

PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Thursday, December 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

December 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 November 17, 2015, board meeting.
3. Sales tax report for December 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 a lease to Hat Creek Carrier, LLC for office space at 4109 Vine St.
6. Adjournment.

CERTIFICATE

I hereby certify that the above notice of meeting was posted on the bulletin board at the City Hall of Abilene, Texas, on the _____ day of _____, 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
November 17, 2015

MEMBERS PRESENT: Dave Copeland Dani Ramsay John Beckham
Marelyn Shedd Jack Rich

STAFF PRESENT: Kent Sharp Kim Tarrant Stanley Smith
Mike Rains

GUESTS PRESENT: Brian Yates - Abilene Chamber of Commerce
Doug Peters - Abilene Chamber of Commerce
Cheryl Sawyers - City of Abilene, Communications
Brooke Crum - Abilene Reporter News
Bruce Kreitler - Abilene City Council

1. CALL THE MEETING TO ORDER: President Dave Copeland called the meeting to order at 1:30 p.m. at 174 Cypress St., Suite 301, Abilene Texas.

2. APPROVAL OF MINUTES FROM THE OCTOBER 26, 2015 BOARD MEETING: Dani Ramsay moved to approve the minutes from the October 26, 2015 board meeting. John Beckham seconded and the motion carried.

3. SALES TAX REPORT FOR NOVEMBER 2015 AND PRELIMINARY SEPTEMBER 2015 FINANCIAL REPORTS: Mike Rains, Director of Finance presented the sales tax report for November 2015, which is \$3,920,003.85 which represents September sales. This is .80% below last year and 1.78% below the projected FY16 budget amount. Economic Development received \$980,000.96. The DCOA's preliminary total current assets as of September 30, 2015 are \$22,335,860. The preliminary September 30, 2015 revenues totaled \$918,474 and total expenditures were \$695,096 with \$322,391 being spent on six different projects.

4. PRESENTATION AND POSSIBLE APPROVAL OF THE FY15 ANNUAL REPORT OF ACTIVITIES OF THE DEVELOPMENT CORPORATION OF ABILENE, INC: Kent Sharp, CEO of the DCOA presented the DCOA's FY15 Annual Report of Activities for the period ended 9-30-15. This year the annual report has a new format with added graphics and pictures to balance out the text. If approved by the board, Mr. Sharp will present the FY15 Annual Report to City Council on December 17, 2015.

Jack Rich moved to approve the DCOA's FY15 Annual Report of Activities. Marelyn Shedd seconded and the motion carried.

5. 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 November 17, 2015, and the time is 1:40 p.m. Later, President Copeland announced the date is still November 17, 2015, and the time is 2:50 p.m. No vote or action was taken in Executive Session.

6. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING AMENDED ASSISTANCE FOR PROJECT THREAD COUNT: Kent Sharp presented a request for financial assistance for Project Thread Count up to \$112,000 to expand its Abilene operation. The assistance shall be as follows A) Loan Guaranty for Capital Investment up to \$62,000 and B) Job Creation Incentives not to exceed \$50,000. Project Thread Count is a locally owned manufacturer of custom canvas and vinyl products which include utility lift bags, truck tarps, patio enclosures, commercial and residential awnings, oil field products, boat covers, signs and decals. The addition will generate an additional \$4,000,000 in economic output over a 10 year period and another \$140,000 benefit to the local taxing entities.

John Beckham moved to approve resolution DCOA-2016.05 with changes noted by Dave Copeland to the proposed resolution. In Part 1, Section B which states “Funds shall be disbursed at the rate of \$5,000 for each new job” will be deleted and a scale will be added showing \$4,000 for jobs earning \$20,000-\$23,999; \$5,000 for jobs earning \$24,000-\$29,999 and \$6,000 for jobs earning \$30,000 and over, not to exceed \$50,000. Jack Rich seconded and the motion carried.

7. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ADDITIONAL ASSISTANCE FOR PRAIRIE DOG PET PRODUCTS (ALSO KNOWN AS PROJECT GOLDSTAR): Kent Sharp presented a request from Prairie Dog Pet Products (PDPP), otherwise known as Project Goldstar, for additional financial assistance in the amount of \$500,000 to finish out the existing Spec 3 building located in the Five Points Business Park on 22.5 acres. Staff met with Emergent Construction Technologies, the firm hired by PDPP to draft a scope of this project and realized the \$4,000,000 previously approved by resolution DCOA-2015.18 was not enough for the finish out and an additional \$1,500,000 was needed, making the project a total of \$5,500,000. The DCOA will provide \$500,000 with PDPP and other financial partners to provide the remaining \$1,000,000. PDPP will also enter into a 30 year lease which is tied to the New Markets Tax Credit compliance period. The additional funding request will be presented to the City Council on November 29, 2015, for final approval.

Marelyn Shedd moved to approve resolution DCOA-2016.04 authorizing additional assistance to PDPP in the amount of \$500,000, which is contingent upon City Council’s final approval. Dana Ramsay seconded and the motion passed.

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

Dave Copeland, President

MEMORANDUM

December 9, 2015

TO: Robert Hanna, City Manager
FROM: Mike Rains, Director of Finance
SUBJECT: December Sales Tax

The sales tax rebate for December is \$2,937,642.44 which represents October sales. This is 12.25% below last year and 13.12% below the projected FY 16 budget amount. The breakdown of the rebate is \$2,203,231.83 to the General Fund and \$734,410.61 for economic development. Of this rebate, (\$61,412) is from prior periods, audit payments, future payments, and unidentified payments. For the period of October through December, sales tax is 5.95% below last year and 6.89% below the projected FY 16 budget amount. I have requested the detail from the state.

Should you have any questions, please contact me.

MR:ls

Cc: Mindy Patterson, Assistant City Manager
James Childers, Assistant 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		Actual 2015-16	Actual 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
December	2,510,766.92	836,922.30	3,347,689.22	2,203,231.83	734,410.61	2,937,642.44
YTD	\$8,080,408.42	\$2,693,469.46	\$10,773,877.88	\$7,599,279.52	\$2,533,093.17	\$10,132,372.69
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%
December	836,922	734,411	-12.25%
YTD	\$2,693,469	\$2,533,093	-5.95%
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 December '15 represents October '15 sales. Approximately (\$15,353) 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
December	725,276	773,104	766,502	836,922	734,411
FY TOTAL	<u>\$2,580,470</u>	<u>\$2,520,928</u>	<u>\$2,478,388</u>	<u>\$2,693,469</u>	<u>\$2,533,093</u>
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>\$10,420,256</u>	<u>\$10,229,372</u>	<u>\$10,115,471</u>	<u>\$10,552,304</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.

3.4

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

PROJECT: Lease to Hat Creek Carriers at 4109 Vine St.

STAFF: Kent Sharp, CEO

BACKGROUND

Hat Creek Carriers (HCC) is an auto transportation company specializing in transport anywhere in or out of the United States. They have the ability to accommodate any number of units from any place to anywhere, from motorcycles to RVs. HCC has developed a proven network of drivers in the industry that are reliable, fully insured and meet all state and federal requirements. Communication between HCC and its drivers is a critical component.

The company currently employs 15, with most of those being dispatchers. HCC's current lease space in Abilene isn't sufficient for its projected growth, which includes an additional 5-10 employee by this summer.

THE REQUEST

A few months ago, the company approached staff about leasing a portion of the office space in the DCOA-owned facility at 4109 Vine St. There is about 9,000 sq ft of space split between two floors. The company is interested in leasing the upper floor totaling about 5,056 sq ft but also asks for a 12-month right of first refusal to lease the lower section should its growth justify the added space. The company's current lease expires in two years, and payments must continue to be made by HCC to avoid default action.

The Vine St. office space underwent a major renovation in 2012 to update it and make it ADA compliant. The space is attached to the warehouses currently leased to Abimar Foods.

To place a tenant in the subject office space, staff proposes a 5-year lease beginning February 1, 2016 with the following rates:

Proposed Lease Term					
Year	Rate/Mo.	Rate/Yr.	Sq. Ft.	Monthly	Annual
2016	\$ -	\$ -	5,056	\$ -	\$ -
2017	\$ -	\$ -	5,056	\$ -	\$ -
2018	\$ 0.54	\$ 6.50	5,056	\$ 2,739	\$ 32,864
2019	\$ 0.56	\$ 6.75	5,056	\$ 2,844	\$ 34,128
2020	\$ 0.58	\$ 7.00	5,056	\$ 2,949	\$ 35,392
				Total	\$ 102,384

The first two years are rent-free to assist with the company's growth and help offset its costs to move and set-up in a new location. Rent will then increase annually over the remaining 3 years. The company will pay all utilities, taxes, janitorial and minor maintenance costs. HCC's costs to move include additional furniture and installation of VOIP communication lines, 2 land lines, and additional cubicle units.

Costs to the DCOA will include major maintenance or replacement of items such as HVAC units and parking lot maintenance, which need to be made regardless of the lease with HCC.

FISCAL IMPACT

Lease revenue beginning in year 3 of the lease = \$102,384

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2016.07 authorizing a lease to Hat Creek Carriers, LLC for office space at 4109 Vine St.

ATTACHMENTS

Resolution No. DCOA-2016.07

S:\DCOA\Meeting Memos\FY2016\Hat Creek Carriers lease of office space 4109 Vine St. 12-17-15.doc

RESOLUTION NO. DCOA-2016.07

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS AUTHORIZING A LEASE WITH HAT CREEK CARRIERS (“HCC”) FOR OFFICE SPACE AT 4109 VINE ST, ABILENE, TEXAS.

WHEREAS, Hat Creek Carriers is an auto transportation company specializing in transport anywhere in or out of the United States; and,

WHEREAS, HCC currently employs 15, with most of those being dispatchers; and,

WHEREAS, HCC’s current lease space in Abilene isn’t sufficient for its projected growth, which includes an additional 5-10 employee by this summer; and,

WHEREAS, HCC approached staff about leasing a portion of the office space in the DCOA-owned facility at 4109 Vine St., which is about 9,000 sq ft of space split between two floors; and,

WHEREAS, HCC is interested in leasing the upper floor totaling about 5,056 sq ft but also asks for a 12-month right of first refusal to lease the lower section should its growth justify the added space; and,

WHEREAS, HCC’s current lease expires in two years, and payments must continue to be made by HCC to avoid default action; and,

WHEREAS, the Vine St. office space underwent a major renovation in 2012 to update it and make it ADA compliant; and,

WHEREAS, the Vine St. office space is attached to the warehouses currently leased to Abimar Foods; and,

WHEREAS, to place a tenant in the subject office space, staff proposes a 5-year lease to HCC beginning February 1, 2016.

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

PART 1. DCOA hereby authorizes a lease agreement with Hat Creek Carriers, LLC for office space at 4109 Vine St, Abilene, TX. Terms shall include 5-year beginning February 1, 2016 with the following rates:

Proposed Lease Term					
Year	Rate/Mo.	Rate/Yr.	Sq. Ft.	Monthly	Annual
2016	\$ -	\$ -	5,056	\$ -	\$ -
2017	\$ -	\$ -	5,056	\$ -	\$ -
2018	\$ 0.54	\$ 6.50	5,056	\$ 2,739	\$ 32,864
2019	\$ 0.56	\$ 6.75	5,056	\$ 2,844	\$ 34,128
2020	\$ 0.58	\$ 7.00	5,056	\$ 2,949	\$ 35,392
				Total	\$ 102,384

The first two years are rent-free to assist with the company's growth and help offset its costs to move and set-up in a new location. Rent will then increase annually over the remaining 3 years. The company will pay all utilities, taxes, janitorial and minor maintenance costs.

PART 2. Authorization 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 17th day of December, 2015.

ATTEST:

Dani Ramsay
Secretary/Treasurer

Dave Copeland
President

APPROVED:

Stanley Smith, Interim City Attorney

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