

## **PUBLIC NOTICE**

### **DEVELOPMENT CORPORATION OF ABILENE, INC.**

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Wednesday, March 22, 2017, at Develop Abilene conference room, 174 Cypress St., 3<sup>rd</sup> floor, Abilene, Texas, commencing at 1:30 p.m. to consider the following agenda:

SIGNED:

  
Kent Sharp, CEO

## **AGENDA**

March 22, 2017  
1:30 p.m.

Develop Abilene Conference Room  
174 Cypress St., 3<sup>rd</sup> floor

1. Call the meeting to order.
2. Approval of minutes from the February 20, 2017, board meeting.
3. Sales tax report for March 2017 and financial report for January 2017.
4. Presentation of the FY16 audit performed by Davis Kinard & Co., P.C.
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 of the matters listed, as authorized by the Texas Government Code Sections:
  1. 551.071 (Consultation with Attorney),
    - A. Outstanding insurance claims
    - B. Prairie Dog Pet Products project
  2. 551.072 (Deliberations about Real Property)
    - A. Acquisition of surplus land from City
    - B. 1325 and 842 Pine St.
  3. 551.074 (Personnel Matters)
    - A. Temporary Construction Project Manager position
  4. 551.087 (Business Prospect/Economic Development)
    - A. Project Northeast
6. Discussion and possible approval of a resolution authorizing the assignment of an Agreement for Financial Assistance and related documents with Coca-Cola Refreshments USA, Inc. to a wholly-owned subsidiary company.
7. Discussion and possible approval of a resolution authorizing additional funding to support the Communities in Schools new Workforce Development Coach position.
8. Discussion of next monthly board meeting.

9. 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 \_\_\_\_\_, 2017, at \_\_\_\_\_.

\_\_\_\_\_  
City Secretary

**NOTICE**

Persons with disabilities who would like special assistance or need special accommodations to participate in this meeting should contact the Development Corporation of Abilene, Inc., (325) 676-6390, at least forty-eight (48) hours in advance of this meeting. Telecommunication device for the deaf is (325) 676-6360.

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**DEVELOPMENT CORPORATION OF ABILENE, INC.**  
**BOARD MEETING MINUTES**  
**February 20, 2017**

<b>MEMBERS PRESENT:</b>	Dave Copeland Greg Blair	Marelyn Shedd	Jack Rich
<b>MEMBER ABSENT:</b>	John Beckham		
<b>STAFF PRESENT:</b>	Kent Sharp	Kim Tarrant	Matthew Hitt
<b>GUESTS PRESENT:</b>	Mark Zachary Dani Ramsay Norm Archibald Bruce Kreitler Marjorie Knight Tim Chipp	McMahon Law Firm Former DCOA Board Member Mayor City Council City of Abilene Abilene Reporter News	

1. **CALL THE MEETING TO ORDER:** President Dave Copeland called the meeting to order at 11:01 a.m. at 174 Cypress St., 3<sup>rd</sup> floor conference room, Abilene Texas.

2. **PRESENTATION BY MAYOR ARCHIBALD TO FORMER BOARD MEMBERS MARELYN SHEDD AND DANI RAMSAY:** Mayor Norm Archibald presented former board member Dani Ramsay and outgoing board member Marelyn Shedd with Certificates of appreciation from the Mayor's office for their faithful and dedicated service to the Development Corporation of Abilene and the City of Abilene.

3. **PRESENTATION BY PRESIDENT DAVE COPELAND TO FORMER BOARD MEMBER MARELYN SHEDD:** President Copeland presented outgoing board member Marelyn Shedd with a plaque of appreciation for her years of service on the DCOA Board since this would be her last official meeting as a board member.

4. **WELCOME REMARKS FOR NEW BOARD MEMBER GREG BLAIR:** President Dave Copeland welcomed the newly appointed board member Mr. Greg Blair to the DCOA board.

5. **APPROVAL OF MINUTES FROM THE JANUARY 18, 2017 BOARD MEETING:** Jack Rich moved to approve the minutes from the January 18, 2017, board meeting. Marelyn Shedd seconded and the motion carried.

6. **SALES TAX REPORT FOR FEBRUARY 2017 AND FINANCIAL REPORT FOR DECEMBER 2016:** Marjorie Knight with the Finance Department presented the sales tax report for February 2017. The sales tax rebate for February is \$4,369,407.69, which represents December sales. Economic Development received \$1,092,351.92, which is 4.17% below last year and 4.17% below the projected FY17 budget amount. For the period October through February, sales tax is .60% below last year and .60% below the projected FY17 budget amount. The DCOA's total current assets as of December 31, 2016, were \$25,364,497. The December 2016 revenues totaled \$888,452 and total expenditures were \$288,427 with \$179,614 being spent on eight different projects.

**7. 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 February 20, 2017, and the time is 11:13 a.m. Later, President Copeland announced the date is still February 20, 2017, and the time is 11:58 a.m. No vote or action was taken in Executive Session.

**8. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ADDITIONAL FUNDING FOR DEVELOPMENT OF TEXAS STATE TECHNICAL COLLEGE'S NEW ABILENE CAMPUS:** Kent Sharp, CEO of the DCOA, requested additional funding for Texas State Technical College (TSTC) to assist in the purchase of 51.891 acres of land for their new Abilene campus. The final appraised value of the land is substantially higher than expected, making the total land purchase price \$465,000 (\$8,961.09/acre) instead of the originally expected \$155,673 (\$3,000/acre). TSTC will increase its budget for the land purchase to \$5,500 per acre and has requested the DCOA provide the difference of \$3,461.09 per acre, or \$179,600 total. Staff recommends approval of resolution DCOA-2017.06 authorizing an additional \$179,600 to assist TSTC in the land purchase needed for the new Abilene Campus.

Jack Rich made the motion to approve resolution DCOA-2017.06 with the modification recommended by staff, to authorize additional funding to TSTC up to \$179,600. Greg Blair seconded and the motion passed.

**9. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING THE PURCHASE OF SURPLUS CITY-OWNED LAND LOCATED IN THE FIVE POINTS BUSINESS PARK AND ON HWY 36 AT LOOP 322:** President Dave Copeland stated this item is tabled.

**10. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A CONTRACT WITH CONSULTANT DALE MORRIS TO GENERATE MORE BUSINESS ACTIVITY AT THE AIRPORT, PARTICULARLY WITH EAGLE AVIATION SERVICES. INC.:** After a short discussion, the board agreed Dale Morris should contact the Airport Development Board with his proposal for consulting services, and the Airport board would approach the DCOA with a recommendation. President Copeland tabled this matter.

**11. UPDATE ON THE FIVE-YEAR STRATEGIC PLAN ANNUAL ACCOUNTABILITY SCORE AND REPORT FROM TIP STRATEGIES:** Kent Sharp gave a short update on the Five-Year Strategic Plan (the Plan). In the proposal to TIP Strategies (TIP) the DCOA asked the consultants to provide an annual accountability scorecard on the progress made by all the partners involved in the implementation of the Plan. Mr. Sharp provided TIP with a copy of the quarterly update he presented to the DCOA Board in November and the City Council in January. TIP will be here in March to give their report on progress made during the first year of implementation at a joint meeting of the City Council, the AIF, the DCOA and any of the other partners involved in the plan.

**12. DISCUSSION OF THE NEXT BOARD MEETING DATE AND TIME:** Dave Copeland, President of the DCOA board, reminded the board about going to one meeting on the fourth Wednesday of each month at 1:30 p.m. This is one day ahead of the City Council meeting and any item approved by the DCOA Board would go before the Council at the next day's meeting.

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

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Dave Copeland, President

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**MEMORANDUM**

March 8, 2017

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

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The sales tax rebate for March is \$3,028,602.21 which represents January sales. This is 3.88% above last year and 3.88% above the projected FY 17 budget amount. The breakdown of the rebate is \$2,271,451.66 to the General Fund and \$757,150.55 for economic development. Of this rebate, \$86,075.56 is from prior periods, audit payments, future payments, and unidentified payments. For the period of October through March, sales tax is .03% above last year and .03% above the projected FY 17 budget amount. I have requested the detail from the state.

Should you have any questions, please contact me.

Cc: Mindy Patterson, Assistant City Manager  
James Childers, Assistant City Manager

# CITY OF ABILENE SALES TAX COMPARISON

Accounting Period Month	GENERAL FUND Actual 2015-16	ECONOMIC DEVELOPMENT Actual 2015-16	TOTAL 2015-16	GENERAL FUND Actual 2016-17	ECONOMIC DEVELOPMENT Actual 2016-17	TOTAL 2016-17
October	\$2,456,044.80	\$818,681.60	\$3,274,726.40	\$2,511,352.80	\$837,117.60	\$3,348,470.40
November	2,940,002.89	980,000.96	3,920,003.85	2,792,056.28	930,685.42	3,722,741.70
December	2,203,231.83	734,410.61	2,937,642.44	2,243,907.19	747,969.06	2,991,876.25
January	2,265,278.52	755,092.84	3,020,371.36	2,379,642.60	793,214.20	3,172,856.80
February	3,419,688.86	1,139,896.28	4,559,585.14	3,277,055.77	1,092,351.92	4,369,407.69
March	2,186,523.32	728,841.10	2,915,364.42	2,271,451.66	757,150.55	3,028,602.21
<b>YTD</b>	<b>\$15,470,770.22</b>	<b>\$5,156,923.39</b>	<b>\$20,627,693.61</b>	<b>\$15,475,466.30</b>	<b>\$5,158,488.75</b>	<b>\$20,633,955.05</b>
April	\$2,337,248.73	\$779,082.91	\$3,116,331.64			
May	2,914,521.42	971,507.14	3,886,028.56			
June	2,263,315.79	754,438.60	3,017,754.39			
July	2,272,925.02	757,641.67	3,030,566.69			
August	2,955,004.91	985,001.64	3,940,006.55			
September	2,268,511.95	756,170.65	3,024,682.60			
<b>FY TOTAL</b>	<b>\$30,482,298.04</b>	<b>\$10,160,766.00</b>	<b>\$40,643,064.04</b>			

NOTE: Report reflects the month sales tax is received from Austin. Revenue is recorded on this basis for budgetary purposes.

The Comprehensive Annual Financial Report (CAFR) will reflect revenue based upon the month the sales tax is paid by the vendor to the State Comptroller in accordance with GASB 33 requirements.

**DEVELOPMENT CORPORATION OF ABILENE, INC.**  
**1/2 CENT SALES TAX REVENUE**  
*Monthly and Year-to-Year Comparisons*

Accounting Period Month	Actual 2015-16	Actual 2016-17	% Change
October	\$818,682	\$837,118	2.25%
November	980,001	930,685	-5.03%
December	734,411	747,969	1.85%
January	755,093	793,214	5.05%
February	1,139,896	1,092,352	-4.17%
March	728,841	757,151	3.88%
<b>YTD</b>	<b>\$5,156,923</b>	<b>\$5,158,489</b>	<b>0.03%</b>
April	\$779,083		
May	971,507		
June	754,439		
July	757,642		
August	985,002		
September	756,171		
<b>FY TOTAL</b>	<b>\$10,160,766</b>		

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 March '17 represents January '17 sales. Approximately  
\$21,518.89 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 2012-13	Actual 2013-14	Actual 2014-15	Actual 2015-16	Actual 2016-17
October	\$855,868	\$815,126	\$868,660	\$818,682	\$837,118
November	891,956	896,761	987,887	980,001	930,685
December	773,104	766,502	836,922	734,411	747,969
January	728,710	744,242	798,120	755,093	793,214
February	1,012,685	1,061,353	1,137,082	1,139,896	1,092,352
March	821,529	743,945	759,360	728,841	757,151
<b>FY TOTAL</b>	<u>\$5,083,852</u>	<u>\$5,027,928</u>	<u>\$5,388,031</u>	<u>\$5,156,923</u>	<u>\$5,158,489</u>
April	\$800,963	\$726,196	\$733,667	\$779,083	
May	965,056	981,409	1,019,627	971,507	
June	827,415	773,012	822,955	754,439	
July	826,951	794,307	778,812	757,642	
August	927,272	966,814	998,076	985,002	
September	797,862	845,806	811,136	756,171	
<b>YTD</b>	<u><u>\$10,229,372</u></u>	<u><u>\$10,115,471</u></u>	<u><u>\$10,552,304</u></u>	<u><u>\$10,160,766</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**  
**January 31, 2017 and 2016**

	January 2017	January 2016
<b>Current Assets:</b>		
Cash and cash investments	\$ 20,909,229	\$ 16,690,024
Accounts receivable	1,677,765	35,293
Due from other governments	1,757,691	1,789,074
	<u>24,344,685</u>	<u>18,514,391</u>
<b>Total Current Assets</b>		
<b>Noncurrent Assets:</b>		
Notes receivable, net	3,552,933	10,992,230
Notes receivable - earning economic incentives	8,341,277	8,518,060
Capital assets	62,437,447	51,765,462
Accumulated depreciation	(14,190,010)	(9,815,739)
	<u>48,247,437</u>	<u>41,949,723</u>
<b>Total capital assets, net</b>		
<b>Total Noncurrent Assets</b>	<u>60,141,647</u>	<u>61,460,013</u>
<b>Total Assets</b>	<u>\$ 84,486,332</u>	<u>\$ 79,974,404</u>
<b>Liabilities</b>		
Current:		
Accounts payable	\$ 45,007	\$ 347,121
Accrued expenses	1,677,765	-
	<u>1,722,772</u>	<u>347,121</u>
<b>Total Current Liabilities</b>		
<b>Total Liabilities</b>	<u>1,722,772</u>	<u>347,121</u>
<b>Net Position</b>		
Net Investment in capital assets	48,247,437	41,949,723
Restricted for contractual obligations	16,340,464	18,297,476
Unrestricted, designated for purposes of trust	18,175,659	19,380,084
	<u>82,763,560</u>	<u>79,627,283</u>
<b>Total Net Position</b>		
<b>Total Liabilities and Net Position</b>	<u>\$ 84,486,332</u>	<u>\$ 79,974,404</u>

**DEVELOPMENT CORPORATION OF ABILENE**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For four months ending January 31, 2017 and 2016

	January 2017	Fiscal YTD 2017	Fiscal YTD 2016
<b>Revenues:</b>			
Sales and use taxes	\$ 793,214	\$ 3,308,986	\$ 3,288,185
Interest income	151,541	182,557	22,005
Building rental / land lease	92,408	359,317	388,500
Sale of Land	-	-	496,459
Miscellaneous revenue	13,441	27,086	51,214
Total Revenues	<u>1,050,604</u>	<u>3,877,946</u>	<u>4,246,363</u>
<b>Expenses:</b>			
Economic Development Projects	1,907,892	2,308,535	2,133,142
Life Sciences property maintenance	21,460	106,889	100,331
DCOA property maintenance	25,798	82,544	177,924
Abilene Industrial Foundation	71,664	113,743	115,144
TTU Small Business Development Center	6,112	30,337	33,412
Chamber Military Affairs	-	-	-
Airport Business Development Manager	10,810	26,952	20,188
Economic Development Operating Division	64,077	337,810	221,825
Total Expenditures	<u>2,107,813</u>	<u>3,006,810</u>	<u>2,801,966</u>
<b>Changes In Net Position</b>	(1,057,209)	871,136	1,444,397
<b>Net Position at Beginning of Period</b>	<u>83,820,769</u>	<u>81,892,424</u>	<u>78,189,586</u>
<b>Net Position at End of Period</b>	<u><u>\$ 82,763,560</u></u>	<u><u>\$ 82,763,560</u></u>	<u><u>\$ 79,633,983</u></u>

**Summary of Current Period Economic Development Projects:**

Hangar 0 Doghouse A/E	\$ 1,927
Hangar 0 Doghouse	341,515
EASI De Fuel Truck	1,950
Fehr Foods Expansion - Capital Investment	1,500,000
18/36 Industrial Park Land Clearing	30,000
2017 Springboard / Startup	32,500
Total	<u><u>\$ 1,907,892</u></u>

**Development Corporation of Abilene**  
**Economic Program Status**  
**As of January 31, 2017**

Economic Programs:	Project	Amount Budgeted	Prior Years Disbursement	Current Year Disbursement	Balance reserved for budgeted programs
Murf Systems	4998	\$ 237,240	\$ 235,665	\$ 1,575	\$ -
TTU Pharmacy School	5242	1,924,943	1,893,035	31,908	-
TTU 842 Pine	5308	853,999	853,999	-	-
Petrosmith Ph 5	5330.1	150,667	150,667	-	-
TTUHSC School of Nursing	5331	1,076,253	1,076,253	-	-
Rentech '12	5342	470,000	470,000	-	-
Hangar Doghouses A/E	5348.1	423,000	322,318	25,619	75,063
Hangar Doghouses Construction	5348.2	2,732,618	2,722,255	-	10,363
Hangar 0 Doghouse Construction	5348.3	2,000,000	603,023	607,565	789,412
EASI De-Fuel Truck	5354	111,560	78,200	5,850	27,510
Tucker Energy Services	5359	585,000	171,705	-	413,295
Five Points Infrastructure	5359.1	1,000,000	137,491	-	862,509
5 Pts RR Expansion	5363.1	30,800	24,320	-	6,480
Fehr Foods Expansion	5368	5,123,000	3,103,196	1,500,000	519,804
Broadwind Towers 2014	5373	679,300	679,300	-	-
Corley Wetsel Trucking	5376	455,200	-	-	455,200
Fehr Foods 14	5378	160,278	106,852	-	53,426
Gift Card System	5379	82,019	55,395	26,624	-
BWJ Consulting	5382	619,000	280,940	-	338,060
Datoo Technologies	5385	280,750	81,460	-	199,290
DCOA Strategic Planning	5386	130,000	125,000	-	5,000
Coca Cola Refreshments	5387	3,200,000	-	-	3,200,000
Martin Sprocket & Gear	5388	-	-	-	-
Industrial Maintenance Training AISD	5389	78,000	50,100	13,444	14,456
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	-	-	-	-
Spec 3 Remediation	5396	244,795	214,993	13,450	16,352
18/36 Industrial Park	5398	52,000	-	50,000	2,000
2016 Startup Week / 2017 Springboard	5399	32,500	-	32,500	-
Broadwind Towers	5400	715,000	-	-	715,000
TSTC New Abilene Campus	5401	4,000,000	-	-	4,000,000
AbiMar Employee Relocation	5402	25,000	-	-	25,000
<b>Subtotal Economic Program Obligation Reserve</b>		<b>\$ 29,903,223</b>	<b>\$ 13,523,589</b>	<b>\$ 2,308,535</b>	<b>\$ 14,071,099</b>

**Plus Administrative Division Obligations:**

Economic Development Operating Division	Division 2760	777,490	-	337,810	439,680
Life Sciences Property Maintenance	Division 2765	322,550	-	106,889	215,661
DCOA Property Maintenance	Division 2775	465,670	-	82,544	383,126
Abilene Industrial Foundation	Division 2775	619,780	-	113,743	506,037
TTU Small Business Dev Center	Division 2775	200,000	-	30,337	169,663
Chamber Military Affairs	Division 2775	397,000	-	-	397,000
Airport Business Development Manager	Division 2775	185,150	-	26,952	158,198
<b>Subtotal Administrative Divisions Obligation Reserve</b>		<b>\$ 2,967,640</b>	<b>\$ -</b>	<b>\$ 698,275</b>	<b>\$ 2,269,365</b>
<b>Total reserve for obligated programs</b>					<b>\$ 16,340,464</b>

**DCOA Board approved projects waiting for signed contracts:**

Dyess JLUS	\$ 50,000	Expiration Date 6/17/17
Communities in Schools Coach	74,100	6/18/17
	<u>\$ 124,100</u>	

**Development Corporation of Abilene**  
**Revenue and Expense**  
**Budget vs Actual Comparison**  
**October 2016 - September 2017**

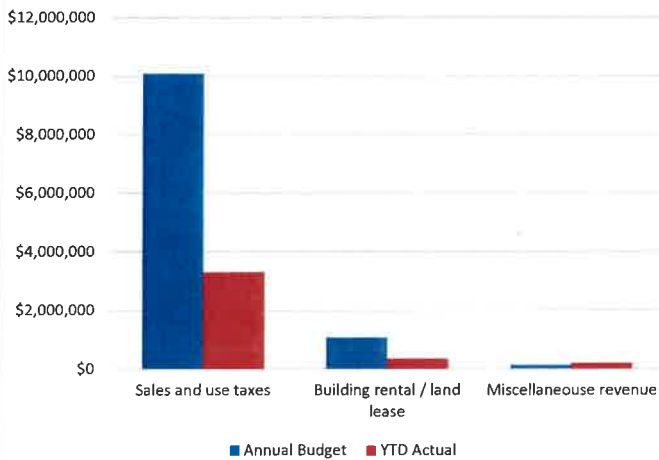
**Revenue**

	Annual Budget	YTD Actual	% of Budget
Sales and use taxes	10,088,060	3,308,986	33%
Building rental / land lease	1,073,200	359,317	33%
Miscellaneous revenue	135,000	209,643	155%
<b>Revenue</b>	<b>11,296,260</b>	<b>3,877,946</b>	<b>34%</b>

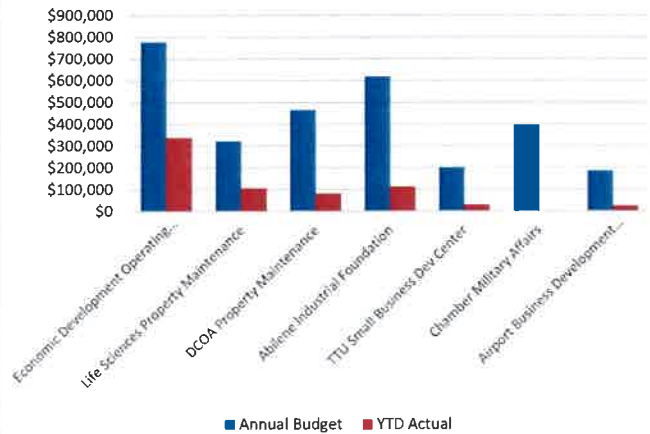
**Expenses**

	Annual Budget	YTD Actual	% of Budget
Economic Development Operating Division	777,490	337,810	43%
Life Sciences Property Maintenance	322,550	106,889	33%
DCOA Property Maintenance	465,670	82,544	18%
Abilene Industrial Foundation	619,780	113,743	18%
TTU Small Business Dev Center	200,000	30,337	15%
Chamber Military Affairs	397,000	-	0%
Airport Business Development Manager	185,150	26,952	15%
	<b>2,967,640</b>	<b>698,275</b>	<b>24%</b>

**FY 17 Budget vs Actual Revenue**



**FY 17 Budget vs Actual Expenses**



**CITY OF ABILENE, TEXAS**

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**ANNUAL FINANCIAL REPORT**

**With Supplemental Information for  
Development Corporation of Abilene**

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**Year Ended September 30, 2016**

CITY OF ABILENE, TEXAS  
Annual Financial Report  
Year Ended September 30, 2016  
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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor  
Members of the City Council  
City of Abilene, Texas:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Abilene, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Abilene, Texas, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 15 and 58 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Abilene, Texas' basic financial statements. The supplemental information for Development Corporation of Abilene on pages 63 through 68 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Abilene, Texas. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Davis Kinard & Co., PC*  
Certified Public Accountants

Abilene, Texas  
February 13, 2017

**CITY OF ABILENE, TEXAS**  
**Development Corporation of Abilene**  
**Statement of Net Position**  
**September 30, 2016**  
**With Comparative Totals for the Year Ended September 30, 2015**

	2016	2015
<b>CURRENT ASSETS:</b>		
Cash and cash investments	\$ 9,888,022	\$ 8,670,678
Investments	10,223,584	11,636,313
Accounts receivable	1,872,392	35,293
Due from other governments	1,757,691	1,789,074
Prepaid expenses	2,910	8,200
<b>Total Current Assets</b>	<b>23,744,599</b>	<b>22,139,558</b>
<b>NONCURRENT ASSETS:</b>		
Notes receivable, net	12,061,027	14,932,770
Capital assets not being depreciated	6,139,424	8,170,214
Capital assets net of accumulated depreciation	42,108,013	33,779,509
<b>Total Noncurrent Assets</b>	<b>60,308,464</b>	<b>56,882,493</b>
<b>TOTAL ASSETS</b>	<b>84,053,063</b>	<b>79,022,051</b>
<b>LIABILITIES:</b>		
Current:		
Accounts payable	433,419	485,345
Retainage payable	31,472	149,956
Accrued liabilities	1,695,748	197,165
<b>Total Current Liabilities</b>	<b>2,160,639</b>	<b>832,466</b>
<b>Total Liabilities</b>	<b>2,160,639</b>	<b>832,466</b>
<b>NET POSITION:</b>		
Net investment in capital assets	48,247,437	41,949,723
Restricted for contractual obligations	13,090,515	8,549,691
Unrestricted, designated for purposes of trust	20,554,472	27,690,171
<b>TOTAL NET POSITION</b>	<b>\$ 81,892,424</b>	<b>\$ 78,189,585</b>

**CITY OF ABILENE, TEXAS**  
**Development Corporation of Abilene**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended September 30, 2016**  
**With Comparative Totals for the Year Ended September 30, 2015**

	2016	2015
<b>REVENUES:</b>		
Sales and use taxes	\$ 10,129,383	\$ 10,493,769
Rental income	1,099,980	1,070,896
Interest income	168,358	116,504
Gain on sale of capital assets	67,334	150,307
Miscellaneous revenue	324,496	224,976
<b>Total Revenues</b>	<b>11,789,551</b>	<b>12,056,452</b>
<b>EXPENSES</b>		
Current:		
Trust	8,086,712	8,344,838
<b>Total Expenses</b>	<b>8,086,712</b>	<b>8,344,838</b>
<b>CHANGE IN NET POSITION</b>	<b>3,702,839</b>	<b>3,711,614</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>78,189,585</b>	<b>74,477,971</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 81,892,424</b>	<b>\$ 78,189,585</b>

CITY OF ABILENE  
Development Corporation of Abilene  
Schedule of Revenues and Expenditures - Budget Basis  
Year Ended September 30, 2016  
With Comparative Totals for the Year Ended September 30, 2015

	2016	2015
<b>REVENUES:</b>		
Sales and use taxes	\$ 10,160,766	\$ 10,552,304
Interest on loans and assessments	88,147	71,371
Interest on investments	80,211	45,133
Land lease	22,925	24,282
Sale of land and buildings	496,459	163,635
Building/space rent	1,077,055	1,046,614
Miscellaneous recovery	18,125	60,000
Miscellaneous revenue	306,370	551,482
Total Revenues	12,250,058	12,514,821
<b>EXPENDITURES:</b>		
Current:		
Business Services Division	670,616	562,189
Life Sciences Property	355,444	554,433
DCOA Annual Contracts	379,947	256,506
Abilene Industrial Foundation	501,676	410,382
TTU Small Business Development Center	155,606	157,763
Chamber Military Affairs	338,410	391,382
Airport Business Development MGR	161,008	139,442
TTU Pharmacy School	190,725	177,318
Run Energy	-	65,431
TTU 842 Pine	163,000	158,000
Energy Maintenance Service	-	140,000
Cooperative Response Center	-	5,777
Petrosmith Ph 1, 3 & 4	206,930	221,660
Petrosmith Ph 5	150,667	-
TTUHSC School of Nursing	269,368	269,368
Vine St. Fehr Foods Improvements	-	135,814
Fehr Foods '12	-	170,000
Rentech '12	154,200	142,000
Owens Machine & Tool	24,079	29,318
Biotech Marketing and PR Plan	-	125
Hangar Doghouses	17,163	69,998
Hangar 1 Doghouse Construction	162,385	2,312,310
Hangar 0 Doghouse Construction	603,023	-
EASI De-Fuel Truck	22,200	21,000
Fehr Foods '13	74,272	74,272
Tucker Energy Services	80,675	91,030
Polaris Drive Construction	-	408,485
5 Pts RR Expansion	13,320	11,000
Spec 3 Finish Out A/E	-	198,289
Spec 3 Finish Out Construction	165,570	1,067,255
842 Pine Boiler Replacement A/E	-	5,573
842 Pine Boiler Replacement Equipment	-	103,469
843 Pine Boiler Replacement Construction	-	145,033
Fehr Foods Expansion	1,601,237	1,501,958
Broadwind Towers 2014	580,078	99,222
Clavel Corp	25,106	18,405

**CITY OF ABILENE**  
**Development Corporation of Abilene**  
**Schedule of Revenues and Expenditures - Budget Basis**  
**Year Ended September 30, 2016**  
**With Comparative Totals for the Year Ended September 30, 2015**

**EXPENDITURES - continued:**

	2016	2015
Current - continued:		
Fehr Foods '14	\$ 53,426	\$ 53,426
Gift Card System	33,055	22,340
TTUHSC FY 15 Experimmune	-	60,613
Fulwiler Land Purchase	-	488,256
BWJ Consulting	163,647	117,293
Pine St. Buildings - Hail Damage A/E	-	10,016
Pine St. Buildings - Construction	156,130	293,560
Datroo Technologies	47,244	34,216
DCOA Strategic Planning	20,000	105,000
Industrial Maintenance Training AISD	50,100	-
TTUHSC School of Public Health	87,422	-
Five Points Rail Spur	33,942	-
Spec 3 Remediation	214,993	-
ALSF Unwind	116,616	-
Total Expenditures	<u>8,043,280</u>	<u>11,298,927</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES-BUDGET BASIS</b>	<b>4,206,778</b>	<b>1,215,894</b>
Add: Fixed assets capitalized	1,094,043	3,849,788
Add: Gain on sale of assets	67,334	150,307
Add: Change in accrued expenses	159,508	38,044
Less: Change in accrued revenue	(31,383)	(196,301)
Less: Proceeds from sale of land	(496,459)	(163,635)
Less: Depreciation	<u>(1,296,982)</u>	<u>(1,182,483)</u>
<b>CHANGE IN NET ASSETS-GAAP BASIS</b>	<b>\$ <u>3,702,839</u></b>	<b>\$ <u>3,711,614</u></b>

CITY OF ABILENE, TEXAS  
Development Corporation of Abilene  
Schedule of Obligated Fund Balance - Budget Basis  
Year Ended September 30, 2016

	FY 2016 Obligated	FY 2016 Amount Disbursed	Balance
<b>OBLIGATED PROGRAMS:</b>			
Business Services Division	\$ 705,210	\$ 670,616	\$ 34,594
Life Sciences Property	384,420	355,444	28,976
DCOA Annual Contracts	1,716,464	379,947	1,336,517
Abilene Industrial Foundation	501,676	501,676	-
TTU Small Business Development Center	200,000	155,606	44,394
Chamber Military Affairs	397,000	338,410	58,590
Airport Business Development MGR	182,720	161,008	21,712
TTU Pharmacy School	190,725	190,725	-
TTU 842 Pine	163,000	163,000	-
Petrosmith Ph 1, 3 & 4	206,930	206,930	-
Petrosmith Ph 5	150,667	150,667	-
TTUHSC School of Nursing	269,368	269,368	-
Rentech '12	154,200	154,200	-
Owens Machine & Tool	24,079	24,079	-
Hangar Doghouses A/E	117,845	17,163	100,682
Hangar Doghouse Construction	172,748	162,385	10,363
Hangar 0 Doghouse Construction	2,000,000	603,023	1,396,977
EASI De-Fuel Truck	55,560	22,200	33,360
Fehr Foods ' 13	74,272	74,272	-
Tucker Energy Services	493,970	80,675	413,295
Five Points Infrastructure	862,509	-	862,509
5 Pts RR Expansion	19,800	13,320	6,480
Spec 3 Finish Out Construction	165,570	165,570	-
Fehr Foods Expansion	3,621,041	1,601,237	2,019,804
Broadwind Towers 2014	580,078	580,078	-
Corley Wetsel Trucking	455,200	-	455,200
Clavel Corp	25,106	25,106	-
Fehr Foods 14	106,852	53,426	53,426
Gift Card System	59,760	33,055	26,705
BWJ Consulting	501,707	163,647	338,060
Pine St. Buildings - Construction	156,130	156,130	-
Datroo Technologies	246,534	47,244	199,290
DCOA Strategic Planning	25,000	20,000	5,000
Coca Cola Refreshments	3,200,000	-	3,200,000
Industrial Maintenance Training AISD	70,000	50,100	19,900
Lone Star Canvas	50,000	-	50,000
BCBS Roof Repairs	953,400	-	953,400
TTUHSC School of Public Health	1,426,901	87,422	1,339,479
Five Points Rain Spur	33,942	33,942	-
Spec 3 Remediation	244,795	214,993	29,802
ALSF Unwind	116,616	116,616	-
18/36 Industrial Park	52,000	-	52,000
<b>Total Obligated Programs</b>	<b>\$ 21,133,795</b>	<b>\$ 8,043,280</b>	<b>\$ 13,090,515</b>

**CITY OF ABILENE, TEXAS**  
**Development Corporation of Abilene**  
**Schedule of Capital Assets**  
**September 30, 2016**

	Cost	Accumulated Depreciation	Net Book Value
<b>Land</b>			
505.637 acres-Five Points Business Park	\$ 576,033	\$ -	\$ 576,033
834 Pine	40,424	-	40,424
303.53 Acres Hwy 36 & FM 18	449,239	-	449,239
1.995 Acres Hwy 36	16,641	-	16,641
121.93 acres Moses Williams Survey	482,238	-	482,238
922 N. 13th Street	35,735	-	35,735
84.257 acres Fulwiler Land	493,056	-	493,056
1325 Pine	246,258	-	246,258
842 Pine	43,846	-	43,846
1336 / 1342 Walnut	81,000	-	81,000
Construction-in-Progress	3,674,954	-	3,674,954
Buildings and Improvements	38,308,189	(9,616,333)	28,691,856
Improvements other than buildings	15,588,704	(2,433,057)	13,155,647
Machinery & Equipment	2,360,678	(2,107,667)	253,011
Vehicles	40,452	(32,953)	7,499
<b>NET CAPITAL ASSETS</b>	<b>\$ 62,437,447</b>	<b>\$ (14,190,010)</b>	<b>\$ 48,247,437</b>

# **DEVELOPMENT CORPORATION OF ABILENE, INC.**

## **Board Agenda**

**Meeting Date:** March 22, 2017

**PROJECT: Coca-Cola Refreshments USA, Inc. - Assignment of Agreement and Related Documents**

**STAFF: Kent Sharp, CEO**

---

### **BACKGROUND**

The bottling system for Coca-Cola is made up of locally-rooted enterprises committed to quality. Coca-Cola Refreshments USA, Inc. (Coke) is an established employer for Abilene that has been in operation on Highway 351 for many years and currently employs about 300 people in manufacturing and distribution/transportation. The company has operated a facility in Abilene since 1920 at various locations, but has resided at its current location for more than 50 years. The company's goal is to expand its manufacturing operations in the region. Abilene has been identified as a prime facility for consolidation of production, packaging, warehouse and distribution operations because of its long reputation as being both cost-efficient and able to handle a wide range of specialty/seasonal packaging, not to mention its central location in Texas.

Below is a summary of project funds granted the company in the past by DCOA:

### **Sewer Main Project**

In 2006, the board authorized funding of \$300,000 to install a new sewer main along the new road from the plant to I-20 and connect the Coke plant to the new main. This main only serves Coke, and by authorizing funding, the board set the stage for future investment in Abilene. All of the funding was advanced and fully earned by the company.

### **Syrup Lab Room Project**

In February 2009, the board approved resolution DCOA-2009.09 authorizing \$500,000 paid at 10% of actual costs to expand the Abilene plant, including a 900 sq ft lab room and improvements to the syrup room. The improvements will bring the plant up to corporate standards at an estimated cost of \$5 million and position it as an innovative research and development center. The DCOA funding helped ensure an internal return on investment of 15% for the company; the ROI needed for the project to compete with other plants for the project. The project was placed on hold while Coca-Cola Enterprises was being purchased by Coca-Cola Refreshments USA, Inc. (CCR).

The project expanded to a cost of \$9.3 million, so in January 2012, the board approved new funding of \$430,000 paid at 10% of actual costs, which increased the DCOA's commitment for this project from \$500,000 to \$930,000. A total of \$819,628 was funded for this project.

### **Shrink Wrap Project**

In April 2009, the board approved resolution DCOA-2009.14 authorizing another \$400,000 paid at 10% of actual costs to help fund a Supply Chain innovation initiative designed to improve packaging and marketing flexibility. The continuous motion packaging equipment used in Abilene converts corrugated blanks into trays, which are then overwrapped with film and travel through a heat tunnel where the film shrinks to form a very robust and attractive package.



The Shrink Wrap project cost \$3.94 million. No additional employment is associated with this project. A total of \$394,246 was funded for this project.

### **Monster Energy Drink Project**

In January 2012, the board also approved \$690,000 for an upgrade of an existing processing line for a new Monster Energy Drink line at a cost of \$6.9 million. The funds were to be disbursed over a 3-year period in an amount up to \$230,000/year at the rate of 10% of CCR's actual capital investment. This project was not awarded to Abilene or any other Coke plant as of July 2014 so the funding was cancelled.

### **Blow Mold Project (current Agreement)**

On July 27, 2015, the board approved up to \$2,750,000 paid at 10% of actual costs for installation of \$27.5 million of in-blow molding equipment. PET bottles needed for manufacturing operations were manufactured in Big Spring, Texas and shipped to the Abilene plant. This project was completed in late 2016 and an advance of \$2,660,557 was made under a note receivable, secured by a guaranty from The Coca-Cola Company, being earned over 5 years.

### **Energy Drink Project (current Agreement)**

Also in 2015, the board approved up to \$440,000 paid at 10% for the addition of a \$4.4 million 16oz energy drink production line. The addition allows the Abilene facility to absorb an additional 4.4 million cases of volume annually that was being manufacturing in Portales, New Mexico. This expansion was completed in late 2016 and increases the plant's overall capacity by an additional 20%. A total of \$421,419 was funded under a note receivable, secured by a guaranty from The Coca-Cola Company, being earned over 5 years.

The last two projects allow for more efficient operations and better production planning. They also help the Abilene facility retain its current employment levels and establish the facility as an integral component within the company, greatly reducing the likelihood of its closure.

### **REQUEST**

Parent company, The Coca-Cola Company, is working to restructure the bottling operations in Texas, which includes transferring the Abilene production facility and warehouse to the new structure. The Agreement for Financial Assistance (Agreement) between the DCOA and Coca-Cola Refreshments USA, Inc. will be impacted by the transfer. An assignment of the Agreement to the new legal owner and operator of the facility will be required.

As part of a multi-year restructuring of all Coca-Cola Refreshments USA, Inc. (CCR) bottling and distribution operations in the U.S., CCR's entire Texas operations (along with portions of territories in Arkansas, New Mexico and Oklahoma) will be transferred to a new, wholly owned limited liability company of CCR near the end of March. The new operating company is named Coca-Cola Southwest Beverages LLC (CCSWB). After the transfer of these operations to CCSWB, all bottling and distribution operations in Texas formerly conducted by CCR, will be owned and operated by CCSWB. These transfers will include all manufacturing operations, distribution assets, and employees. The business itself will be conducted through CCSWB.

As relates to the Agreement, Promissory Note and Corporate Guaranty, CCSWB will legally own and operate the Abilene facilities after April 1, 2017. It will employ the workers at the facilities and the

product at the facilities will be owned and distributed by CCSWB. If assigned, CCSWB would thereafter be responsible for complying with all the requirements contained in the Agreement and Promissory Note, including maintaining the employment levels and other provisions. The Coca-Cola Company requests that the DCOA approve the assignment by CCR of its rights, privileges and duties under the existing Agreement and Promissory Note to CCSWB. The approval is conditioned upon The Coca-Cola Company acknowledging/agreeing that its Corporate Guaranty covers assignee CCSWB's obligations under the Agreement and Note.

#### **FISCAL IMPACT**

None

#### **STAFF RECOMMENDATION**

Staff recommends approval of resolution DCOA-2017.07 authorizing the assignment by CCR of the existing Agreement for Financial Assistance and Promissory Note to CCSWB, conditioned upon The Coca-Cola Company acknowledging/agreeing that its Corporate Guaranty covers assignee CCSWB's obligations under the Agreement and Note.

#### **ATTACHMENTS**

Resolution DCOA-2017.07

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**RESOLUTION NO. DCOA-2017.07**

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA"), ABILENE, TEXAS AUTHORIZING AN ASSIGNMENT OF THE AGREEMENT FOR FINANCIAL ASSISTANCE ("AGREEMENT") WITH COCA-COLA REFRESHMENTS USA, INC. ("CCR") AND RELATED DOCUMENTS TO A WHOLLY-OWNED SUBSIDIARY.

WHEREAS, CCR is an established employer for Abilene that has been in operation on Highway 351 for many years and currently employs about 300 people in manufacturing and distribution/transportation; and,

WHEREAS, in 2006, the DCOA authorized funding of \$300,000 to install a new sewer main along the new road from the plant to I-20 and connect the CCR plant to the new main; and,

WHEREAS, in February 2009, the DCOA approved \$500,000 to expand the Abilene plant, including a lab room and improvements to the syrup room, which expanded in scope to a cost of \$9.3 million, so in January 2012, the DCOA approved additional funding of \$430,000, increasing the DCOA's commitment to \$930,000 (10% of actual costs); and,

WHEREAS, in April 2009, the DCOA approved \$400,000 paid at 10% of actual costs to help fund a Supply Chain innovation initiative designed to improve packaging and marketing flexibility; and,

WHEREAS, in January 2012, the DCOA approved \$690,000 for an upgrade of an existing processing line for a new Monster Energy Drink line at a cost of \$6.9 million; however, the project was not granted to the Abilene plant and the project was cancelled; and,

WHEREAS, in July 2015, the DCOA approved up to \$2,750,000 paid at 10% of actual costs for installation of \$27.5 million of in-blow molding equipment, which was completed and an advance of \$2,660,557 was made under a note receivable, secured by a guaranty from The Coca-Cola Company, being earned over 5 years; and,

WHEREAS, in 2015, the DCOA also approved up to \$440,000 paid at 10% of actual costs for the addition of a \$4.4 million 16oz energy drink production line, which was also completed and an advance of \$421,419 was funded under a note receivable, secured by a guaranty from The Coca-Cola Company, being earned over 5 years; and,

WHEREAS, parent company, The Coca-Cola Company, is working to restructure the bottling operations in Texas, which includes transferring the Abilene production facility and warehouse to the new structure; and,

WHEREAS, the Agreement with CCR will be impacted by the transfer; therefore, an assignment of the Agreement to the new legal owner and operator of the facility will be required; and,

WHEREAS, as part of a multi-year restructuring of all CCR bottling and distribution operations in the U.S., CCR's entire Texas operations (along with portions of territories in AR, NM and OK) will soon be transferred to a new, wholly owned limited liability company of CCR, by the name of Coca-Cola Southwest Beverages LLC (CCSWB); and,

WHEREAS, after the transfer of these operations to CCSWB, all bottling and distribution

operations in Texas formerly conducted by CCR, will be owned and operated by CCSWB, and these transfers will include all manufacturing operations, distribution assets, and employees; and,

WHEREAS, as relates to the existing Agreement, Promissory Note and Corporate Guaranty, CCSWB will legally own and operate the Abilene facilities after April 1, 2017, employ the workers, and distribute the product at the facilities; and,

WHEREAS, if assigned, CCSWB would thereafter be responsible for complying with all the requirements contained in the Agreement and Promissory Note, including maintaining the current employment levels and other provisions; and,

WHEREAS, CCR requests the DCOA approve the assignment of the existing Agreement for Financial Assistance and Promissory Note with Coca-Cola Refreshments USA, Inc. to Coca-Cola Southwest Beverages, LLC.

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

**PART 1.** Subject to Part 3 of this Resolution, DCOA hereby approves the assignment by Coca-Cola Refreshments, USA, Inc. of all rights, privileges and duties under the existing Agreement for Financial Assistance and Promissory Note to Coca-Cola Southwest Beverages, LLC. Such assignment includes all performance criteria within the heretofore-mentioned documents and the approval is conditioned upon The Coca-Cola Company acknowledging/agreeing that its Corporate Guaranty covers assignee Coca-Cola Southwest Beverages, LLC's obligations under said agreement and note.

**PART 2.** Authority under this Resolution is contingent upon execution of all necessary agreements, and 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, approve and execute an assignment and all other related documents on behalf of the DCOA.

ADOPTED this the 22nd day of March, 2017.

ATTEST:

\_\_\_\_\_  
Jack Rich  
Secretary/Treasurer

\_\_\_\_\_  
Dave Copeland  
President

APPROVED:

\_\_\_\_\_  
Mark Zachary, Attorney

# DEVELOPMENT CORPORATION OF ABILENE, INC.

## BOARD AGENDA

MEETING DATE: March 22, 2017

**PROJECT:** Communities in Schools Workforce Development Coach–  
Additional Funding

**STAFF:** Kent Sharp, CEO

---

### **BACKGROUND INFORMATION:**

Abilene Industrial Foundation (AIF) works to improve the skills of the local workforce in order to meet the demands of Abilene employers. This strategy also fits into Abilene's community wide 5-year strategic plan to *"Build a deep and highly skilled talent base through development, retention, and attraction."*

Communities in Schools of the Big Country (CIS) works to give students support in finishing high school and achieve success in life. CIS works with students on the campuses of Abilene, Cooper, and Wylie High Schools, in addition to the middle schools giving them one-on-one case management to improve attendance, academic scores, and behavior.

The Abilene Industrial Foundation's Director of Talent Development and CIS proposed a partnership with the DCOA in order to create a full-time Workforce Development Coach (Coach) position employed by CIS. The Coach will assess each case-managed high school student's plans beyond graduation, conduct skills assessments, promote local vocational training programs, enroll the student in a vocational training program, if warranted, and provide one-on-one support to ensure the student successfully completes the chosen program. The Coach will also help the students take advantage of the industrial workforce training money provided by the DCOA for programs in electrical, plumbing, maintenance, welding, and HVAC through Cisco College.

On January 18, 2017, the DCOA approved resolution DCOA 2017.04 authorizing funding of \$74,100 to cover the salary, benefits, and administrative support for a new Workforce Development Coach to be employed by CIS; 1) \$24,700 for the period April 1, 2017 through September 30, 2017, and, 2) \$49,400 for the period October 1, 2017 through September 30, 2018.

### **REQUEST:**

CIS with AIF interviewed two final candidates for the Coach position; however, they came to the conclusion to seek additional candidates for this position to ensure the greatest possible outcomes. Mr. Terry Johnson, Executive Director of CIS, and Ms. Shea Hopkins, Director of Talent Development for the AIF, identified one other candidate who has experience working with CIS in local schools and is well qualified for the position. Mr. Johnson and Ms. Hopkins both believe they can recruit this person into the Coach position if they can offer an additional \$3,500/year in salary with a one-time, merit-based bonus payment of \$1,500 in August 2017.

The breakdown of the additional funding request of \$6,750 is 1) \$1,750 salary only for 6 months (April 1st through September 30, 2017), 2) \$3,500 salary only for 12 months (October 1, 2017 through September 30, 2018), and 3) a possible \$1,500 one-time, merit-based bonus payment in August 2017, if the employee meets performance metrics laid out by both CIS and AIF. CIS will cover the additional benefits cost. This

request will bring the total funding for CIS' Workforce Development Coach to \$80,850 (\$74,100 + \$6,750) for an 18-month period.

**FISCAL IMPACT:**

Additional coach salary only (04-01-17 thru 09-30-17)	\$1,750
Additional coach salary only (10-01-17 thru 09-30-18)	\$3,500
Possible one-time, merit-based bonus payment (August 2017)	<u>\$1,500</u>
<b>TOTAL</b>	<b>\$6,750</b>

**STAFF RECOMMENDATION:**

Staff recommends the board approve Resolution DCOA-2017.08 authorizing additional funding of \$6,750 to cover the higher salary amount only plus a one-time bonus payment as described above for the new Workforce Development Coach to be employed by CIS during the 18-month period ending September 30, 2018.

**ATTACHMENTS:**

Resolution DCOA-2017.08

**RESOLUTION NO. DCOA-2017.08**

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA"), ABILENE, TEXAS AUTHORIZING ADDITIONAL FUNDING FOR COMMUNITIES IN SCHOOLS ("CIS") TO SUPPORT THE NEW WORKFORCE DEVELOPMENT COACH POSITION.

WHEREAS, there exists in Abilene the glaring need for the development of a sustainable, high quality industrial workforce training program for Abilene and Taylor County to meet the needs of existing and future employers in our area; and,

WHEREAS, in 2015 the DCOA approved \$40,000 to participate in the Industrial Workforce Training Program for Taylor County high school juniors and senior that focuses on training in the areas of HVAC, plumbing, electrical, welding and industrial maintenance plus \$30,000 as a match for a grant to purchase equipment necessary for the industrial maintenance module; and,

WHEREAS, the Industrial Workforce Training Program in Taylor County is in the second year of training area high school students; and,

WHEREAS, the partners involved in the Industrial Workforce Training Program have ascertained a strong need to boost student awareness, guidance and counseling for the Industrial Workforce Training Program to facilitate greater numbers of students enrolled in said program; and,

WHEREAS, Communities in Schools of the Big Country (CIS) works to give students support to finish high school and achieve success in life by working with students on the campuses of Abilene, Cooper and Wylie High Schools, in addition to the middle schools, giving them one-on-one case management to improve attendance, academics scores and behavior; and,

WHEREAS, the Abilene Industrial Foundation (AIF) and CIS proposed a partnership with the DCOA to pay the salary and benefits for a full-time Workforce Development Coach (Coach) plus administrative support, which will assess each case-managed high school student's plans beyond graduation, conduct skills assessments, promote local vocational training programs, enroll the student in a vocational training program, if warranted, and provide one-on-one support to ensure the student successfully completes the chosen program; and

WHEREAS, the Coach will also help the student take advantage of the Industrial Workforce Training Program money provided by the DCOA for programs in electrical, plumbing, maintenance, welding and HVAC through Cisco College; and,

WHEREAS, on January 18, 2017, the DCOA approved resolution DCOA-2017.04 authorizing total funding of \$74,100 to cover salary, benefits and administrative support for the Coach position, to be employed by CIS; 1) \$24,700, from April 1, 2017 through September 30, 2017, and, 2) \$49,400 from October 1, 2017 through September 30, 2018, at which time the DCOA will have evaluated the success of this position and the need to continue or discontinue said position and other funding sources for the position; and,

WHEREAS, CIS with AIF interviewed two final candidates for the Coach position; however, they came to the conclusion to seek additional candidates for this position to ensure the greatest possible

outcomes; and,

WHEREAS, Mr. Terry Johnson, Executive Director of CIS, and Ms. Shea Hopkins, Director of Talent Development for the AIF, identified one other candidate who has experience working with CIS in local schools and is well qualified for the position; and,

WHEREAS, Mr. Johnson and Ms. Hopkins both believe they can recruit this person into the Coach position if they can offer an additional \$3,500/year in salary with a one-time, merit-based bonus payment of \$1,500 in August 2017 if the employee meets performance metrics laid out by both CIS and AIF; and,

WHEREAS, CIS and AIF request the DCOA provide additional funding of \$6,750 to cover the additional salary cost and one-time bonus payment for the 18-month period ending September 30, 2018.

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

**PART 1.** DCOA authorizes additional funding of Six Thousand Seven Hundred Fifty and no/100's Dollars (\$6,750.00) to cover the increased salary only for the new Workforce Development Coach to be employed by CIS; 1) \$1,750 salary only for 6 months (April 1st through September 30, 2017), 2) \$3,500 salary only for 12 months (October 1, 2017 through September 30, 2018), and 3) a possible \$1,500 one-time, merit-based bonus payment in August 2017, if the employee meets performance metrics laid out by both CIS and AIF. CIS will cover the additional benefits costs associated with the pay increase. This request will bring the total funding for CIS' Workforce Development Coach to \$80,850 (\$74,100 + \$6,750) during an 18-month period.

**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 DCOA is hereby authorized to negotiate any contract and all other related documents on behalf of the DCOA.

ADOPTED this the 22nd day of March, 2017.

ATTEST:

\_\_\_\_\_  
Jack Rich  
Secretary/Treasurer

\_\_\_\_\_  
Dave Copeland  
President

APPROVED:

\_\_\_\_\_  
Mark Zachary, Attorney

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