

PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. ("DCOA") will be held on Tuesday, April 16, 2019, at the Development Abilene conference room, 174 Cypress St., 3rd floor, Abilene, Texas, commencing at 1:30 p.m. to consider the following agenda:

SIGNED:


Charlie Dromgoole, Interim CEO

AGENDA

April 16, 2019
1:30 p.m.


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

1. Call the meeting to order.
2. Approval of minutes from the March 19, 2019 board meeting.
3. Sales tax report for April 2019 and financial reports for February 2019.
4. Presentation of the FY18 financial audit conducted by Eide Bailly, LLC.
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. Insurance claims including, but not limited to, contracts for roof replacement, roof repairs, roof design and roof monitoring services on Vine St. buildings located at 4009, 4109 and 4125 Vine St., and hangars and other structures at the Abilene Regional Airport, Abilene, Texas.
 - B. Agreement for roof replacement design and engineering work for the buildings located at 1121, 1221 and 1249 Fulwiler Rd.
 - C. Lease negotiations for land and buildings/hangars at the Abilene Regional Airport.
 - D. Agreement for aerospace industry cluster study
 2. 551.072 (Deliberations about Real Property)
 - A. Acquisition of parcels of land in West Abilene
 - B. Sale/lease of property in Five Points Business Park
 - C. Acquisition of property and/or land in West Abilene (different property than that described in 2.A. above)
 3. 551.074 (Personnel Matters)
 - A. CEO Search Committee report
 4. 551.087 (Business Prospect/Economic Development)
 - A. BrightFarms project
 - B. Project Mayday
 - C. Project Lasso

- D. Project Tidal Wave
 - E. Project Wildcat
6. Discussion and possible approval of a resolution authorizing funds to the Abilene Regional Airport for an aerospace industry cluster study.
 7. Discussion and possible approval of a resolution authorizing a settlement agreement with the City of Abilene for the TMLIRP insurance claim resulting from the 2014 hail storm.
 8. Discussion and possible approval of a resolution authorizing the exercise of an option to extend and/or revise the Master Ground Lease with the City of Abilene for land at the Abilene Regional Airport.
 9. Discussion of the next monthly board meeting.
 10. 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 12th day of April, 2019, at 3 35 p.m.


Shawna Atkinson, Interim 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.

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
March 19, 2019

MEMBERS PRESENT: John Beckham Jack Rich Vic Corley
 Sam Vinson Seaton Higginbotham

STAFF PRESENT: Charlie Dromgoole Kim Tarrant

GUESTS PRESENT: Mark Zachary McMahon Surovik Suttle, PC
 Chris Shelton McMahon Surovik Suttle, PC
 Mike Rains City of Abilene Finance
 Justin Jaworski Abilene Industrial Foundation
 Doug Williamson Abilene Chamber/Mac

1. CALL THE MEETING TO ORDER: President John Beckham called the meeting to order at 1:33 p.m. at 174 Cypress St., 3rd floor conference room, Abilene Texas.

2. APPROVAL OF MINUTES FROM THE FEBRUARY 19, 2019 BOARD MEETING: Jack Rich moved to approve the minutes from the February 19, 2019, board meeting. Seaton Higginbotham seconded, and the motion carried.

3. SALES TAX REPORT FOR MARCH 2019 AND FINANCIAL REPORTS FOR JANUARY 2019: Mike Rains, Director of Finance for the City of Abilene, presented the sales tax report for March 2019. The sales tax rebate for March is \$3,461,406.52 which represents January sales. Economic Development received \$865,351.63, which is 5.10% below last year and 0.38% above the projected FY19 budget amount. Of this rebate, \$183,772.03 is from prior periods, audit payments, future payments and unidentified payments. For the period of October through March, sales tax is 0.59% above last year and 5.92% above the approved FY 19 budget amount. The DCOA's total current assets as of January 31, 2019 were \$31,050,292. The January revenues totaled \$1,111,874 and total expenditures were \$588,115 with \$307,018 being spent on six different projects.

4. EXECUTIVE SESSION – SESSION 1: I hereby announce we are going into Executive Session pursuant to Texas Government Code Sections 551.071, 072, 074 and 087 to consult with our legal counsel, discuss real property transactions, personnel matters, and discuss economic development negotiations involving a business prospect, as set forth on the agenda. Any vote or action will be taken in open session.

John Beckham announced the date is March 19, 2019, and the time is 1:40 p.m. Later, President Beckham announced the date is still March 19, 2019, and the time is 3:50 p.m. No vote or action was taken in Executive Session.

5. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING PURCHASE OF LAND LOCATED IN ABILENE, TEXAS, FOR POTENTIAL USE BY PROJECT CAFÉ: Charlie Dromgoole, Interim CEO of the DCOA, presented a contract for the purchase of 2.552 acres of vacant land located at 5426 N. 1st St., Abilene, Texas for the amount of \$90,000.00 and approval of resolution DCOA-2019.10, which was handed-out during the meeting. It was discussed by the Board that this property would be useful for further manufacturing development and potential use by Project Café.

Jack Rich made the motion to approve resolution DCOA-2019.10 authorizing the purchase of 2.552 acres of vacant land located at 5426 N. 1st St. for Ninety Thousand and no/100's Dollars (\$90,000.00) plus all applicable closing costs as set forth in the purchase contract. Seaton Higginbotham seconded and the motion passed.

6. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A SETTLEMENT AGREEMENT WITH THE CITY OF ABILENE FOR THE TMLIRP INSURANCE CLAIM RESULTING FROM THE 2014 HAIL STORM: No discussion or action was taken in reference to this item.

7. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A CONTRACT WITH THE CITY OF ABILENE IN REFERENCE TO STREET EXPENDITURES: Charlie Dromgoole requested approval of an agreement with the City of Abilene for street expenditures and funding up to \$8,500,000.00 over the next five years. He reported that the Street Maintenance Advisory and Appeals Board of Directors met in December of 2018 and requested the DCOA contribute up to \$1,500,000.00 in 2019 for the reconstruction of Ridgemont Dr. The remainder of the allocations over the next four years would be: 1) 2020 - \$2,000,000.00; 2) 2021 - \$2,000,000.00; 3) 2022 - \$2,000,000.00; and, 4) 2023 - \$1,000,000.00. The funding would be conditioned upon the DCOA approving the street projects that include the use of these allocations.

After discussion, Jack Rich moved to approve DCOA-resolution 2019.16 approving an agreement with the City of Abilene for street expenditures and funding up to Eight Million Five Hundred Thousand and no/100's Dollars (\$8,500,000.00) over the next five years, conditioned upon the street projects that include DCOA funding being approved by the DCOA. Sam Vinson seconded, and the motion passed.

8. DISCUSSION AND POSSIBLE APPROVAL OF ANOTHER SIX-MONTH EXTENSION OF THE FY18 CONTRACT WITH ABILENE INDUSTRIAL FOUNDATION: Charlie Dromgoole requested approval of a second amendment to the contract between the DCOA and the Abilene Industrial Foundation's (AIF) FY18 annual contract. The second amendment would start March 31, 2019 for an additional 6 months and expire on September 30, 2019. The amount funded would be the same amount of \$1,280,644.00 in accordance with the actual FY18 expenses and FY19 Budget.

Before a vote was taken, Mark Zachary reminded the board that they are governed by Section 22.230 of the Texas Business Organizations Code (TBOC) which provides for contracts or transactions involving interested directors, officers and members, and if any board member works in a managerial capacity or has a financial interest in an entity that is involved in a matter that comes before the board, the board member is not prohibited from participating in the discussion or voting on the item (with an exception noted in the TBOC concerning voting to make a loan to a director). However, before discussing and voting on the item, it is recommended that the board member disclose the interest in the other organization(s) to the board. Seaton Higginbotham declared he is a member of the Abilene Industrial Foundation board and Chairman of the Abilene Chamber of Commerce.

In reviewing the proposed Second Amendment and Exhibit, Jack Rich noted that the numbers on Exhibit A did not tie back to the Second Amendment and the Board discussed

corrections to Exhibit A in order for Exhibit A to tie back to the Second Amendment. Thereafter, Seaton Higginbotham moved to approve the Second Amendment to the FY18 contract with the Abilene Industrial Foundation as amended and with corrections to Exhibit A as noted by Jack Rich. Vic Corley seconded, and the motion passed.

9. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AWARDDING A CONTRACT(S) FOR ROOF REPLACEMENT AND MISCELLANEOUS WORK FOR FIVE AIRCRAFT HANGARS AND A RECORDS/PARTS STORAGE BUILDING LOCATED AT THE ABILENE REGIONAL AIRPORT: Charlie Dromgoole presented resolution DCOA-2019.15 approving two separate contracts for roof replacement on five hangars and the records/parts storage building at the Abilene Regional Airport, which are all occupied by Eagle Aviation Services, Inc. (EASI). Also requested was funding in the amount of \$2,126,786.00. A bid opening was held February 21, 2019 and Montgomery Construction was the lowest responsible bidder for the five (5) hangars at \$1,143,227 and Roofs, Inc. was the lowest responsible bidder for the Records/Parts Storage building at \$433,209.00. This resolution will rescind resolution DCOA-2018.16 approved in April of 2018, which authorized up to \$541,240.00 to cost share the roofing project with EASI.

In the Board's discussion concerning this Item, a preference was indicated to not approve the Project Manager/Roof Monitoring fee that is identified as a part of the funding request. The Board observed that if there is subsequently determined to be a need for a project manager or monitor (whether by a DCOA employee or an independent contractor) that service can be considered at a later date.

Mark Zachary stated that if there is a preference to not approve the \$150,000 Project Manager/Roof Monitoring fee, Resolution DCOA-2019.15 should be amended so that the Project Manager/Roof Monitoring fee is deleted from the 8th "WHEREAS" paragraph of the resolution and that the total funding amount be reduced from \$2,126,786 to \$1,976,786.

Jack Rich moved to approve resolution DCOA-2019.15 as amended authorizing two separate contracts to replace the roofs on the five (5) hangars and the records/parts storage building all occupied by Eagle Aviation Services, Inc., plus funding in the amount of \$1,976,786.00 as referenced in the staff's Memorandum to the Board (with the \$150,000 Project Manager/Roof Monitoring fee being deleted from the funding request). Sam Vinson seconded and the motion passed.

10. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING BONUSES FOR DCOA STAFF THAT ARE REFERENCED IN ITEM 4., PART 3. B., C., D., AND E, ABOVE: John Beckham noted the importance of the DCOA staff remaining stable during the DCOA's transition to a new CEO and requested that the Board consider authorizing retention bonuses for members of the DCOA's staff. A draft form of DCOA Resolution 2019.17 was distributed to the Board members for consideration. The draft did not include the day upon which the retention bonuses would be considered to be earned, nor the amount of each bonus. The Board discussed the advantages of the retention bonus, as well as the timing of the bonuses and amounts and reached a general consensus on those topics during the discussion. After the discussion, Mark Zachary indicated that the following changes could be made to the Resolution to meet the Board's consensus: 1) In the 4th WHEREAS, the blank should read "at least

ninety (90) days after the start date of the new CEO of the DCOA”, making the ninetieth day the “bonus day”; 2) the second blank in the Resolution should read “the bonus day”; and, 3) the blanks under employee, position and bonus amount be completed as follows:

- Kim Tarrant, Chief Operating Officer \$5,000.00
- Akane Thaxton, Economic Development Specialist \$2,500.00
- Rick Jones, Property and Construction Project Manager \$2,500.00
- Cynthia Nesmith, Administrative Coordinator \$2,500.00

Jack Rich made the motion to approve resolution DCOA-2019.17 approving retention bonuses for DCOA staff as referenced by Mark Zachary. Vic Corley seconded and the motion passed.

11. DISCUSSION OF NEXT MONTHLY BOARD MEETING: President Beckham announced the next scheduled meeting of the DCOA would be Tuesday, April 16, 2019, at 1:30 p.m.

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

John Beckham, President

MEMORANDUM

April 10, 2019

TO: Robert Hanna, City Manager

FROM: Mike Rains, Director of Finance



SUBJECT: April Sales Tax

The sales tax rebate for April is \$3,346,830.29 which represents February sales. This is 4.71% above last year and 2.66% above the projected FY 19 budget amount. The breakdown of the rebate is \$2,510,122.72 to the General Fund and \$836,707.57 for economic development. Of this rebate, \$171,762.83 is from prior periods, audit payments, future payments, and unidentified payments. For the period of October through April, sales tax is 1.09% above last year and 5.50% above the approved FY 19 budget amount. I have requested the detail from the state.

Should you have any questions, please contact me.

Cc: Mindy Patterson, Deputy City Manager
Michael Rice, Assistant City Manager

**CITY OF ABILENE
SALES TAX COMPARISON**

Accounting Period Month	GENERAL FUND	ECONOMIC DEVELOPMENT	TOTAL	GENERAL FUND	ECONOMIC DEVELOPMENT	TOTAL
	Actual 2017-18	Actual 2017-18		Actual 2018-19	Actual 2018-19	
October	\$2,638,770.11	\$879,590.03	\$3,518,360.14	\$2,806,719.25	\$935,573.08	\$3,742,292.33
November	2,893,562.65	964,520.88	3,858,083.53	3,173,247.00	1,057,749.00	4,230,996.00
December	2,395,055.97	798,351.99	3,193,407.96	2,760,838.68	920,279.56	3,681,118.24
January	2,575,873.17	858,624.39	3,434,497.56	2,688,524.09	896,174.70	3,584,698.79
February	4,177,134.62	1,392,378.21	5,569,512.83	3,493,572.86	1,164,524.29	4,658,097.15
March	2,735,613.92	911,871.30	3,647,485.22	2,596,054.89	865,351.63	3,461,406.52
April	2,397,121.59	799,040.53	3,196,162.12	2,510,122.72	836,707.57	3,346,830.29
YTD	\$19,813,132.03	\$6,604,377.33	\$26,417,509.36	\$20,029,079.49	\$6,676,359.83	\$26,705,439.32
May	\$3,313,759.56	\$1,104,586.52	\$4,418,346.08			
June	2,516,518.53	838,839.51	3,355,358.04			
July	2,657,731.10	885,910.37	3,543,641.47			
August	3,342,578.36	1,114,192.79	4,456,771.15			
September	2,693,312.20	897,770.73	3,591,082.93			
	<u>\$34,337,031.78</u>	<u>\$11,445,677.25</u>	<u>\$45,782,709.03</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, INC.
1/2 CENT SALES TAX REVENUE
Monthly and Year-to-Year Comparisons

Accounting Period Month	Actual 2017-18	Actual 2018-19	% Change
October	\$879,590	\$935,573	6.36%
November	964,521	1,057,749	9.67%
December	798,352	920,280	15.27%
January	858,624	896,175	4.37%
February	1,392,378	1,164,524	-16.36%
March	911,871	865,352	-5.10%
April	799,041	836,708	4.71%
YTD	\$6,604,377	\$6,676,360	1.09%
May	\$1,104,587		
June	838,840		
July	885,910		
August	1,114,193		
September	897,771		
	11,445,677		

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 April '19 represents Feb '19 sales. Approximately \$42,940.71 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 2014-15	Actual 2015-16	Actual 2016-17	Actual 2017-18	Actual 2018-19
October	\$868,660	\$818,682	\$837,118	\$879,590	\$935,573
November	987,887	980,001	930,685	964,521	1,057,749
December	836,922	734,411	747,969	798,352	920,280
January	798,120	755,093	793,214	858,624	896,175
February	1,137,082	1,139,896	1,092,352	1,392,378	1,164,524
March	759,360	728,841	757,151	911,871	865,352
April	733,667	779,083	760,192	799,041	836,708
FY TOTAL	<u>\$6,121,699</u>	<u>\$5,936,006</u>	<u>\$5,918,681</u>	<u>\$6,604,377</u>	<u>\$6,676,360</u>
May	\$1,019,627	\$971,507	\$1,016,082	\$1,104,587	
June	822,955	754,439	767,736	838,840	
July	778,812	757,642	805,208	885,910	
August	998,076	985,002	1,000,259	1,114,193	
September	811,136	756,171	813,341	897,771	
YTD	<u>\$10,552,305</u>	<u>\$10,160,766</u>	<u>\$10,321,308</u>	<u>\$11,445,677</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
STATEMENT OF NET POSITION
February 28, 2019 and 2018

	February 2019	February 2018
Current Assets:		
Cash and cash investments	\$ 25,331,946	\$ 24,990,405
Accounts receivable	4,466,848	2,606,933
Due from other governments	1,983,177	1,834,074
Total Current Assets	31,781,971	29,431,412
Noncurrent Assets:		
Notes receivable, net	2,759,600	3,119,600
Notes receivable - earning economic incentives	10,228,383	11,396,856
Capital assets	60,410,934	63,885,149
Accumulated depreciation	(14,132,185)	(15,831,323)
Total capital assets, net	46,278,749	48,053,826
Total Noncurrent Assets	59,266,732	62,570,282
Total Assets	\$ 91,048,703	\$ 92,001,694
Liabilities		
Current:		
Accounts payable	\$ 40,602	\$ 15,849
Accrued expenses	1,789,830	2,606,933
Total Current Liabilities	1,830,432	2,622,782
Total Liabilities	1,830,432	2,622,782
Net Position		
Net Investment in capital assets	46,278,749	48,053,826
Restricted for contractual obligations	19,248,397	9,674,123
Unrestricted, designated for purposes of trust	23,691,125	31,650,963
Total Net Position	89,218,271	89,378,912
Total Liabilities and Net Position	\$ 91,048,703	\$ 92,001,694

DEVELOPMENT CORPORATION OF ABILENE
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the five months ending February 28, 2019 and 2018

	February 2019	Fiscal YTD 2019	Fiscal YTD 2018
Revenues:			
Sales and use taxes	\$ 1,164,525	\$ 4,974,301	\$ 4,893,465
Investment earning	41,354	307,897	184,506
Building rental / land lease	96,428	461,828	446,762
Sale of Building	-	-	1,491,496
Miscellaneous revenue	447	8,587	38,154
Total Revenues	<u>1,302,754</u>	<u>5,752,613</u>	<u>7,054,383</u>
Expenses:			
Economic Development Projects	316,477	2,185,246	1,702,848
Life Sciences property maintenance	-	-	105,933
DCOA property maintenance	66,201	359,412	100,472
Abilene Industrial Foundation	53,502	207,941	257,398
TTU Small Business Development Center	19,200	63,581	63,206
Chamber Military Affairs	74,441	74,441	80,197
Airport Business Development Manager	-	53,942	53,840
Economic Development Operating Division	54,572	476,172	450,416
Total Expenditures	<u>584,393</u>	<u>3,420,735</u>	<u>2,814,310</u>
Changes In Net Position	718,361	2,331,878	4,240,073
Net Position at Beginning of Period	<u>88,499,910</u>	<u>86,886,393</u>	<u>85,138,839</u>
Net Position at End of Period	<u>\$ 89,218,271</u>	<u>\$ 89,218,271</u>	<u>\$ 89,378,912</u>

Summary of Current Period Economic Development Projects:	
EASI De-Fuel Truck	\$ 1,950
Industrial Maintenance Training AISD	16,692
Access Bus Park Ph 1 Development	81,672
5 Pts Bus Park Purchase Zoltek (Property tax payment by Zoltek)	(29,054)
5 Pts Bus Park Repairs/Cleanup	27,123
Vine St. Roof Project	188,846
Abilene Education Foundation / WF Coach	6,111
Interim CEO	13,137
CEO Search Firm 2019	10,000
Total	<u>\$ 316,477</u>

Development Corporation of Abilene
Economic Program Status
As of February 28, 2019

Economic Programs:	Project	Amount Budgeted	Prior Years Disbursement	Current Year Disbursement	Balance reserved for budgeted programs
Murf Systems	4998	\$ 237,240	\$ 237,240	\$ -	\$ -
TTU 842 Pine	5308	1,020,231	1,020,231	-	-
TTUHSC School of Nursing	5331	1,614,989	1,614,989	-	-
Hangar Doghouses A/E	5348.1	423,000	352,301	-	70,699
EASI De-Fuel Truck	5354	134,960	125,000	7,800	2,160
5 Pts RR Expansion	5363.1	30,800	24,320	-	6,480
BWJ Consulting	5382	614,109	529,109	-	85,000
Coca Cola Refreshments	5387	616,356	616,356	-	-
Martin Sprocket & Gear	5388	160,000	160,000	-	-
Industrial Maintenance Training AISD	5389	162,154	112,154	18,672	31,328
Lone Star Canvas	5390	10,067	-	-	10,067
Abimar Foods 2015	5391	900,000	600,000	300,000	-
TTUHSC School of Public Health	5393	836,328	836,328	-	-
Praire Dog Pet Products	5394	-	-	-	-
Broadwind Towers	5400	-	-	-	-
TSTC New Abilene Campus	5401	4,179,600	579,600	-	3,600,000
Donald Hardin, Jr. Service Contract	5405	28,500	25,500	3,000	-
Access Business Park A/E	5406	64,150	64,051	-	99
Access Business Park Ph 1 Development	5406.1	1,258,101	644,506	242,429	371,166
BE In Abi Grant	5407	250,000	-	-	250,000
Dyess-TMPC Grant Match	5408	198,880	-	-	198,880
5 Pts Purchase Zoltek Property	5410	5,065,000	4,897,522	125,769	41,709
5 Pts. Business Park Repairs/Cleanup	5410.1	1,000,000	-	59,223	940,777
BrightFarms/TEX Greenhouse	5412	1,700,000	-	-	1,700,000
Streetlights - 5 Points	5413	80,560	-	-	80,560
Dyess JLUS	5414	15,617	15,617	-	-
Vine St. Roof Project	5415	1,789,830	1,350	839,440	949,040
City Street Maintenance	5416	8,500,000	-	-	8,500,000
ACU NEXT Lab	5417	300,000	-	300,000	-
Abilene Educ Foundation	5418	51,437	-	15,776	35,661
Hardin Simmons University	5419	250,000	-	250,000	-
842/834 Pine St	5420	5,000	-	-	5,000
Interim CEO	5421	75,000	-	13,137	61,863
N 1st Land Purchase	5422	90,000	-	-	90,000
CEO Search Firm 2019	5423	40,000	-	10,000	30,000
		-	-	-	-
		-	-	-	-
		-	-	-	-
Subtotal Economic Program Obligation Reserve		\$ 31,701,909	\$ 12,456,174	\$ 2,185,246	\$ 17,060,489
Plus Administrative Division Obligations:					
Economic Development Operating Division	Division 2760	1,039,919	-	476,172	563,747
DCOA Property Maintenance	Division 2775	857,210	-	359,412	497,798
Abilene Industrial Foundation	Division 2775	692,275	-	207,941	484,334
TTU Small Business Dev Center	Division 2775	245,000	-	63,581	181,419
Chamber Military Affairs	Division 2775	397,000	-	74,441	322,559
Airport Business Development Manager	Division 2775	191,993	-	53,942	138,051
ACU Griggs Center	Division 2776	35,000	-	-	35,000
Subtotal Administrave Divisions Obligation Reserve		\$ 3,458,397	\$ -	\$ 1,235,489	\$ 2,187,908
Total reserve for obligated programs					\$ 19,248,397
DCOA Board approved projects waiting for signed contracts:				Expiration Date	
EASI Roof Cost Share		\$ 541,240		03/31/2019	
FDLIC		1,035,000		05/27/2019	
JLUS Implementation		55,000		06/10/2019	
Workforce Solutions High Demand Job Training		31,658		06/10/2019	
Chamber 2020 Census Count		100,000		07/03/2019	
		<u>\$ 1,762,898</u>			

**Development Corporation of Abilene
Revenue and Expense
Budget vs Actual Comparison
October 2018 - February 2019**

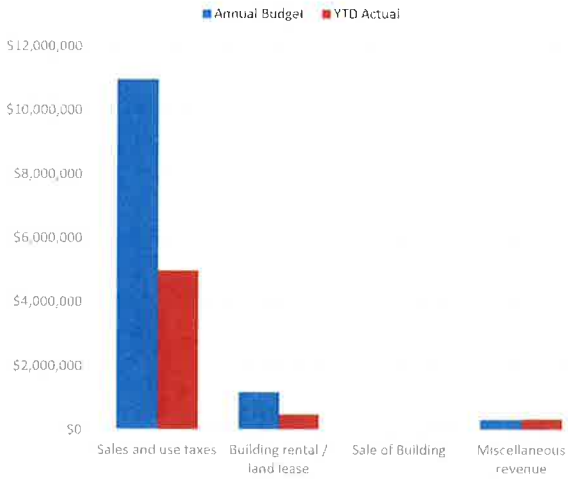
Revenue

	Annual Budget	YTD Actual	% of Budget
Sales and use taxes	10,981,812	4,974,301	45%
Building rental / land lease	1,162,257	461,828	40%
Sale of Building	-	-	
Miscellaneous revenue	300,000	316,484	105%
Revenue	12,444,069	5,752,613	46%

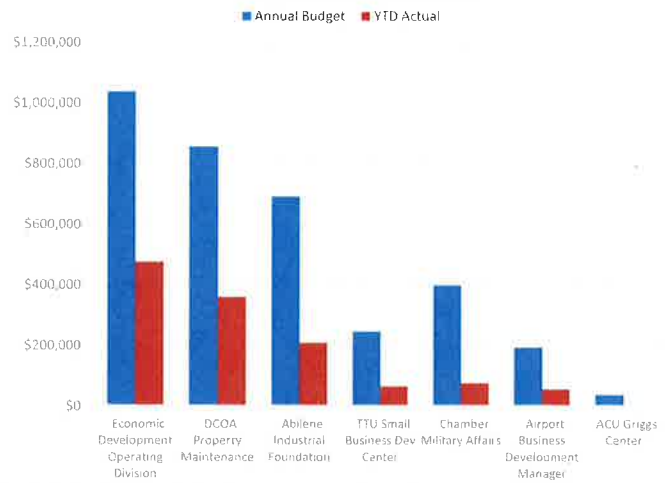
Expenses

	Annual Budget	YTD Actual	% of Budget
Economic Development Operating Division	1,039,919	476,172	46%
DCOA Property Maintenance	857,210	359,412	42%
Abilene Industrial Foundation	692,275	207,941	30%
TTU Small Business Dev Center	245,000	63,581	26%
Chamber Military Affairs	397,000	74,441	19%
Airport Business Development Manager	191,993	53,942	28%
ACU Griggs Center	35,000	-	0%
	3,458,397	1,235,489	36%

FY 19 Budget vs Actual Revenue



FY 19 Budget vs Actual Expenses





Independent Auditor's Report

Honorable Mayor and 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 the City of Abilene, Texas (the City), as of and for the year ended September 30, 2018, 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. 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, 2018, 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.

Change in Accounting Principle

As discussed in Note 17 to the financial statements, the City has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of October 1, 2017. Our opinions are not modified with respect to this matter.

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 60 through 66 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 supplementary information for Development Corporation of Abilene on pages 67 through 72 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.



Abilene, Texas
February 27, 2019

CITY OF ABILENE, TEXAS
Development Corporation of Abilene
Statement of Net Position
September 30, 2018
With Comparative Totals for the Year Ended September 30, 2017

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and cash investments	\$ 9,363,090	\$ 6,470,581
Investments	13,283,361	14,320,544
Accounts receivable	4,466,848	2,606,933
Due from other governments	1,983,177	1,834,074
Prepaid expenses	5,106	500
	<u>29,101,582</u>	<u>25,232,632</u>
TOTAL CURRENT ASSETS		
	<u>29,101,582</u>	<u>25,232,632</u>
NONCURRENT ASSETS:		
Notes receivable, net	13,664,650	14,765,324
Capital assets not being depreciated	4,053,166	2,986,403
Capital assets net of accumulated depreciation	42,225,583	45,067,423
	<u>59,943,399</u>	<u>62,819,150</u>
TOTAL NONCURRENT ASSETS		
	<u>59,943,399</u>	<u>62,819,150</u>
TOTAL ASSETS	<u>89,044,981</u>	<u>88,051,782</u>
LIABILITIES:		
Current:		
Accounts payable	322,396	290,211
Retainage payable	29,955	-
Accrued liabilities	1,806,237	2,622,732
	<u>2,158,588</u>	<u>2,912,943</u>
TOTAL CURRENT LIABILITIES		
	<u>2,158,588</u>	<u>2,912,943</u>
TOTAL LIABILITIES	<u>2,158,588</u>	<u>2,912,943</u>
NET POSITION:		
Net investment in capital assets	46,278,749	48,053,826
Restricted for contractual obligations	11,142,231	9,229,677
Unrestricted, designated for purposes of trust	29,465,413	27,855,336
	<u>86,886,393</u>	<u>85,138,839</u>
TOTAL NET POSITION	<u>\$ 86,886,393</u>	<u>\$ 85,138,839</u>

CITY OF ABILENE, TEXAS
Development Corporation of Abilene
Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2018
With Comparative Totals for the Year Ended September 30, 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES:		
Sales and use taxes	\$ 11,594,780	\$ 10,397,690
Rental income	1,100,645	1,045,554
Investment earnings net of change in fair value of investments	471,592	275,170
Miscellaneous revenue	<u>116,636</u>	<u>84,201</u>
 Total Revenues	 <u>13,283,653</u>	 <u>11,802,615</u>
 OPERATING EXPENSES:		
Current:		
Trust	<u>11,536,099</u>	<u>8,556,200</u>
 Total Expenses	 <u>11,536,099</u>	 <u>8,556,200</u>
 CHANGE IN NET POSITION	 1,747,554	 3,246,415
 NET POSITION, BEGINNING OF YEAR	 <u>85,138,839</u>	 <u>81,892,424</u>
 NET POSITION, END OF YEAR	 <u><u>\$ 86,886,393</u></u>	 <u><u>\$ 85,138,839</u></u>

CITY OF ABILENE
Development Corporation of Abilene
Schedule of Revenues and Expenditures - Budget Basis
Year Ended September 30, 2018
With Comparative Totals for the Year Ended September 30, 2017

	2018	2017
REVENUES:		
Sales and use taxes	\$ 11,445,677	\$ 10,321,307
Interest on loans and assessments	144,399	139,080
Investment earnings net of change in fair value of investments	327,190	136,090
Land lease	15,971	23,391
Sale of land and buildings	2,241,496	-
Building/space rent	1,084,674	1,022,163
Miscellaneous recovery	1,009	-
Miscellaneous revenue	115,627	84,201
Total Revenues	<u>15,376,043</u>	<u>11,726,232</u>

EXPENDITURES:

Current:

Business Services Division	994,410	807,870
Life Sciences Property	176,204	285,888
DCOA Annual Contracts	386,369	325,784
Abilene Industrial Foundation	588,368	520,034
TTU Small Business Development Center	202,462	155,512
Chamber Military Affairs	331,074	375,786
Airport Business Development MGR	199,802	152,223
Murf Systems	-	1,575
TTU Pharmacy School	93,308	125,220
TTU 842 Pine	-	166,232
Enavail, LLC	322,830	-
Petrosmith Ph 5	150,666	150,667
TTUHSC School of Nursing	269,368	269,368
Rentech '12	30,000	-
Hangar Doghouses	-	29,983
Hangar 0 Doghouse Construction	-	1,064,749
EASI De-Fuel Truck	23,400	23,400
Tucker Energy Services	173,503	-
Fehr Foods Expansion	270,003	1,749,801
Corley Wetsel Trucking	-	455,200
Fehr Foods '14	-	53,426
Gift Card System	-	26,624
BWJ Consulting	156,849	91,320
Datoo Technologies	-	61,325
Coca Cola Refreshments	616,356	-
Martin Sprocket & Gear	160,000	-
Industrial Maintenance Training AISD	40,178	21,876
Abimar Foods 2015	300,000	300,000
BCBS Roof Repairs - A/E	214,851	-
BCBS Roof Repairs - Construction	2,462,167	-
TTUHSC School of Public Health	278,776	470,130
TSTC New Abilene Campus	400,000	179,600
Spec 3 Remediation	-	38,325

CITY OF ABILENE
 Development Corporation of Abilene
 Schedule of Revenues and Expenditures - Budget Basis
 Year Ended September 30, 2018
 With Comparative Totals for the Year Ended September 30, 2017

EXPENDITURES - continued:	<u>2018</u>	<u>2017</u>
Current - continued:		
18/36 Industrial Park	\$ -	\$ 50,000
2016 Startup Week / 2017 Springboard	-	32,500
Communities in Schools	43,708	19,203
City Owned Surplus Land	-	384,442
Donald Hardin, Jr. Service Contract	19,500	6,000
Access Business Park A/E	64,051	-
Access Business Park Ph 1 Development	644,506	-
BE in Abilene Admin ACU	34,465	-
2018 Job Fair Sponsor	3,500	-
5 Pts Purchase Zoltek Property	4,897,522	-
Airport Access Road (TSTC)	84,414	-
Dyess JLUS	15,617	-
Vine St. Roof Project	1,350	-
Total Expenditures	<u>14,649,577</u>	<u>8,394,063</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES-BUDGET BASIS	 726,466	 3,332,169
Add: Fixed assets capitalized	5,643,299	1,479,175
Add: Change in accrued expenses	787,149	-
Add: Change in accrued revenue	2,009,018	76,383
Less: Loss on sale of assets	(3,527,199)	-
Less: Proceeds from sale of land	(2,241,496)	-
Less: Depreciation	<u>(1,649,683)</u>	<u>(1,641,312)</u>
 CHANGE IN NET POSITION-GAAP BASIS	 <u>\$ 1,747,554</u>	 <u>\$ 3,246,415</u>

CITY OF ABILENE, TEXAS
 Development Corporation of Abilene
 Schedule of Obligated Fund Balance - Budget Basis
 Year Ended September 30, 2018

	FY 2018 Obligated	FY 2018 Amount Disbursed	Balance
OBLIGATED PROGRAMS:			
Business Services Division	\$ 994,410	\$ 994,410	\$ -
Life Sciences Property	176,204	176,204	-
DCOA Annual Contracts	386,369	386,369	-
Abilene Industrial Foundation	588,368	588,368	-
TTU Small Business Development Center	202,462	202,462	-
Chamber Military Affairs	331,074	331,074	-
Airport Business Development MGR	199,802	199,802	-
TTU Pharmacy School	93,308	93,308	-
Enavail, LLC	322,830	322,830	-
Petrosmith Ph 5	150,666	150,666	-
TTUHSC School of Nursing	269,368	269,368	-
Rentech '12	30,000	30,000	-
Hangar Doghouses A/E	70,699	-	70,699
EASI De-Fuel Truck	33,360	23,400	9,960
Tucker Energy Services	173,503	173,503	-
5 Pts RR Expansion	6,480	-	6,480
Fehr Foods Expansion	270,003	270,003	-
BWJ Consulting	241,849	156,849	85,000
Coca Cola Refreshments	616,356	616,356	-
Martin Sprocket & Gear	160,000	160,000	-
Industrial Maintenance Training AISD	90,178	40,178	50,000
Lone Star Canvas	18,000	-	18,000
Abimar Foods 2015	300,000	300,000	-
BCBS Roof Repairs - A/E	214,851	214,851	-
BCBS Roof Repairs - Construction	2,462,167	2,462,167	-
TTUHSC School of Public Health	278,776	278,776	-
TSTC New Abilene Campus	4,000,000	400,000	3,600,000
Communities in Schools	43,708	43,708	-
Donald Hardin, Jr. Service Contract	22,500	19,500	3,000
Access Business Park A/E	64,150	64,051	99
Access Business Park Ph 1 Development	1,258,101	644,506	613,595
BE in Abl Grant	250,000	-	250,000
BE in Abilene Admin ACU	34,465	34,465	-
Dyess-TMPC Grant Match	198,880	-	198,880
2018 Job Fair Sponsor	3,500	3,500	-
5 Pts Purchase Zoltek Property	5,065,000	4,897,522	167,478
5 Pts Business Park Repairs/Cleanup	1,000,000	-	1,000,000
Airport Access Road (TSTC)	84,414	84,414	-
BrightFarms/TEX Greenhouse	1,700,000	-	1,700,000
Streetlights - 5 Points	80,560	-	80,560
Dyess JLUS	15,617	15,617	-
Vine St. Roof Project	1,789,830	1,350	1,788,480
City Street Maintenance	1,500,000	-	1,500,000
Total Obligated Programs	\$ 25,791,808	\$ 14,649,577	\$ 11,142,231

CITY OF ABILENE, TEXAS
Development Corporation of Abilene
Schedule of Capital Assets
September 30, 2018

	Cost	Accumulated Depreciation	Net Book Value
Land			
505.637 acres-Five Points Business Park	\$ 576,033	\$ -	\$ 576,033
834 Pine	40,423	-	40,423
303.53 Acres Hwy 36 & FM 18	449,239	-	449,239
1.995 Acres Hwy 36	16,641	-	16,641
33.98 Acres Loop 322 / Hwy 36	350,365	-	350,365
121.93 acres Moses Williams Survey	482,238	-	482,238
3.164 Acres Arnold Blvd	34,077	-	34,077
922 N. 13th Street	35,735	-	35,735
84.257 acres Fulwiler Land	493,056	-	493,056
842 Pine	43,846	-	43,846
52.874 Acres 1121/1221 Fulwiler	793,000	-	793,000
Construction-in-Progress	738,513	-	738,513
Buildings and Improvements	38,069,539	(9,794,221)	28,275,318
Improvements other than buildings	17,435,653	(3,552,564)	13,883,089
Machinery & Equipment	812,124	(744,948)	67,176
Vehicles	40,452	(40,452)	-
	<u>60,410,934</u>	<u>(14,132,185)</u>	<u>46,278,749</u>
NET CAPITAL ASSETS	\$ 60,410,934	\$ (14,132,185)	\$ 46,278,749

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: April 16, 2019

SERVICES: Aerospace Industry Cluster Study

STAFF: Charlie Dromgoole, Interim CEO

GENERAL INFORMATION:

The Abilene Regional Airport (Airport) recently engaged Coffman Associates to conduct a large consulting project on land use planning at the Airport. With the recent sale of Airport land to TSTC and potential closing of the original runway on the northwest side of the Airport along with the presence of Eagle Aviation Services, Inc. (EASI), the DCOA would like to explore a potential aerospace cluster as an integral part of the overall land use planning and development at the Airport, Access Business Park, and Five Points Business Park.

Also important to the current climate at the Airport are Dyess AFB and the new B-21 mission that will added in the mid to late 2020's, not to mention the local Airframe & Powerplant school conducted by TSTC that produces 20 graduates each year. There is a small but thriving industrial base in the 90-mile radius catchment area.

THE REQUEST

Advisory Aerospace (AA) has proposed a Phase I study that will provide a preliminary understanding of the specifics of the aerospace businesses to target (i.e. engine overhaul, electrical repairs, LRU repairs etc.) for a cluster development at the Airport and beyond. Also being included in the study area are Access Business Park and Five Points Business Park. The engagement is for four (4) weeks and will involve collaboration between AA and City of Abilene/Airport/Department of Transportation/DCOA to diagnose the study area.

The three key objectives are:

1. E-Jet Maintenance Services, focusing on the E-140s, 145s and 170s flown by Envoy Airlines into the airport; Are there unmet maintenance needs that can be leveraged at the proposed cluster?
2. Local B-1 and C130 maintenance services; Are there unmet sustainment needs that can be leveraged at the proposed cluster?
3. Regional or National demand to augment local needs; Does it make sense to consolidate demand for these platforms at ABI and Dyess with regional or even national demand?

The cost for the Phase I study is \$48,000 plus reimbursable expenses. The contract will require City Council approval. It is expected that by funding this Phase I study the DCOA will be in a better position to (i) recruit and develop business in the aerospace industry and (ii) market and promote Abilene to develop new or expanded business enterprises for future commercial and/or industrial development.

During Phase 2, if approved, AA will take the Phase I findings and develop a detailed roadmap with target aerospace/MRO companies identified with a plan to engage those target firms.

FISCAL IMPACT

Phase I Study	\$48,000
Reimbursable costs (est.)	<u>\$ 7,000</u>
TOTAL	\$55,000

STAFF RECOMMENDATION

Staff recommends the board approve resolution DCOA-2019.18 authorizing funding of \$48,000 and up to \$7,000 for reimbursable costs for the City of Abilene to engage Advisory Aerospace to conduct a Phase I study as described above.

ATTACHMENTS

Phase I Proposal provided by Advisory Aerospace OSC for Cluster Study
Resolution DCOA-2019.18

<https://dcoa.sharepoint.com/Shared Documents/DCOA/Meeting Memos/FY2019/Aerospace Industry Cluster study049.docx>



February 20, 2019

Mr. Don Green
Director of Transportation &
Director of Aviation
2933 Airport Boulevard
Abilene, TX 79602

Subject: Abilene Aerospace Cluster Strategy
Phase 1 – Diagnostics of potential aerospace / maintenance / field services at Abilene airport

Dear Don,

It was a pleasure speaking with you and Kate over phone recently. Thank you for taking the time to discuss your organization's desire to explore potential aerospace cluster as an integral part of the overall land use planning and development at Abilene airport.

This proposal lays out a four week engagement involving collaboration between our firm, Advisory Aerospace OSC (hereinafter "AdvisoryAero") and City of Abilene / Abilene airport / Department of Transportation / DCOA (collectively hereinafter "Client") as Phase 1 – Diagnostics of the project.

We also recognize that Client would be looking for a detailed roadmap in Phase – 2 based upon the findings of this diagnostics phase and, if approved to move ahead, AdvisoryAero may be given the responsibility for executing the roadmap in collaboration with Client.

The scope attached herewith is based on our best understanding of your needs and we are open to refine and revise, if you deem it necessary. Please contact me if you have any questions or concerns. If not, please indicate your acceptance and approval of this proposal and the terms herein by signing the last page of this engagement letter.

I look forward to your feedback and to the opportunity to collaborate on this exciting project.

Sincerely,

A handwritten signature in black ink, appearing to read "Vivek Saxena", written over a horizontal line.

Vivek Saxena
Managing Director
+1 734 249 0961



ADVISORY AEROSPACE



Abilene Aerospace Cluster Strategy

Phase 1 - Diagnostics

Submitted to:

**Department of Transportation
Services**



Submitted by:

Advisory Aerospace OSC

Context:

AdvisoryAero understands that Client's current situation, in summary, is as follows:

- Client has engaged with Coffman associates for a larger consulting project on land use planning at Abilene Regional Airport (ABI).
- Abilene airport is the home of EASI (Eagle Aviation Services Inc), a light & heavy maintenance facility for Embraer E-Jet family (E140 / 145 and soon E170 as well) supporting Envoy Air, the largest regional carrier for American Airlines.
- Across town, and 6 miles from ABI, is Dyess Air Force Base which is the home of 7th Bomb Wing and 317th Airlift Group with B-1 and C-130 aircraft squadrons respectively.
- Dyess is potentially going to be one of the 3 bases to host B-21 in mid to late 2020s.
- Local A&P school produces 20 graduates each year and there is a small but thriving industrial base in the 90 mile radius catchment area.
- Client desires to explore whether there is a **strategic justification for establishing an aerospace cluster** at ABI fueled by local, regional or national demand as part of the overall land use plan.
- Given Abilene's current situation, Client is also interested in developing a **preliminary understanding of the specifics of the aerospace businesses to target** (e.g. engine overhaul, electrical repairs, LRU repairs etc.).
- We envisage a Phase 2 of this study (not part of this proposal) where a detailed roadmap with target aerospace / MRO companies will be identified with a plan to engage those target firms. MRO Americas in April and Paris Airshow in June of 2019 will be ideal to begin the execution of that plan.

AdvisoryAero is singularly well qualified to support this project:

- **Aerospace Market Segments:** We have decades of experience in all relevant market sectors - commercial, military and business & general aviation. Additionally, we regularly interact with all Tiers of suppliers, OEMs and MRO service providers in each of the sectors.
- **Aerospace Cluster Studies:** Through multiple client studies, professional experience and regular project work, we have deep understanding of various factors driving the establishment and growth of aerospace clusters.
- **Understanding of Key Industry & Technology Trends:** We maintain our Thought Leadership in tracking and predicting industry trends and technologies in our industry, including current maintenance capacity crunch and emerging repair technologies.

Objectives & Questions:

Our basic hypothesis is that a focus on locally stationed platforms – E-jets for Envoy Air and B-1 and C-130 for Dyess AFB – is likely to result in the shortest putt to achieving our objectives in the short to medium term.

Therefore, the diagnostics phase will involve finding evidentiary support to the following 3 key objectives. Detailed questions under each objective are enumerated below to guide a structured approach for this study.

1. E-Jet maintenance services (Focus on E-140/145/170)

Are there unmet maintenance needs that can be leveraged at the proposed cluster?

- What is the size of E-140/145/170 fleet?
 - Globally and in North America
 - In American Airlines and other airlines
 - What is the best estimate for fleet growth / decline in future?
 - Average utilization per year?
- What is the current state of maintenance service providers for E-jets?
 - How much of maintenance is done at Embraer OEM shops? Are there fleet management plans that tie in a bulk of business with Embraer?
 - How much of maintenance is captured in airline captive shops?
 - How much of maintenance is done by 3rd party service providers?
 - Are there elements of E-jet maintenance that are perceived as capacity constraints – today or in future?
 - Do these bottlenecks present opportunities for establishing new capacity in Abilene?
- Are there specific services that can support and augment incumbents?
 - In EASI supply chain
 - In other E-jet operators' or third party supply chain
 - Embraer shop's supply chain
- Are there opportunities from larger E-jet fleet (E-175/190/195) to leverage?
 - E-175 is a larger fleet than E-140/145/170 combined
 - Is there sufficient commonality to justify combining services for certain systems or components across all E-jets?

- Can the forthcoming introduction of E2 jets be leveraged in future?

2. Local B-1 and C-130 maintenance services

Are there unmet sustainment needs that can be leveraged at the proposed cluster?

- What are fleet sizes for B-1 and C-130?
 - Distribution by service (Air force, coast guard etc.)
 - Distribution by air force base
 - More details would be needed (e.g. C-130 model type) for fleet in the region
 - Estimate average utilization per year
- Current state of sustainment activities at Dyess
 - What local or regional support is currently available to sustain Dyess aircrafts?
 - Are there obvious bottlenecks?
 - Are there opportunities to reduce the total lead time in maintaining certain parts locally which are currently shipped / outsourced?
 - Can Dyess share data on their sustainment work and who does what?
 - How much of the maintenance is done directly by Lockheed in Fort Worth?
 - Are there opportunities to support Lockheed for these legacy aircrafts so they can focus on next generation of aircrafts?
 - Are there opportunities to manufacture certain high usage parts locally (e.g. 3D printing of non-structural plastic parts like clips and ties)

3. Regional or National demand to augment local needs

Does it make sense to consolidate demand for these platforms at ABI and Dyess with regional or even national demand?

- Identify services to focus on, with rationale from the above two objectives
- E-jet demand estimates for identified services
- High level strategy for E2 jets for the long term
- B-1 and C-130 demand estimates for identified services
- High level strategy for B-21 for the long term

Scope:

<i>Market</i>	Regional Jet Transport, Defense Aerospace
<i>Products / Services</i>	Initial focus is on maintenance / sustainment activities and services in support of E-jet family, B-1 and C-130. Potential impact of the likely stationing of B-21 at Dyess will also be considered
<i>Geography</i>	Regional focus (TX and surrounding states), USA wide at a higher level
<i>Timeline</i>	2019-2029

Approach:

Our approach will involve, onsite collaboration with Client in addition to primary (expert interviews) and secondary research (mining our IP from past engagements and desktop research). This approach is described in the table below:

Task	Output	Duration of Activity
1. Pre-work & Prep for site visit	<ul style="list-style-type: none"> ■ Mine existing IP from our past engagements on platforms in focus for this study ■ Up to 2 weeks of secondary research and evaluation of our hypothesis ■ Develop interview templates and target interviewee list ■ Interview at least one Embraer maintenance expert at this stage of pre-work ■ Interview Bomber and Cargo sustainment expert/s 	2 weeks
2. Site Visit and Interviews at Dyess AFB and Abilene Airport	<ul style="list-style-type: none"> ■ Communicate, through Client, a list of interviewees to Dyess and EASI (in the current situation, it is understood that EASI interviews are unlikely to materialize) before the visit ■ Conduct targeted primary research to understand existing customer / partner relationships ■ Structured interviews to identify opportunities to support the need for the local cluster – in Abilene and possibly in Dallas/Fort Worth, if needed. ■ Validate / Refine hypothesis 	1 week
3. Ongoing primary and secondary research	<ul style="list-style-type: none"> ■ Analyze information on fleet size, maintenance requirements, service providers for the 3 families of aircraft 	4 weeks

Task	Output	Duration of Activity
4. Synthesis and Conclusions	<ul style="list-style-type: none"> ■ Synthesize results of tasks 1 and 2 ■ Develop conclusions ■ Conduct final review ■ Deliver final report 	2 weeks

Timelines & Deliverables:

AdvisoryAero proposes to complete the assignment in approximately 4 weeks, broken down per the schedule below. Period of performance is March 4, 2019 to March 29, 2019.

Schedule (Weeks)	1	2	3	4
Task				
Pre-work				
Site Visit				
Ongoing Research				
Synthesis, Reviews & Report				
	Kick-off (Video Call) ▲	Mid Project Review (On-site) ▲		Final Review (On-site) ▲

Site visit week will depend on interviewee availability and consulting team’s ability to complete pre-work. It may be desirable to move the site visit up by a week, if possible.

6.10

Team (2 experts and an analyst):

Vivek Saxena

PhD in Aerospace, University of Cambridge



Vivek will lead this project for AdvisoryAero and will be the primary point of contact for Client.

Previous experiences:

25+ years at Cornell, Pratt & Whitney, UTC, ICF, Mooney

Mooney International- President & CEO

ICF Aviation Advisory- Vice President & Practice Leader.

United Technologies- Country Head for UTC Aerospace divisions in India.

Pratt & Whitney- Engine MRO Supervisor, Plant Manager, Chief Engineer, Supply Chain Manager and General Manager

Shannon Bathurst

BS and MS in Aerospace, Purdue University



Shannon will assist in project management, interviews and secondary research.

Previous experiences:

9 years in aerospace consulting with focus on MRO

2 years with Bombardier as Operations Director

Josh Kuledge

BS in Mech E and Industrial & Systems E, University of Minnesota (Duluth)



Vivek and Shannon will be supported by Josh Kuledge, as a dedicated analyst, throughout the project.

Fees:

- Fixed fees of \$48,000. In addition, AdvisoryAero would be reimbursed for actual travel & expenses incurred for this assignment. Travel & expenses will be capped at 15% of the fixed fees.
- The invoicing schedule is as follows:
 - Project Commencement: 25% of fee
 - Mid Project Review: 25% of fee
 - Project Completion: 50% of fee
 - Travel & expenses will be invoiced as they occur
- Payment terms are 15 calendar days by wire transfer after invoicing.
- The fees presented above are exclusive of all taxes (such as sales, VAT, withholding, and any other local taxes which may be applicable), which are the responsibility of Client.

Entire Agreement

This proposal defines the deliverables, roles and responsibilities for this assignment. Please indicate acceptance of these terms and conditions by signing below. This Agreement sets forth the entire agreement and understanding of the parties hereto relating to the subject matter contained herein, any and all prior agreements and understandings are superseded hereby and are otherwise incorporated herein; no modifications or amendments to this Agreement shall be effective unless made in writing and signed by both parties. If any provision or portion of any provision of this Agreement shall be determined by any court or competent jurisdiction to be invalid, illegal or unenforceable, and such determination shall become final, such provision or portion shall be deemed to be severed, and the remaining provisions and portions shall be enforced to give effect to the intention of the parties insofar as that is possible. Nothing herein contained shall constitute or be construed to create a partnership, agency or joint venture between the parties.

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Minnesota, United States, except for conflicts of law provisions. Any and all disputes arising out of or

6.12

related to this agreement shall be settled via arbitration by using the American Arbitration Association and its existing rules. The arbitrator shall award the prevailing party reasonable fees and costs. Under no circumstances shall AdvisoryAero be liable to the customer of this study for any consequential, indirect, special, incidental, or exemplary damages (including without limitation, lost profits, loss of anticipated business, loss of data, or business losses). AdvisoryAero sole liability to customers for damages and any other claims shall be limited to the amount of the payments set forth in this proposal.

ACCEPTED, for Client -
AdvisoryAero is hereby authorized to perform work as described above.

Accepted for:
City of Abilene (TX)

Accepted for:
Advisory Aerospace OSC

Signed:

Signed:

Name (printed):
Date: March , 2019

Name (printed): Vivek Saxena
Date: March , 2019

RESOLUTION NO. DCOA-2019.18

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (“DCOA”), ABILENE, TEXAS AUTHORIZING AN AEROSPACE INDUSTRY CLUSTER STUDY (“STUDY”) AND FUNDS TO THE CITY OF ABILENE TO CONTRACT FOR THE STUDY.

WHEREAS, the Abilene Regional Airport (“Airport”) recently engaged Coffman Associates to conduct a large consulting project on land use planning at the Airport; and,

WHEREAS, with the recent sale of Airport land to TSTC and potential closing of the original runway on the northwest side of the Airport along with the presence of Eagle Aviation Services, Inc. (EASI), the DCOA would like Advisory Aerospace (“AA”) to develop a new study that will explore a potential aerospace cluster as an integral part of the overall land use planning and development; and,

WHEREAS, also important to the current climate at the Airport are Dyess AFB and the new B-21 mission that will be added in the mid to late 2020’s, not to mention the local Airframe & Powerplant school conducted by TSTC that produces 20 graduates each year; and,

WHEREAS, AA has proposed a Phase I study that will provide a preliminary understanding of aerospace businesses to target (i.e. engine overhaul, electrical repairs, LRU repairs etc.) for a cluster development at the Airport, Access Business Park, Five Points Business Park and beyond; and,

WHEREAS, the three key objectives are: 1) E-Jet Maintenance Services, focusing on the E-140s, 145s and 170s flown by Envoy Airlines into the Airport; Are there unmet maintenance needs that can be leveraged at the proposed cluster?, 2) Local B-1 and C130 maintenance services; Are there unmet sustainment needs that can be leveraged at the proposed cluster?, and 3) Regional or National demand to augment local needs; Does it make sense to consolidate demand for these platforms at ABI and Dyess with regional or even national demand?; and,

WHEREAS, after consideration and discussion, the DCOA’s Board of Directors finds that an expenditure of \$48,000 plus reimbursable expenses for the City to engage Advisory Aerospace for an aerospace industry cluster study is required or suitable for (i) business recruitment or development and (ii) marketing and promoting Abilene to develop new or expanded business enterprises.

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

PART 1. DCOA authorizes an agreement with the City of Abilene whereby DCOA will provide up to Fifty-Five Thousand and no/100’s Dollars (\$55,000.00) to engage Advisory Aerospace to conduct a Phase I study that will provide a preliminary understanding of aerospace businesses to target (i.e. engine overhaul, electrical repairs, LRU repairs etc.) for a cluster development at the Abilene Regional Airport, Access Business Park, Five Points Business Park and beyond. The funds will be disbursed as follows:

Phase I Study base fee	\$48,000
Reimbursable costs (est.)	\$ 7,000
TOTAL	\$55,000

PART 2. Funding under this resolution is contingent upon execution of all necessary agreements and approval of the City contract with Advisory Aerospace by the Abilene City Council.

PART 3. The Interim Chief Executive Officer of the Development Corporation of Abilene, Inc. or his designee 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 16th day of April 2019.

ATTEST:

Vic Corley
Secretary/Treasurer

John Beckham
President

APPROVED AS TO FORM:

Mark S. Zachary, Attorney at Law

6.15

Information for Items #7 and #8
will be available during the board meeting