressor	\$ 800.00
Consew 679VF Flatbed Cover Hem Stitch (2 @ \$2,400 ea.)	\$ 4,800.00
Consew 206RB5 Walking Foot (2 @ \$1,450 ea.)	\$ 2,900.00

Total \$ 623,345.00

Currently the company employs 12 people with the expectation that additional employees will be added relative to the growth in production. The owner expects the purchase of building and equipment to establish the basis for the next phase of growth and double the number of employees to about 20-24. Though this particular business may not be considered as a traditional model for financial assistance, it represents the greatest potential growth segment as an established Abilene manufacturer. It is also one of the focal points for the strategic plan in its effort to highlight those entrepreneurial operations that may have not otherwise received attention from the economic development program.

Annual Economic Impact

It is estimated that the company generates \$2.6 million in direct economic output each year. Spin-off businesses in the community will produce \$1.7 million in economic output per year as a result of the local operations. In total, the company will support \$4.4 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	
Earnings and employment Multiplier*	0.5693 0.8949
Direct and indirect jobs	12 11
Annual direct and indirect salaries	\$408,018
Local taxable sales	\$186,704
Local lodging sales	\$0
Direct Economic Output	\$2,649,542
Indirect Economic Output	\$1,717,433
Total Economic Output	\$4,366,976
Property on local tax rolls:	
The company's property	\$900,000
Residential property owned or occupied by direct & indirect workers	\$1,835,703
Total property on local tax rolls supported by the company	\$2,735,703

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	\$2,800,098
Total	\$3,025,242

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 \$2.4 million in direct economic output over the next 10 years. Spin-off businesses in the community will produce \$1.6 million in economic output per year as a result of the firm. In total, the firm will support \$4.0 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	10	9	19
Salaries to be paid to direct and indirect workers	\$2,737,430	\$1,558,419	\$4,295,849
Economic output supported	\$24,176,457	\$15,671,179	\$39,847,636
Number of direct and indirect workers who will move to the City	1	0	1
Number of new residents in the City	3	0	3
Number of new residential properties to be built in the City	0	0	0
Number of new students expected to attend local school district	1	0	1
Taxable sales and purchases expected in the City	\$5,116,271	\$331,164	\$5,447,435
The value of new residential property to be built for direct and indirect workers who move to the City by Year 10	\$0	\$0	\$0
The market value the firm's property on tax rolls in Year 1	\$223,345	\$0	\$223,345

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	\$160,163	(\$34,590)	\$125,572	\$96,548
Taylor County	\$11,450	(\$2,135)	\$9,315	\$7,287
Abilene ISD	\$56,712	(\$49,933)	\$6,779	\$5,235
Total	\$228,325	(\$86,658)	\$141,666	\$109,070

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. Given the fact that the business is a relatively smaller operation, the DevelopAbilene team recommends an incentive that would provide access to traditional lending and facilitate job creation.

DCOA can assist the company's access to capital for expenditures to include facility upgrades and equipment purchases by guaranteeing 50% of a 10-year bank loan not to exceed \$124,000 at an interest rate of 5%. In order to facilitate job creation, the DCOA can also provide a job creation incentive at a rate of \$5,000 for each new position in excess of the existing 12, paying a minimum of \$24,000 annually. The DCOA will pay this incentive quarterly in the amount of \$1,250 per job upon receipt of supporting documentation over a time period not to exceed 3 years, not to exceed \$50,000 or 10 new jobs.

Timing

The owner 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 owner pursues an aggressive purchase of equipment that will enable the company to service the previously mentioned opportunities for growth.

RESOLUTION NO. DCOA-2016.05

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (“DCOA”), ABILENE, TEXAS AUTHORIZING FINANCIAL ASSISTANCE FOR PROJECT THREAD COUNT.

WHEREAS, Project Thread Count is a locally owned manufacturer of custom canvas and vinyl products with products including utility lift bags, truck tarps, patio enclosures, commercial and residential awnings, oil field products, boat covers, signs and decals; and,

WHEREAS, the company purchased a 10,000 square foot building in downtown Abilene and has made subsequent investments in equipment and a competing local business in order to accommodate growth; and,

WHEREAS, the company is making plans for additional growth of the operation to include more equipment and a larger facility in the coming months as a result of increased demand for its products; and,

WHEREAS, Tigé Boats has expressed a desire to pursue a business relationship that would employ the company to manufacture its boat covers; and,

WHEREAS, currently the company employs 12 people and expects to double that to 20-24 relative to the growth in production; and,

WHEREAS, staff requests the DCOA authorize financial assistance for Project Thread Count.

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

PART 1. DCOA authorizes financial assistance of up to One Hundred Twelve Thousand and no/100’s Dollars (\$112,000) for Project Thread Count in exchange for an expansion of its Abilene operation and additional jobs. The assistance shall be as follows:

A. Loan Guaranty for Capital Investment - To assist with the company's access to capital for expenditures to include facility upgrades and equipment purchases, the DCOA shall guaranty about 50% of a 10-year bank loan with the guaranty amount not to exceed \$62,000 (50% of \$124,000), which will ensure an interest rate of 5%.

B. Job Creation Incentive – Funding not to exceed \$50,000 for jobs created in excess of the existing 12, which pay at least \$24,000 annually. Funds shall be disbursed at the rate of \$5,000 for each new position over 3 years for 10 new jobs.

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 17th day of November, 2015.

ATTEST:

Dani Ramsay
Secretary/Treasurer

Dave Copeland
President

APPROVED:

Stanley Smith, Inter City Attorney

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DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA
MEETING DATE: November 17, 2015

PROJECT: Prairie Dog Pet Products (Project Goldstar) Additional Assistance

STAFF: Kent Sharp, CEO

SUMMARY

Prairie Dog Pet Products (PDPP), otherwise known as Project Goldstar, is a manufacturer of quality pet products for the pet industry in the United States and globally. Headquartered in Grand Prairie, Texas, the company was established in 2007 with its main focus of the business being the development of innovative pet treats manufactured in the U.S. from U.S. sourced raw materials to the highest quality standards available, in which to meet the just in time demands of its customers at a competitive price.

On September 8, 2015, the DCOA approved resolution DCOA-2015.18 authorizing a capital investment incentive to Project Goldstar to expand its manufacturing and distribution in the U.S. In doing so, PDPP will be creating more than 200 direct new manufacturing and distribution jobs at this facility. The incentive of up to \$9,000,000 will assist the company in moving its corporate headquarters and establishing a manufacturing operation in the Spec 3 building located in the Five Points Business Park on 22.5 acres. The packaging would identify the product as being made in Abilene, TX. The company would maintain distribution facilities in Texas and Colorado and then look for expansion opportunities after reaching max capacity in Abilene. The assistance approved is described as:

1. Spec 3 shell building value - \$5,000,000
2. Building finish-out - \$4,000,000

The Phase 1 investment was estimated at \$16MM; 1) \$4MM for build out of Spec 3, and 2) \$12MM for equipment and inventory. Phase 2 was estimated at \$20MM; 1) \$10MM for expansion of Spec 3, and 2) \$10MM for additional equipment purchases.

The original incentive model was designed to allow the company to earn down the \$9,000,000 through two parts:

- 1) Part A - Company's cumulative capital investment and cumulative payroll at a rate of 8:1. In other words, the company will earn down \$1 of the incentive for every \$8 it spends in these two categories, for a total investment of \$72,000,000 before it can satisfy this first part of the agreement. Based on actual performance, the company could earn the value of the incentive earlier or later, and any remaining balance unearned by the end of Year 10 will be due by the company. Once the \$9,000,000 is completely earned, fee simple title to the property will be conveyed to the company.
- 2) Part B – In the absence of a New Markets Tax Credit allocation for the project, a time-earned schedule that requires the company be in operation in Abilene at least eight (8) years, regardless of its performance under Part A, before fee simple title to the property will be conveyed to the company. Part B allows earnings of \$1,125,000/year.

INCENTIVE REQUEST

As staff and PDPP have discussed the project and worked through scenarios for build-out of the Spec 3 facility, it has become apparent the original amount of \$4,000,000 represents an under estimate of the costs. The site selection consultant retained by PDPP developed the estimate of \$4 million without the

benefit of a workable layout for the company's operations. Staff engaged the services of Emergent Construction Technologies at a cost of no more than \$40,000 to develop a preliminary layout of operations and a preliminary cost for build-out. The estimated cost is now \$5.5 million, an increase of \$1.5 million. The Phase 1 project is now estimated at \$17.5MM and Phase 2 remains at \$20MM.

Staff requests the board approve an additional \$500,000 for finish-out construction bringing the incentive amount to \$4,500,000. The company will cover the remaining estimated \$1,000,000. City Council will consider the increased incentive amount during its meeting on November 19, 2015.

The total \$9,500,000 (originally \$9,000,000) incentive will be earned as follows:

1) Part A - Company's cumulative capital expenditures and cumulative payroll at a rate of 8:1. In other words, the company will earn down \$1 dollar of the incentive for every \$8 dollars it spends in these two categories, for a total investment of \$76,000,000 dollars (ORIGINALLY \$72,000,000) before it can satisfy this first part of the agreement. Based on actual performance, the company could earn the value of the incentive earlier or later. Any balance unearned by the end of Year 10 will be reduced by lease payments as described below.

Part A: Company Investment Schedule					Beg Note Balance	\$9,500,000 (ORIGINALLY \$9,000,000)
	Capital Exp.	Payroll	Total Investment	Cumulative Inv.	Company Equity Earned	Note Payoff Amount in Cash
1-2016	\$10,000,000	\$3,755,000	\$13,755,000	\$13,755,000	\$1,719,375	\$7,780,625
2-2017	\$20,000,000	\$4,388,000	\$24,388,000	\$38,143,000	\$4,767,875	\$4,732,125
3-2018		\$4,981,000	\$4,981,000	\$43,124,000	\$5,390,500	\$4,109,500
4-2019		\$5,858,000	\$5,858,000	\$48,982,000	\$6,122,750	\$3,377,250
5-2020		\$6,608,000	\$6,608,000	\$55,590,000	\$6,948,750	\$2,551,250
6-2021		\$6,608,000	\$6,608,000	\$62,198,000	\$7,774,750	\$1,725,250
7-2022		\$6,608,000	\$6,608,000	\$68,806,000	\$8,600,750	\$899,250
8-2023		\$6,608,000	\$6,608,000	\$75,414,000	\$9,426,750	\$73,250
9-2024		\$6,608,000	\$6,608,000	\$82,022,000	\$10,252,750	-\$ (752,750)
10-2025		\$6,608,000	\$6,608,000	\$88,630,000	\$11,078,750	-

Regardless of the rate at which the project investment is made, unencumbered fee simple title to the facility will not be conveyed to PDPP until the eighth (8th) anniversary date of the Agreement for Financial Assistance. This provision eliminates the necessity for Part B in the original approval.

In order to facilitate a pending New Markets Tax Credit deal that will net the company additional capital toward the purchase of equipment and finish out for the Abilene plant, the deal structure will also include:

- 1) Spec 3 existing land and shell building valued at \$5,000,000 to the company, which will not be included in the New Markets Tax Credit schedule, and to which DCOA will retain title until performance measures contained herein are met by the company.
- 2) Lease of the Spec 3 property (ORIGINALLY a contract for sale) for 30 years at \$0 rent for the first ten years, with company paying utilities, taxes and all maintenance and improvements. A lease rate of \$4 per square foot per year on the initial 100,000 square foot building will apply

during years 11 through 20 with company paying utilities, taxes and all maintenance and improvements. In years 11 through 20, any lease amount paid by the company will be applied toward any remaining unearned balance on the \$9,500,000. A lease rate of \$6 per square foot per year on the initial 100,000 square foot building will apply during years 21 through 30 with company paying utilities, taxes and all maintenance and improvements. In years 21 through 30, any lease amount paid by the company will be applied toward any remaining unearned balance on the \$9,500,000.00.

- 3) \$4,500,000 (**ORIGINALLY \$4,000,000**) cash loan for finish out of existing shell facility with company contracting for design and construction.
- 4) \$9,500,000 (**ORIGINALLY \$9,000,000**) total incentive balance reduces quarterly/annually at a rate of 8:1 as described above
- 5) In the absence of a NMTC award, this project will terminate.
- 6) Company will provide financials annually or upon request.
- 7) Company will agree to deadlines for a) financing to be in place acceptable to DCOA; b) finish out start date and finish out completion; c) Certificate of Occupancy.
- 8) Minimum annual payroll number to be established and annually certified.
- 9) All architectural and engineering design plans will be subject to DCOA approval.
- 10) Company will be responsible for any overage on finish out exceeding \$4,500,000 (**ORIGINALLY \$4,000,000**)
- 11) Future Agreement for Financial Assistance, lease and note documents subject to completed due diligence by DCOA or its representatives.

FISCAL IMPACT

Spec 3 shell value	\$5,000,000
Spec 3 finish-out	<u>\$4,500,000 (ORIGINALLY \$4,000,000)</u>
Total	<u>\$9,500,000 (ORIGINALLY \$9,000,000)</u>

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2016.04 authorizing additional assistance for Prairie Dog Pet Products in the amount of \$500,000 as described above, making the total assistance package up to \$9,500,000.

ATTACHMENTS

Resolution DCOA-2016.04

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RESOLUTION NO. DCOA-2016.04

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS AUTHORIZING ADDITIONAL FINANCIAL ASSISTANCE FOR PRAIRIE DOG PET PRODUCTS (“PDPP”) OTHERWISE KNOWN AS PROJECT GOLDSTAR.

WHEREAS, Prairie Dog Pet Products (PDPP), otherwise known as Project Goldstar, is a manufacturer of quality pet products for the pet industry in the United States and globally; and,

WHEREAS, headquartered in Grand Prairie, Texas, the company was established in 2007 with its main focus of the business being the development of innovative pet treats manufactured in the U.S. from U.S. sourced raw materials to the highest quality standards available, in which to meet the just in time demands of its customers at a competitive price; and,

WHEREAS, on September 8, 2015, the DCOA approved resolution DCOA-2015.18 authorizing a \$9,000,000 capital investment incentive to Project Goldstar to assist the company in moving its corporate headquarters and establishing a manufacturing operation in the Spec 3 building located in the Five Points Business Park on 22.5 acres, while maintaining distribution facilities in Texas and Colorado; and,

WHEREAS, on September 10, 2015, the Abilene City Council approved Resolution No. 54-2015 authorizing the DCOA’s assistance for Project Goldstar of \$9,000,000, which allows the company to earn ownership of the Spec 3 property valued at \$5,000,000, and provide them with an additional \$4,000,000 for finish-out; and,

WHEREAS, as staff and PDPP have discussed the project and worked through scenarios for build-out of the Spec 3 facility, it has become apparent the original amount of \$4,000,000 represents an under estimate of the costs; and,

WHEREAS, the site selection consultant retained by PDPP developed the estimate of \$4 million without the benefit of a workable layout for the company’s operations, so staff engaged the services of Emergent Construction Technologies at a cost of no more than \$40,000 to develop a preliminary layout of operations and a preliminary cost for build-out; and,

WHEREAS, the estimated cost is now \$5.5 million, an increase of \$1.5 million; and,

WHEREAS, staff requests the DCOA authorize additional funding of \$500,000 for PDPP, bringing the total assistance package to \$9,500,000, with the company covering the additional cost for finish-out estimated at \$1,000,000.

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

PART 1. DCOA hereby authorizes up to Five Hundred Thousand and no/100’s Dollars (\$500,000.00) as additional assistance for Prairie Dog Pet Products, otherwise known as Project Goldstar. When combined with the \$9,000,000 approved under resolution DCOA-2015.18, the total assistance to PDPP is \$9,500,000. The structure of the assistance has been revised slightly to accommodate the company’s pending New Markets Tax Credit

allocation, which will net additional capital toward the purchase of equipment and finish out for the Abilene plant.

The \$9,500,000 incentive consists of the following:

- A. \$5,000,000 value of the existing Spec 3 property, including the 100,000 sq ft industrial shell building on 22.5 acres. Unencumbered ownership will not convey to the company until all \$9,500,000 is earned, but in no instance sooner than 8 years after the agreement is executed, and,
- B. \$4,500,000 cash funds for finish-out of the property to the company's specifications. PDPP will be responsible for design plans, which will be subject to DCOA approval, and for any finish out costs exceeding \$4,500,000.

The incentive will be earned as follows:

1) Part A - Company's cumulative capital expenditures and cumulative payroll at a rate of 8:1 for a total investment of \$76,000,000 dollars (ORIGINALLY \$72,000,000) before it can satisfy this first part of the agreement. Based on actual performance, the company could earn the value of the incentive earlier or later. Any balance unearned by the end of Year 10 will be reduced by lease payments as further specified in the Agreement and lease document (ORIGINALLY a contract for sale).

Regardless of the rate at which the project investment is made, unencumbered fee simple title to the facility will not be conveyed to PDPP until the eighth (8th) anniversary date of the Agreement for Financial Assistance. This provision eliminates the necessity for Part B in the original approval.

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 17th day of November, 2015.

ATTEST:

Dani Ramsay
Secretary/Treasurer

Dave Copeland
President

APPROVED:

Stanley Smith, Interim City Attorney

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