

PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Friday, September 30, 2016, 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

September 30, 2016
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 September 13, 2016, board meeting.
3. August 2016 financial reports.
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 of the matters listed, as authorized by the Texas Government Code Sections:
 1. 551.071 (Consultation with Attorney),
 2. 551.072 (Deliberations about Real Property)
 3. 551.074 (Personnel Matters)
 4. 551.087 (Business Prospect/Economic Development)
5. UNTABLE: Discussion and possible approval of a resolution authorizing a contract with the City of Abilene for administrative services.
6. Discussion and possible approval of a resolution authorizing the cancellation of debt owed by the Abilene Life Sciences Foundation in exchange for properties at 1325 Pine St., 1342 Walnut St., and 842 Pine St. plus related equipment.
7. 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 _____, 2016, 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.

5. UNTABLE DISCUSSION AND POSSIBLE ACTION BY ORAL RESOLUTION RELATED TO THE SECOND ANNUAL PERFORMANCE EVALUATION OF DCOA'S CEO, KENT SHARP: Dave Copeland thanked Kent Sharp on behalf of the board for a job well done, the thoughtful way in which he approaches his responsibilities and the hard work executed to get last year's goals accomplished. The board approved a raise and is excited to see what he accomplishes in the coming year.

John Beckham moved to approve by oral resolution a raise for Kent Sharp. Marelyn Shedd seconded and the motion carried.

4. EXECUTIVE SESSION – SESSION 2: I hereby announce we are going into Executive Session pursuant to Texas Government Code Sections 551.071, 072, 074 and 087 to consult with our legal counsel, discuss real property transactions, personnel matters, and discuss economic development negotiations involving a business prospect, as set forth on the agenda. Any vote or action will be taken in open session.

President Dave Copeland announced the date is September 13, 2016 and the time is 2:48 p.m. Later, President Copeland announced the date is still September 13, 2016 and the time is 3:02 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

DEVELOPMENT CORPORATION OF ABILENE
STATEMENT OF NET POSITION
August 31, 2016 and 2015

	August 2016	August 2015
Current Assets:		
Cash and cash investments	\$ 19,426,755	\$ 19,572,872
Accounts receivable	35,293	173,059
Due from other governments	1,789,074	1,847,609
Prepaid expense	1,700	-
	<u>21,252,822</u>	<u>21,593,540</u>
Total Current Assets		
Noncurrent Assets:		
Notes receivable	10,758,897	11,158,896
Notes receivable - earning economic incentives	8,528,960	3,807,207
Capital assets	51,765,462	47,929,002
Accumulated depreciation	(9,815,739)	(8,633,256)
	<u>41,949,723</u>	<u>39,295,746</u>
Total capital assets, net		
	<u>61,237,580</u>	<u>54,261,849</u>
Total Noncurrent Assets		
Total Assets	<u>\$ 82,490,402</u>	<u>\$ 75,855,389</u>
Liabilities		
Current:		
Accounts payable	\$ 347,121	\$ 384,902
	<u>347,121</u>	<u>384,902</u>
Total Current Liabilities		
	<u>347,121</u>	<u>384,902</u>
Total Liabilities		
Net Position		
Net Investment in capital assets	41,949,723	39,295,746
Restricted for contractual obligations	14,516,771	9,444,680
Unrestricted, designated for purposes of trust	25,676,787	26,730,061
	<u>82,143,281</u>	<u>75,470,487</u>
Total Net Position		
Total Liabilities and Net Position	<u>\$ 82,490,402</u>	<u>\$ 75,855,389</u>

DEVELOPMENT CORPORATION OF ABILENE
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For eleven months ending August 31, 2016 and 2015

	<u>August 2016</u>	<u>Fiscal YTD 2016</u>	<u>Fiscal YTD 2015</u>
Revenues:			
Sales and use taxes	\$ 985,001	\$ 9,404,596	\$ 9,741,169
Interest income	8,274	153,752	111,834
Building rental / land lease	92,549	1,013,817	983,004
Sale of Land		496,459	163,635
Miscellaneous revenue	4,970	117,167	596,706
Total Revenues	<u>1,090,794</u>	<u>11,185,791</u>	<u>11,596,348</u>
Expenses:			
Economic Development Projects	995,335	5,150,935	8,504,439
Life Sciences property maintenance	20,466	335,047	516,129
DCOA property maintenance	23,747	359,276	231,086
Abilene Industrial Foundation	29,848	355,178	341,270
TTU Small Business Development Center	12,225	125,662	134,381
Chamber Military Affairs	77,331	207,852	274,956
Airport Business Development Manager	12,746	98,554	103,835
Economic Development Operating Division	49,593	599,592	497,735
Total Expenditures	<u>1,221,291</u>	<u>7,232,096</u>	<u>10,603,831</u>
Changes In Net Position	(130,497)	3,953,695	992,517
Net Position at Beginning of Period	<u>82,273,778</u>	<u>78,189,586</u>	<u>74,477,971</u>
Net Position at End of Period	<u>\$ 82,143,281</u>	<u>\$ 82,143,281</u>	<u>\$ 75,470,488</u>

Summary of Current Period Economic Development Projects:	
TTU Pharmacy School (Principal Reduction)	\$ 93,312
TTU 842 Pine (Business Incentive)	163,000
TTU Nursing School (Principal Reduction)	269,368
Hangar Doghouses - A/E	1,570
Hangar 0 Doghouse	365,393
EASI De-Fuel Truck	1,950
5 Pts RR Expansion	13,320
TTUHSC School of Public Health (Principal Reduction)	87,422
Total	<u>\$ 995,335</u>

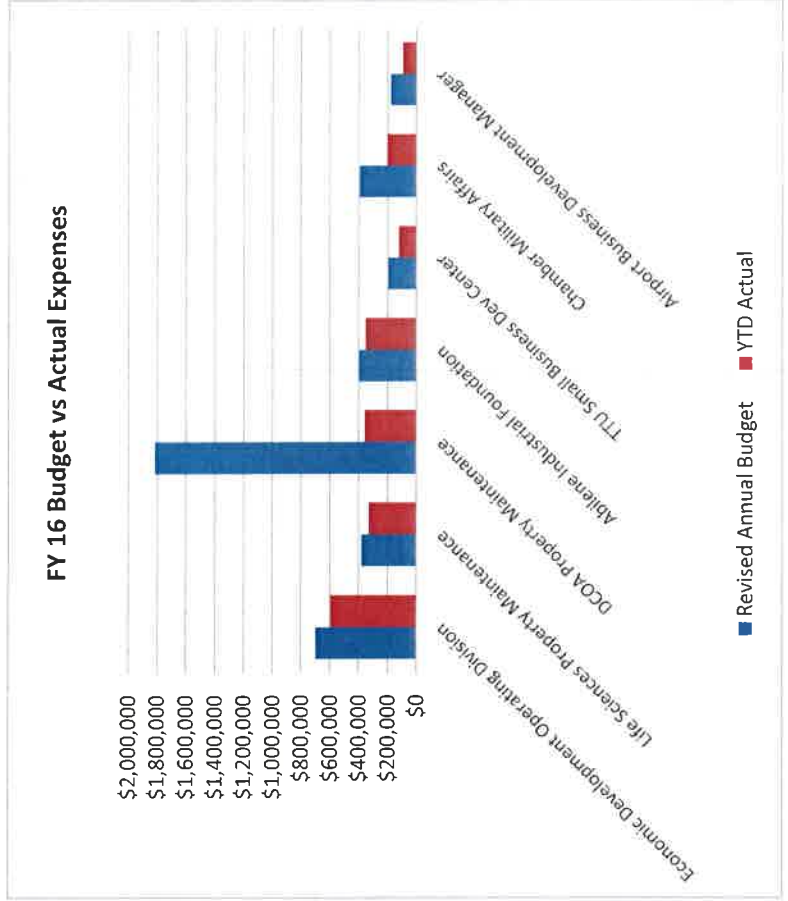
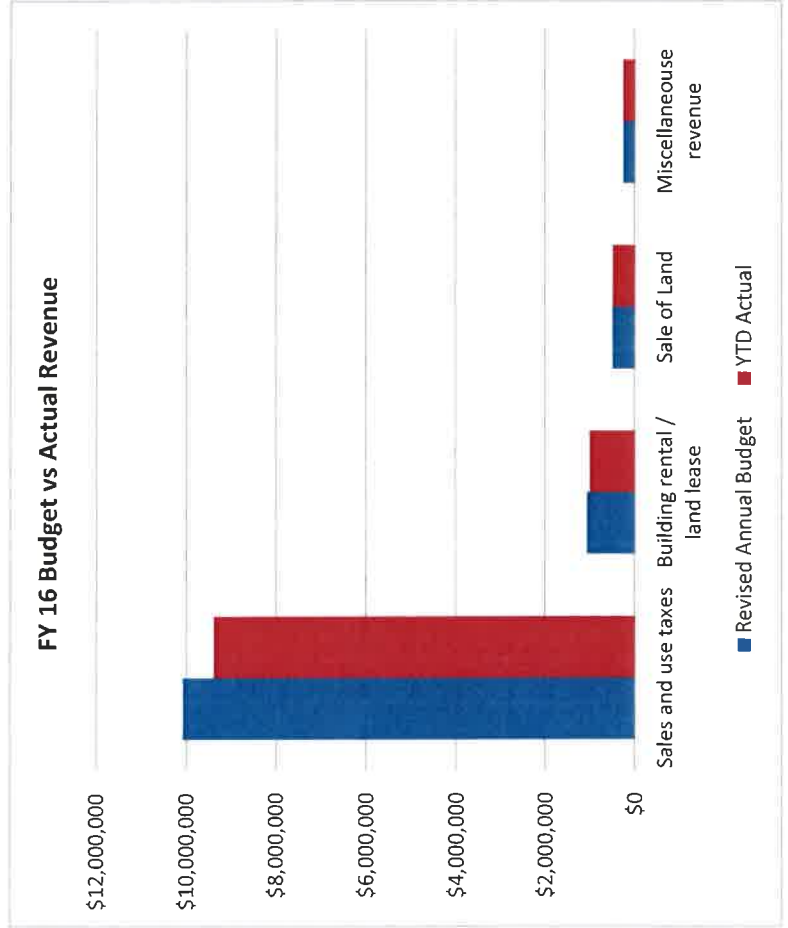
Development Corporation of Abilene
Economic Program Status
As of August 31, 2016

Economic Programs:	Project	Amount Budgeted	Prior Years Disbursement	Current Year Disbursement	Balance reserved for budgeted programs
TTU Pharmacy School	5242	\$ 1,893,035	\$ 1,702,310	\$ 190,725	\$ -
Pactiv (formerly PWP)	5251	2,507,899	2,507,899	-	-
TTU 842 Pine	5308	853,999	690,999	163,000	-
Pepsi Beverage Co.	5321	140,000	140,000	-	-
Petrosmith Ph 1, 3 & 4	5330	847,290	640,360	206,930	-
Petrosmith Ph 5	5330.1	150,667	-	150,667	-
TTUHSC School of Nursing	5331	1,076,253	806,885	269,368	-
Rentech '12	5342	315,800	315,800	-	-
Owens Machine & Tool	5345	88,761	64,682	24,079	-
Hangar Doghouses A/E	5348.1	423,000	305,155	14,023	103,822
Hangar Doghouses Construction	5348.2	2,732,618	2,559,870	162,385	10,363
Hangar 0 Doghouse Construction	5348.3	2,000,000	-	576,480	1,423,520
EASI De-Fuel Truck	5354	111,560	56,000	18,300	37,260
Fehr Foods ' 13	5356	222,815	148,543	74,272	-
Tucker Energy Services	5359	585,000	91,030	80,675	413,295
Five Points Infrastructure	5359.1	1,000,000	137,491	-	862,509
5 Pts RR Expansion	5363.1	30,800	11,000	13,320	6,480
Spec 3 Finish Out A/E	5364.1	608,389	608,389	-	-
Spec 3 Finish Out Construction	5364.2	2,067,883	1,902,313	165,570	-
Fehr Foods Expansion	5368	5,123,000	1,501,959	1,601,237	2,019,804
Broadwind Towers 2014	5373	1,451,071	99,222	580,078	771,771
Corley Wetsel Trucking	5376	455,200	-	-	455,200
Clavel Corp	5377	56,256	31,150	25,106	-
Fehr Foods 14	5378	160,278	53,426	53,426	53,426
Gift Card System	5379	82,100	22,340	33,055	26,705
BWJ Consulting	5382	619,000	117,293	163,647	338,060
Dyess Telecomm Upgrade	5383	6,935	6,935	-	-
Pine St. Buildings - Hail Damage	5384.1	10,016	10,016	-	-
Pine St. Buildings - Construction	5384.2	449,690	293,559	156,130	1
Daturo Technologies	5385	280,750	34,216	47,244	199,290
DCOA Strategic Planning	5386	130,000	105,000	20,000	5,000
Coca Cola Refreshments	5387	3,200,000	-	-	3,200,000
Martin Sprocket & Gear	5388	-	-	-	-
Industrial Maintenance Training AISD	5389	70,000	-	50,100	19,900
Lone Star Canvas	5390	50,000	-	-	50,000
Abimar Foods 2015	5391	-	-	-	-
BCBS Roof Repairs	5392	953,400	-	-	953,400
TTUHSC School of Public Health	5393	1,426,901	-	87,422	1,339,479
Praire Dog Pet Products	5394	-	-	-	-
Five Points Rail Spur	5395	33,942	-	33,942	-
Spec 3 Remediation	5396	244,795	-	73,138	171,657
ALSF Unwind	5397	116,616	-	116,616	-
18/36 Industrial Park	5397	52,000	-	-	52,000
Subtotal Economic Program Obligation Reserve		\$ 32,627,719	\$ 14,963,842	\$ 5,150,935	\$ 12,512,942
Plus Administrative Division Obligations:					
Economic Development Operating Division	Division 2760	702,710	-	599,592	103,118
Life Sciences Property Maintenance	Division 2765	384,420	-	335,047	49,373
DCOA Property Maintenance	Division 2775	1,818,140	-	359,276	1,458,864
Abilene Industrial Foundation	Division 2775	400,000	-	355,178	44,822
TTU Small Business Dev Center	Division 2775	200,000	-	125,662	74,338
Chamber Military Affairs	Division 2775	397,000	-	207,852	189,148
Airport Business Development Manager	Division 2775	182,720	-	98,554	84,166
Subtotal Administrative Divisions Obligation Reserve		\$ 4,084,990	\$ -	\$ 2,081,161	\$ 2,003,829
Total reserve for obligated programs					\$ 14,516,771
DCOA Board approved projects waiting for signed contracts:					
Dyess JLUS		\$ 50,000	12/17/16		
TSTC New Campus Ops		4,000,000	9/21/16		
Broadwind Towers 2016		(56,771)	2/24/17		
		<u>\$ 3,993,229</u>			

**Development Corporation of Abilene
Revenue and Expense
Budget vs Actual Comparison
October 2015 - August 2016**

Revenue	Revised Annual Budget	YTD Actual	% of Budget
Sales and use taxes	10,088,060	9,404,596	93%
Building rental / land lease	1,072,880	1,013,817	94%
Sale of Land	496,460	496,459	100%
Miscellaneous revenue	267,940	270,919	101%
Revenue	11,925,340	11,185,791	94%

Expenses	Revised Annual Budget	YTD Actual	% of Budget
Economic Development Operating Division	702,710	599,592	85%
Life Sciences Property Maintenance	384,420	335,047	87%
DCOA Property Maintenance	1,818,140	359,276	20%
Abilene Industrial Foundation	400,000	355,178	89%
TTU Small Business Dev Center	200,000	125,662	63%
Chamber Military Affairs	397,000	207,852	52%
Airport Business Development Manager	182,720	98,554	54%
Expenses	4,084,990	2,081,161	51%



Item 5.

Information for this item will be made available during the board meeting.

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA
MEETING DATE: September 30, 2016

PROJECT: Cancellation of Debt Owed by Abilene Life Sciences Foundation in Exchange for Ownership of the Pine St. Properties and Related Equipment

STAFF: Kent Sharp, CEO

BACKGROUND

A donor conveyed the 6,000 sq. ft. building at 842 Pine to the DCOA in 2008 and construction of the Abilene Life Sciences Accelerator (ALSA) at 1325 Pine was completed in mid-2010. In early 2009, DCOA was approved by the National Development Council (NDC) for a New Markets Tax Credit (NMTC) allocation in the amount of \$10 million (\$3.9 million in actual tax credits) that netted an additional \$2.6 million for investment in the project to assist with construction and purchase of biotech research equipment for both locations.

To facilitate the transaction, a new entity was formed called the Abilene Life Sciences Foundation, Inc. (ALSF), a Texas non-profit. The ALSF has 5 board members – Mayor Norm Archibald, Dave Copeland as President of the DCOA, Greg Blair as President of the Abilene Improvement Corp., Joe Pearson representing Hendrick Health System, and Deborah Emery representing TTUHSC. Ownership of all three properties was conveyed to the ALSF along with some of the equipment. The ALSF and DCOA signed a Master Lease agreement that allowed the DCOA to market the ALSA (now known as AbLabs) and negotiate sub-leases with tenants. TTUHSC currently occupies the entire structure at 842 Pine, while 1325 Pine is empty after TTUHSC moved out last fall. The DCOA is also responsible for all maintenance, upkeep and utilities for the structures but does receive a monthly payment from TTUHSC for use of the 842 Pine facility.

NMTC TRANSACTION UNWIND

In April 2009, the DCOA approved resolution DCOA-2009.10 authorizing participation in the 7-year NMTC transaction and authorizing the CEO to execute documents on the DCOA's behalf. To facilitate the process, the board sold 842 Pine, 1325 Pine and the equipment therein, plus 1342 Walnut (AbLabs parking lot) to ALSF for the amount of \$7,039,296. DCOA retained a first lien on the property and became the Leverage Lender in the deal.

On April 25, 2016, the board approved Resolution 2016.14 authorizing the transactions necessary to unwind the NMTC deal from 2009. Also approved was up to \$185,637 to payoff Note C in the amount of \$150,000, \$29,637 to purchase the remaining interest in the Investment Fund, and \$6,000 for legal fees. On April 29, 2016, the following transactions occurred at a total cost to the DCOA of \$116,616.21:

1. DCOA purchased 100% of the interest in the investment fund (Put Option) for \$29,637.

2. Two of the three loans totaling \$9,650,000 (Note A for \$7,039,296 and Note B for \$2,610,704) were assigned to the DCOA, with the Abilene Life Sciences Foundation as debtor.
3. Note C in the amount of \$150,000 represents the "exit fee" and was paid off by ALSF with funding assistance from the DCOA in the amount of \$75,979.
4. DCOA paid legal fees of \$11,000 to facilitate the unwind.

The ALSF still owes the DCOA \$9,650,000, which is secured by the real estate and equipment. The ALSF board met on September 8th and approved a resolution which authorizes:

1. The transfer of 1325 Pine, 1342 Walnut and 842 Pine Street properties by special warranty deed and all of its biotech research equipment by Equipment Bill of Sale in exchange for the cancellation by DCOA of ALSF's debt consisting of Note A in the principal sum of \$7,309,296, and Note B in the principal sum of \$2,610,704.
2. Termination of the Master Lease Agreement with the DCOA for operations and management of the properties and equipment.
3. Filing a Certificate of Termination with the Texas Secretary of State, which dissolves the ALSF.

REQUEST

Staff requests the DCOA board authorize the following:

1. Release of lien for Deed of Trust securing a note receivable by ALSF for real property on Pine and Walnut Streets, and
2. Cancellation of the debt owed by the Abilene Life Sciences Foundation in the amount of \$9,650,000, and
3. Acceptance of ownership of 1325 Pine St., 1342 Walnut St. and 842 Pine St. via special warranty deed, and
4. Acceptance of the related biotech research equipment via Equipment Bill of Sale, and
5. Termination of the Master Lease Agreement for operations and management of the properties and equipment.

FISCAL IMPACT

Even exchange of a note receivable for real and business personal assets

STAFF RECOMMENDATION

Staff recommends approval of Resolution DCOA-2016.19 authorizing the transactions noted above to completely reverse all business agreements and relationships between the DCOA and ALSF associated with the New Markets Tax Credit transaction from 2009.

ATTACHMENTS

Resolution DCOA-2016.19

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RESOLUTION NO. DCOA-2016.19

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (“DCOA”), ABILENE, TEXAS, AUTHORIZING ALL TRANSACTIONS NECESSARY TO COMPLETELY REVERSE ALL BUSINESS AGREEMENTS AND RELATIONSHIPS BETWEEN THE DCOA AND ABILENE LIFE SCIENCES FOUNDATION (“ALSF”) ASSOCIATED WITH THE NEW MARKETS TAX CREDIT TRANSACTION FROM 2009.

WHEREAS, a donor conveyed the 6,000 sq. ft. building at 842 Pine to the DCOA in 2008 and construction of the Abilene Life Sciences Accelerator (ALSA) at 1325 Pine was completed in mid-2010; and,

WHEREAS, in early 2009, the DCOA was approved by the National Development Council (NDC) for a New Markets Tax Credit (NMTC) allocation in the amount of \$10 million (\$3.9 million in actual tax credits) that netted an additional \$2.6 million for investment into the project to assist with construction and purchase of biotech research equipment for both locations; and,

WHEREAS, a new entity was formed called the Abilene Life Sciences Foundation, Inc. (ALSF), a Texas non-profit consisting of five board members; and,

WHEREAS, ownership of all three properties (including the parking lot for 1325 Pine St.) was conveyed to the ALSF along with some of the equipment, and the ALSF and DCOA signed a Master Lease agreement that allowed the DCOA to market the ALSA (now known as AbLabs) and negotiate sub-leases with tenants; and,

WHEREAS, Texas Tech University Health Sciences Center (“TTUHSC”) currently occupies the entire structure at 842 Pine, while 1325 Pine is empty after TTUHSC moved out in late 2015; and,

WHEREAS, the DCOA is also responsible for all maintenance, upkeep and utilities for the structures but does receive a monthly payment from TTUHSC for use of the 842 Pine facility; and,

WHEREAS, on April 13, 2009, the DCOA approved resolution DCOA-2009.10 authorizing participation in the NMTC Transaction and authorizing the CEO to execute documents on the DCOA’s behalf; and,

WHEREAS, to facilitate the process, the DCOA board sold 842 Pine, 1325 Pine and the equipment therein, plus 1342 Walnut (AbLabs parking lot) to ALSF for the amount of \$7,039,296 with DCOA retaining a first lien on the property and becoming the Leverage Lender in the deal; and,

WHEREAS, on April 25, 2016, the board approved Resolution 2016.14 authorizing the transactions necessary to unwind the NMTC deal from 2009, and also approving up to \$185,637 to payoff Note C in the amount of \$150,000, \$29,637 to purchase the remaining interest in the Investment Fund, and \$6,000 for legal fees; and,

WHEREAS, On April 29, 2016, at a total cost to the DCOA of \$116,616.21; 1) DCOA purchased 100% of the interest in the investment fund (Put Option) for \$29,637, 2) two of the three loans totaling \$9,650,000 (Note A for \$7,039,296 and Note B for \$2,610,704) were assigned to the DCOA, with the Abilene Life Sciences Foundation as debtor, 3) Note C in the amount of \$150,000 was paid off by ALSF with funding assistance from the DCOA in the amount of \$75,979, and 4) DCOA paid legal fees of \$11,000 to facilitate the unwind; and,

WHEREAS, the ALSF board met on September 8, 2016, and approved a resolution which authorizes; 1) the transfer of 1325 Pine, 1342 Walnut and 842 Pine Street properties by special warranty deed and all of its biotech research equipment by Equipment Bill of Sale in exchange for the cancellation by DCOA of ALSF's debt consisting of Note A in the principal sum of \$7,309,296, and Note B in the principal sum of \$2,610,704, 2) termination of the Master Lease Agreement with the DCOA for operations and management of the properties and equipment, and 3) filing a Certificate of Termination with the Texas Secretary of State, which dissolves the ALSF; and,

WHEREAS, staff requests the DCOA authorize the transactions noted above to completely reverse all business agreements and relationships between the DCOA and ALSF associated with the New Markets Tax Credit transaction from 2009; and,

WHEREAS, the following resolutions have been duly adopted at a meeting (duly convened where a quorum of directors was present) of, or by the unanimous written consent of, the Board of Directors of the DCOA, and such resolutions have not been amended or revoked, and are now in full force and effect.

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

PART 1. The DCOA agrees to transactions necessary to reverse all business agreements and relationships between the DCOA and Abilene Life Sciences Foundation, more specifically described below:

- A. Release of lien for Deed of Trust securing a note receivable by ALSF for real property on Pine and Walnut Streets, and
- B. Cancellation of the debt owed by the Abilene Life Sciences Foundation in the amount of \$9,650,000, and
- C. Acceptance of ownership of 1325 Pine St., 1342 Walnut St. and 842 Pine St. via special warranty deed, and
- D. Acceptance of the related biotech research equipment via Equipment Bill of Sale, and
- E. Termination of the Master Lease Agreement for operations and management of the properties and equipment.

PART 2. The Chief Executive Officer of the DCOA is hereby authorized, on behalf of the DCOA, to execute and deliver the documents in substantially the form approved by these resolutions, with such amendments or changes thereto as the officer so acting may approve, such approval to be conclusively evidenced by his execution and delivery of the same.

PART 3. The Secretary of the DCOA is hereby authorized, on behalf of the DCOA, to certify and attest any documents which he may deem necessary or appropriate to consummate the transactions contemplated by these resolutions; provided that such attestation shall not be required for the validity of any such documents.

PART 4. Any and all actions taken by any of the officers or representatives of the DCOA, for and on behalf and in the name of the DCOA prior to the adoption of these resolutions are hereby ratified, confirmed, and approved in all respects as the acts and deeds of the DCOA.

PART 5. Incumbency. The following named persons are duly elected or appointed, acting, and qualified officers of the DCOA holding at the date hereof the offices set forth under their respective names, and the signatures appearing above their respective names are their genuine signatures.

ADOPTED this the 30th day of September, 2016.

ATTEST:

John Beckham
Secretary/Treasurer

Dave Copeland
President

APPROVED:

Stanley Smith, City Attorney