

PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Wednesday, July 17, 2019, at Develop Abilene conference room, 174 Cypress St., 3rd floor, Abilene, Texas, commencing at 1:30 p.m. to consider the following agenda:

SIGNED:


Charlie Dromgoble, Interim CEO

AGENDA

July 17, 2019
1:30 p.m.


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

1. Call the meeting to order.
2. Approval of minutes from the June 18, 2019 and July 2, 2019 board meetings.
3. Sales tax report for July 2019 and financial report for May 2019.
4. Executive Session:
The DCOA reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed, as authorized by the Texas Government Code Sections:
 1. 551.071 (Consultation with Attorney)
 - A. Agreement for roof replacement, roof repairs, roof design and roof monitoring services on Vine St. buildings located at 4009, 4109 and 4125 Vine St.
 - B. Agreements for roof replacement, roof repairs and roof design services for hangars and other structures at the Abilene Regional Airport.
 - C. Agreement for roof replacement design and engineering work for the buildings located at 1121, 1221 and 1249 Fulwiler Rd.
 - D. Lease negotiations for land and buildings/hangars at the Abilene Regional Airport.
 - E. Agreements with Prairie Dog Pet Products (PDPP)
 - F. Appointment, employment, compensation and duties of DCOA CEO
 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)
 - D. Acquisition of property in Central Abilene
 - E. Acquisition of parcels of land in East Abilene
 3. 551.074 (Personnel Matters)
 - A. Personnel matters relating to CEO on subject matters set forth in Texas Government Code Section 551.074 including appointment, employment, compensation and duties of public officers or employees

4. 551.087 (Business Prospect/Economic Development)
 - A. Project Lasso
 - B. Broadwind Towers, Inc.
 - C. Project Tidal Wave
5. Discussion and possible action concerning matters relating to DCOA CEO including appointment, employment, compensation and duties.
6. Discussion and possible approval of a resolution authorizing amended assistance for Project Tidal Wave.
7. Discussion and possible approval of a resolution authorizing amended assistance for Broadwind Towers, Inc.
8. Discussion and possible approval of a resolution authorizing amended assistance and/or agreements for Prairie Dog Pet Products (PDPP) project.
9. Discussion and possible approval of a resolution authorizing a contract for design, construction documents and construction administration for re-roofing the industrial buildings on Fulwiler Rd. in Five Points Business Park.
10. Discussion and possible approval of a DCOA revised budget for FY 2019 and new budget for FY 2020.
11. Discussion of the next board meeting date.
12. 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 July, 2019, at 2:00 p.m.


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.

5. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING AN AGREEMENT WITH THE ABILENE INDUSTRIAL FOUNDATION TO ADMINISTER THE NEXTUNIVERSITY PROGRAM: 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 Chamber of Commerce and Abilene Industrial Foundation board.

Charlie Dromgoole presented a request from the Abilene Industrial Foundation (AIF) that authorizes them to oversee the NEXTUniversity program. The agreement will be for administrative purposes only and not an increase in the funding. This agreement will give the AIF flexibility to allow scholarships for students enrolled in training programs that will address skills most needed by Abilene industries.

Jack Rich made the motion to approve Resolution DCOA-2019.22 authorizing an amendment with the Abilene Industrial Foundation to oversee the NEXTUniversity program. Sam Vinson seconded, and the motion passed.

6. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING AMENDED ASSISTANCE FOR BROADWIND TOWERS, INC.: No discussion or action was taken in reference to this item.

7. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT TIDAL WAVE: No discussion or action was taken in reference to this item.

8. IF REQUESTED, RECONVENE EXECUTIVE SESSION UNDER ANY SUBJECTS IDENTIFIED IN THE “EXECUTIVE SESSION” SECTION SET FORTH ABOVE: No discussion or action was taken in reference to this item.

9. DISCUSSION OF NEXT MONTHLY BOARD MEETING: President Beckham announced the next scheduled meeting of the DCOA Board will be on, July 17, 2019, at 1:30 p.m.

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

John Beckham, President

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


John Beckham, President

<https://dcoa.sharepoint.com/Shared Documents/DCOA/Minutes/FY19/2019-07-02.docx>

MEMORANDUM

July 10, 2019

TO: Robert Hanna, City Manager

FROM: Mike Rains, Director of Finance 

SUBJECT: July Sales Tax

The sales tax rebate for July is \$3,737,978.31 which represents May sales. This is 5.48% above last year and 13.78% above the projected FY 19 budget amount. The breakdown of the rebate is \$2,803,483.73 to the General Fund and \$934,494.58 for economic development. Of this rebate, \$225,605.99 is from prior periods, audit payments, future payments, and unidentified payments. For the period of October through July, sales tax is 2.10% above last year and 5.47% 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
May	3,313,759.56	1,104,586.52	4,418,346.08	3,284,774.58	1,094,924.86	4,379,699.44
June	2,516,518.53	838,839.51	3,355,358.04	2,777,277.03	925,759.01	3,703,036.04
July	2,657,731.10	885,910.37	3,543,641.47	2,803,483.73	934,494.58	3,737,978.31
YTD	\$28,301,141.22	\$9,433,713.73	\$37,734,854.95	\$28,894,614.83	\$9,631,538.28	\$38,526,153.11
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%
May	1,104,587	1,094,925	-0.87%
June	838,840	925,759	10.36%
July	885,910	934,495	5.48%
YTD	\$9,433,713	\$9,631,539	2.10%
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 July '19 represents May '19 sales. Approximately \$56,401.50 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
May	1,019,627	971,507	1,016,082	1,104,587	1,094,925
June	822,955	754,439	767,736	838,840	925,759
July	778,812	757,642	805,208	885,910	934,495
FY TOTAL	<u>\$8,743,093</u>	<u>\$8,419,594</u>	<u>\$8,507,708</u>	<u>\$9,433,713</u>	<u>\$9,631,539</u>
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
May 31, 2019 and 2018

	May 2019	May 2018
Current Assets:		
Cash and cash investments	\$ 25,955,641	\$ 26,042,543
Accounts receivable	4,466,848	2,606,933
Due from other governments	1,983,177	1,834,074
Total Current Assets	32,405,666	30,483,550
Noncurrent Assets:		
Notes receivable, net	2,719,600	3,019,600
Notes receivable - earning economic incentives	10,228,383	11,246,190
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	59,226,732	62,319,616
Total Assets	\$ 91,632,398	\$ 92,803,166
Liabilities		
Current:		
Accounts payable	\$ 22,506	\$ 7,923
Accrued expenses	1,789,830	2,606,933
Total Current Liabilities	1,812,336	2,614,856
Total Liabilities	1,812,336	2,614,856
Net Position		
Net Investment in capital assets	46,278,749	48,053,826
Restricted for contractual obligations	18,106,750	8,577,785
Unrestricted, designated for purposes of trust	25,434,563	33,556,699
Total Net Position	89,820,062	90,188,310
Total Liabilities and Net Position	\$ 91,632,398	\$ 92,803,166

DEVELOPMENT CORPORATION OF ABILENE
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the eight months ending May 31, 2019 and 2018

	May 2019	Fiscal YTD 2019	Fiscal YTD 2018
Revenues:			
Sales and use taxes	\$ 1,094,925	\$ 7,771,285	\$ 7,708,964
Investment earning	51,893	460,232	357,481
Building rental / land lease	69,489	724,458	738,927
Sale of Building	-	-	1,491,496
Miscellaneous revenue	-	9,420	76,941
Total Revenues	<u>1,216,307</u>	<u>8,965,395</u>	<u>10,373,809</u>
Expenses:			
Economic Development Projects	314,316	4,159,935	3,551,023
Life Sciences property maintenance	-	-	143,477
DCOA property maintenance	29,323	476,488	198,777
Abilene Industrial Foundation	63,461	396,163	400,857
TTU Small Business Development Center	20,119	119,025	121,556
Chamber Military Affairs	-	158,497	142,929
Airport Business Development Manager	10,523	91,134	95,215
Economic Development Operating Division	52,335	642,984	670,504
Total Expenditures	<u>490,077</u>	<u>6,044,226</u>	<u>5,324,338</u>
Changes In Net Position	726,230	2,921,169	5,049,471
Net Position at Beginning of Period	<u>89,081,332</u>	<u>86,886,393</u>	<u>85,138,839</u>
Net Position at End of Period	<u>\$ 89,807,562</u>	<u>\$ 89,807,562</u>	<u>\$ 90,188,310</u>

Summary of Current Period Economic Development Projects:	
EASI De-fuel	\$ 3,900
Access Bus Park Ph 1 Development	53,251
5 Pts Bus Park Repairs/Cleanup	77,044
Vine St. Roof Project	85,705
Abilene Education Foundation	5,222
Interim CEO	11,299
CEO Search Firm	12,256
Airport Roofing Project	65,639
Total	<u>\$ 314,316</u>

**Development Corporation of Abilene
Economic Program Status
As of May 31 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	158,360	125,000	15,600	17,760
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	496,252	117,343
BE In Abl 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	-	922,309	77,691
BrightFarms/TEX Greenhouse	5412	-	-	-	-
Streetlights - 5 Points	5413	80,560	-	66,978	13,582
Dyess JLUS	5414	15,617	15,617	-	-
Vine St. Roof Project	5415	1,789,830	1,350	1,384,560	403,920
City Street Maintenance	5416	8,500,000	-	-	8,500,000
ACU NEXT Lab	5417	300,000	-	300,000	-
Abilene Educ Foundation	5418	51,437	-	29,878	21,559
Hardin Simmons Universtiy	5419	250,000	-	250,000	-
842/834 Pine St	5420	5,000	-	-	5,000
Interim CEO	5421	90,000	-	58,715	31,285
N 1st Land Purchase	5422	90,000	-	88,705	1,295
CEO Search Firm 2019	5423	40,000	-	23,791	16,209
Workforce Solutions High Demand Job Training	5424	31,658	-	-	31,658
Airport Roofing Project	5425	1,976,786	-	65,639	1,911,147
FDLIC	5426	1,035,000	-	-	1,035,000
Chamber 2020 Census	5426	100,000	-	-	100,000
Subtotal Economic Program Obligation Reserve		\$ 33,183,753	\$ 12,456,174	\$ 4,159,935	\$ 16,567,644
Plus Administrative Division Obligations:					
Economic Development Operating Division	Division 2760	1,039,919	-	642,984	396,935
DCOA Property Maintenance	Division 2775	857,210	-	476,488	380,722
Abilene Industrial Foundation	Division 2775	692,275	-	396,163	296,112
TTU Small Business Dev Center	Division 2775	245,000	-	119,025	125,975
Chamber Military Affairs	Division 2775	397,000	-	158,497	238,503
Airport Business Development Manager	Division 2775	191,993	-	91,134	100,859
ACU Griggs Center	Division 2775	35,000	-	-	35,000
Subtotal Administrave Divisions Obligation Reserve		\$ 3,458,397	\$ -	\$ 1,884,291	\$ 1,539,106
Total reserve for obligated programs					\$ 18,106,750
DCOA Board approved projects waiting for signed contracts:					
JLUS Implementation		\$ 55,000		Expiration Date 12/10/2019	
Staff Retention Bonuses		12,500		09/19/2019	
Airport - Aerospace Cluster Study Ph I		55,000		10/16/2019	
Ford F350 PU w/Utility Bed		45,878		11/23/2019	
		<u>\$ 168,378</u>			

3.7

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

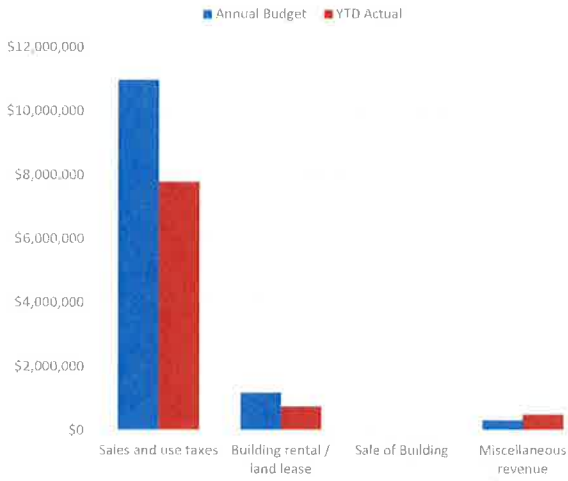
Revenue

	Annual Budget	YTD Actual	% of Budget
Sales and use taxes	10,981,812	7,771,285	71%
Building rental / land lease	1,162,257	724,458	62%
Sale of Building	-	-	-
Miscellaneous revenue	300,000	469,652	157%
Revenue	12,444,069	8,965,395	72%

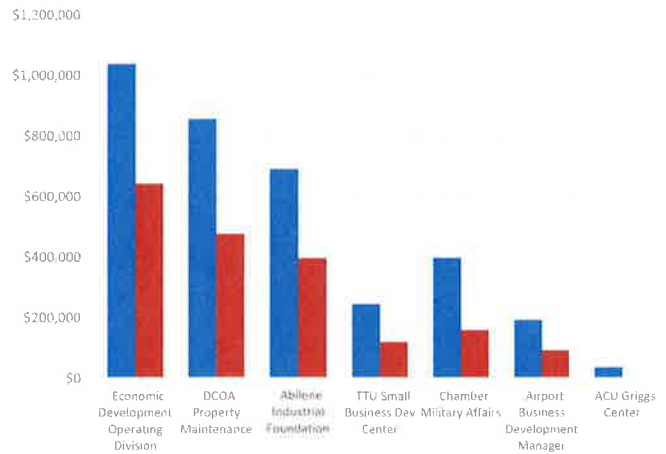
Expenses

	Annual Budget	YTD Actual	% of Budget
Economic Development Operating Division	1,039,919	642,984	62%
DCOA Property Maintenance	857,210	476,488	56%
Abilene Industrial Foundation	692,275	396,163	57%
TTU Small Business Dev Center	245,000	119,025	49%
Chamber Military Affairs	397,000	158,497	40%
Airport Business Development Manager	191,993	91,134	47%
ACU Griggs Center	35,000	-	0%
	3,458,397	1,884,291	54%

FY 19 Budget vs Actual Revenue



FY 19 Budget vs Actual Expenses



3.8

Information for Items #5 and #6
will be available during the board meeting

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA
MEETING DATE: July 17, 2019

PROJECT: Broadwind Towers Amended Assistance

STAFF: Charlie Dromgoole, Interim CEO

BACKGROUND INFORMATION

Broadwind Towers, Inc. is a subsidiary company of Broadwind Energy, Inc. along with Brad Foote Gear Works, Inc. and Red Wolf Company, LLC. The towers company manufactures wind turbine towers and other heavy industrial fabricated steel structures (such as crane and rigging components, storage tanks, mining machinery components and ASME pressure vessels) with plants in Abilene and Wisconsin. The DCOA has assisted Broadwind Towers since 2008 when the company constructed its Abilene manufacturing facility in the Five Points Business Park. Below is a summary of the assistance approved and funded:

2008 Agreement: The DCOA authorized an assistance package for Broadwind Towers in the total amount of \$3,816,250 in direct incentives for job creation of 150 and capital investment of \$20+ million for construction of a new manufacturing plant in the Five Points Business Park and equipment purchases. The package also includes indirect incentives totaling \$911,250 for job training through the Fast Track Welding Training program, conveyance by the DCOA of 41.6 acres on Arnold Blvd. (north of Pactiv Industries) valued at \$600,000, and rail service to the south boundary of the new construction site.

Addenda A, B & C to the 2008 Agreement (2008-2012): The DCOA 1) Approved additional \$700,000 for construction cost overruns of \$7 million or more, 2) Reallocated \$20,500 to train 15 welders for the company's Caterpillar contract, and 3) Reallocated another \$30,000 to train 20 more welders and conduct leadership training for the supervisory team.

Construction was completed in early 2009, and two Fast Track Welding training sessions were held in 2008 and early 2009. Below is a summary of the 2008 assistance package as amended:

	2008 Agreement	Revised	Funded
Job Creation Incentive	\$1,816,250	\$1,757,350	\$1,241,539
Capital Investment Incentive	\$2,000,000	\$2,700,000	\$2,700,000
Conveyance/Sale of Land	\$600,000	\$600,000	\$600,000
RR Service Extension	\$236,250	\$236,250	\$236,250
Welder Training Assistance	\$75,000	\$75,000	\$70,226
Advanced Welder Training Assistance		\$49,500	\$49,490
Leadership Training Assistance		\$9,400	\$6,572
TOTAL	\$4,727,500	\$5,427,500	\$4,904,077

Due to the economic downturn, the company experienced layoffs and furloughs of employees.

7.1

2014 Agreement (as amended): During the process of planning for expanded rail service in the Five Points Business Park, it became clear that DCOA needed additional land, so the board authorized incentives in exchange for the company's 4.6 undeveloped acres of land located at the south end of their tower storage lot, which were subsequently platted into the Spec 3 lot and leased to Prairie Dog Pet Products. The assistance package is summarized below:

1. The 4.6 acres (valued at \$68,985) were conveyed to DCOA and re-platted into the Spec 3 lot in 2014.
2. DCOA contracted with Epic Construction to grade and level Lot 303, Block B (10.909 acres adjacent to the current yard on Polaris Dr.), which was completed in late 2014 at a cost of \$65,713. The lot was sold to Broadwind Towers and financed under Note BTLOT303.14 for \$163,635, which the company earned fully the following year through job creation in excess of the baseline of 115.2 FTEs.
3. The company did not take advantage of DCOA's offer to help finance the installation of base material on the 10.909-acre lot.
4. The company earned job creation incentives through 10-31-15 (Year 2) at the maximum \$516,000, reporting 198 total FTEs. Note #BTLOT303.14 was fully earned, and \$352,365 was paid to the company in January 2016.
5. Broadwind installed fencing around its entire yard area and DCOA reimbursed the company \$163,300 in December 2015.

	2014 Agreement	Revised	Funded
Job Creation Incentive	\$516,000	\$516,000	\$516,000
Rail Extension grant	\$200,000	\$0	\$0
Fencing along Spec 3 property line	\$20,000	\$32,546	\$32,546
Fencing around perimeter of company's property	\$0	\$130,754	\$130,754
Sale of Lot 303, Blk B (10.909 acres)	\$163,635	\$163,635	\$163,635
Base Material Loan for Lot 303, Blk B at 75%	\$702,525	\$702,525	\$0
Base Material - grant toward Co's 25% obligation	\$0	\$69,246	\$0
TOTAL	\$1,602,160	\$1,614,706	\$842,935

2016 Agreement: DCOA approved up to \$715,000 as a capital investment incentive for Phases I-IV expansion of the Abilene facility; Phase I-rotators for the existing paint booth and a new paint kitchen, Phase II-new final assembly structure constructed adjacent to the existing plant, new equipment and a second paint booth in the existing plant, Phase III-equipment purchases and preparation of the laydown yard, and Phase IV-new paint robotics. The total cost to Broadwind Towers was estimated to be \$7.15 million during a two-year period commencing September 2016. Phases I-III were completed by August 31, 2017 at a cost of \$5.7 million and 10% (\$570,628.21) was funded under Note #BTNOTE1.16 on October 10, 2017. According to the company, Phase IV will not move forward, freeing-up \$110,000 of the committed funds. Below is a summary:

	Approved	Funded
Note #BTNOTE1.16 for Phases I-III	\$605,000	\$570,628.21
Note for Phase IV	\$110,000	\$0
TOTAL	\$715,000	\$570,628.21

Note #BTNOTE1.16 is secured by a corporate guaranty from Broadwind Energy, Inc. and is to be earned over five (5) years in equal reductions of \$114,125.64/year, so long as the company retains the required 144.5 FTEs through October 31, 2019 and 127.5 FTEs through October 2022. Otherwise, the entire note balance becomes immediately due and payable.

The Company's first job certification submitted since note disbursement is for the 12 months ended October 31, 2018. 126.2 FTEs were reported, which is 18.3 FTEs shy of its required minimum of 144.5 FTEs. After discussions with the company, it was discovered that they suffered a set-back in 2018 due to the steel tariffs imposed by the Federal government on China. The tariffs slowed tower orders, increased lead-time, and reduced supplies, which led to lost customers. The company continues to diversify its operation by doing contract work for other local companies like Rentech Boilers, BWJ Consulting and Lauren Engineers. Anticipated future investments in Abilene include upgraded welding equipment and hoists. The company expressed an interest in the *NEXT*University program to help recruit more welders.

Below is a summary of the job certifications submitted by the company since inception:

12 months ended October 31 st :	Regular FTEs	Temporary FTEs	Total FTEs
2009	100.9	0	100.9
2010	87.1	11.0	98.1
2011	99.4	10.0	109.4
2012	62.2	8.6	70.8
2013	110.4	4.9	115.3
2014	166.3	0.4	166.7
2015	198.0	0.1	198.1
2016	183.9	0.0	183.9
2017	164.7	1.1	165.8
2018	124.3	2.1	126.2

THE PROJECT

Because the company didn't meet the minimum requirement of 144.5 FTEs for its first year of reporting, the entire note balance of \$570,628.21 is due; however, the Company has requested time to ramp up operations again and bring back some lost employment positions. The industry-wide steel tariffs in 2018 resulted in a shortage of available raw materials and higher than expected prices. Staff believes it is in the DCOA's best interests to allow the Company time to ramp-up operations and increase its employment level again over the next couple of years. Staff is proposing an amendment to the 2016 Agreement and Note #BTNOTE1.16 to:

1. Remove the Phase IV funding of \$110,000,
2. Change the principal reduction earning toward the Note #BTNOTE1.16 balance of \$570,628.21 for **Year 1 only** through October 31, 2018, to allow for a proration of the amount earned based on the minimum requirement of 144.5 FTEs retained. The 1/5th of the outstanding principal amount equals \$114,125.64, which would have been earned if the Company had reported at least 144.5 FTEs retained (at \$789.80/FTE or \$114,125.64/144.5 FTEs) during the period that ended October 31, 2018. Because the Company reported only 126.2 FTEs retained, which is short of the minimum by 18.3 FTEs, the amount earned is reduced by \$14,453.34 (\$789.80 x 18.3 FTEs) to \$99,672.30 (\$114,125.64 - \$14,453.34). The Company is required to pay back to the DCOA the unearned amount of \$14,453.34. **Prorated principal reductions are not allowed for Years 2-5.**
3. Change the job retention requirement for Years 2-5; a) 127.5 FTEs for Years 2 and 3 (October 31, 2019 and October 31, 2020), and b) 144.5 FTEs for Years 4 and 5 (October 31, 2021 and October 31, 2022).
4. Change the note maturity date to October 31, 2022 to coincide with the final job certification date.

FISCAL IMPACT

Total assistance reduced from \$715,000 to \$570,628.21, a savings of \$144,371.79. Year 1 is earned at \$99,672.30 and \$14,453.34 will be repaid by the Company. Company is being given the opportunity to again earn principal reductions on the remaining unearned balance of the original \$570,628.21 Note over Years 2-5 of the term of the Note.

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2019.21 authorizing an amendment to the Agreement for Financial Assistance with Broadwind Towers, Inc. executed in 2016 (plus all related documents) as stated above.

ATTACHMENTS

Resolution DCOA-2019.21

<https://dcoa.sharepoint.com/Shared Documents/DCOA/Meeting Memos/FY2019/Broadwind Towers amended assistance 07-17-19.docx>

RESOLUTION NO. DCOA-2019.21

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS AUTHORIZING AMENDED ASSISTANCE FOR BROADWIND TOWERS, INC. ("COMPANY").

WHEREAS, Broadwind Towers, Inc. is a subsidiary company of Broadwind Energy, Inc. along with Brad Foote Gear Works, Inc. and Red Wolf Company, LLC; and,

WHEREAS, the DCOA has assisted the Company since 2008 when the company constructed its Abilene manufacturing facility in the Five Points Business Park; and,

WHEREAS, the towers company manufactures wind turbine towers and other heavy industrial fabricated steel structures (such as crane and rigging components, storage tanks, mining machinery components and ASME pressure vessels) with plants in Abilene and Wisconsin; and,

WHEREAS, from 2008 to 2012, the DCOA authorized an assistance package for the Company totaling \$5,427,500 for job creation of 150 and capital investment of \$27+ million for construction of a new manufacturing plant in the Five Points Business Park and equipment purchases. Also included were indirect incentives totaling \$970,150 for job training through the Fast Track Welding Training program, conveyance by the DCOA of 41.6 acres on Arnold Blvd. (north of Pactiv Industries), and installation of a rail spur to the south boundary of the new construction site; and,

WHEREAS, construction was completed in 2009 and of the \$5,427,500 total authorized under the original agreement and related addenda, \$4,904,077 was funded; and,

WHEREAS, in 2014 the DCOA authorized incentives in exchange for the Company's 4.6 undeveloped acres of land located at the south end of their tower storage lot, which were subsequently platted into the Spec 3 lot and leased to Prairie Dog Pet Products; and,

WHEREAS, of the \$1,614,706 approved in 2014, \$842,935 was funded for job creation, fencing and sale/financing of another vacant land lot of 10.909 acres located adjacent to their current yard; and,

WHEREAS, in 2016, the DCOA authorized up to \$715,000 to assist with a \$7.15 million expansion of the Abilene facility; Phase I-rotators for the existing paint booth and a new paint kitchen, Phase II-new final assembly structure constructed adjacent to the existing plant, new equipment and a second paint booth in the existing plant, Phase III-equipment purchases and preparation of the laydown yard, and Phase IV-new paint robotics; and,

WHEREAS, Phases I-III were completed by August 31, 2017 at a cost of \$5.7 million and 10% (\$570,628.21) was funded under Promissory Note #BTNOTE1.16 on October 10, 2017; and,

WHEREAS, according to the Company, Phase IV will not move forward, freeing-up \$110,000 of the committed funds; and,

WHEREAS, Promissory Note #BTNOTE1.16 is secured by a corporate guaranty from Broadwind Energy, Inc. and is to be earned over five (5) years in equal reductions of \$114,125.64/year, so long as the company retains the required 144.5 FTEs through October 31, 2019 and 127.5 FTEs through October 2022. Otherwise, the entire note balance becomes immediately due and payable; and,

WHEREAS, the Company's first job certification submitted since note disbursement is for the 12-month period ending October 31, 2018, and only 126.2 FTEs were reported, which is 18.3 FTEs shy of its required minimum of 144.5 FTEs; and,

WHEREAS, after discussions with the Company, it was discovered that they suffered a set-back in 2018 due to the steel tariffs imposed by the Federal government on China, which slowed tower orders, increased lead-time, and reduced supplies, leading to lost customers; and,

WHEREAS, because the company didn't meet the minimum requirement of 144.5 FTEs for its first year of reporting, the entire note balance of \$570,628.21 is due; however, the company has requested time to ramp up operations again and bring back some lost employment positions; and,

WHEREAS, the industry-wide steel tariffs in 2018 resulted in a shortage of available raw materials and higher than expected prices, so DCOA Staff believes it is in the DCOA's best interests to allow the Company time to ramp-up operations and increase its employment level again; and,

WHEREAS, DCOA Staff requests the DCOA approve an amendment to the Agreement for Financial Assistance effective August 28, 2016 and Promissory Note BTNOTE1.16 effective September 1, 2016, that will remove \$110,000 available funding for Phase IV, change the principal reduction schedule and amount, change the maturity date of the note, and amend the job retention schedule.

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

PART 1. DCOA authorizes amended assistance to Broadwind Towers, Inc. under the Agreement for Financial Assistance effective August 28, 2016 and Promissory Note BTNOTE1.16 effective September 1, 2016 by reducing the amount of assistance to Five Hundred Seventy Thousand Six Hundred Twenty-Eight and 21/100's Dollars (\$570,628.21) and changing terms of the assistance as follows:

1. Remove the Phase IV funding of \$110,000,
2. Change the principal reduction earning toward the Note #BTNOTE1.16 balance of \$570,628.21 for **Year 1 only** through October 31, 2018, to allow for a proration of the amount earned based on the minimum requirement of 144.5 FTEs retained. The 1/5th of the outstanding principal amount equals \$114,125.64, which would have been earned if the Company had reported at least 144.5 FTEs retained (at \$789.80/FTE or \$114,125.64/144.5 FTEs) during the period that ended October 31, 2018. Because the Company reported only 126.2 FTEs retained, which is short of the minimum by 18.3 FTEs, the amount earned is reduced by \$14,453.34 ($\789.80×18.3 FTEs) to \$99,672.30 ($\$114,125.64 - \$14,453.34$). The Company is required to pay back to the DCOA the unearned amount of \$14,453.34. **Prorated principal reductions are not allowed for Years 2-5.**
3. Change the job retention requirement for Years 2-5; a) 127.5 FTEs for Years 2 and 3 (October 31, 2019 and October 31, 2020), and b) 144.5 FTEs for Years 4 and 5 (October 31, 2021 and October 31, 2022).
4. Change the note maturity date to October 31, 2022 to coincide with the final job certification date.

DCOA further authorizes any other amendments to the Agreement for Financial Assistance effective August 28, 2016 and Promissory Note BTNOTE1.16 effective September 1, 2016 which are consistent with and necessary to effectuate the changes outlined above as determined by the DCOA's Chief Executive Officer.

PART 2. 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 (Interim, if applicable) and/or Chief Operating Officer are authorized to execute any documents on behalf of the DCOA relating to the transaction authorized in this resolution.

ADOPTED this the 17th day of July 2019.

ATTEST:

Vic Corley
Secretary/Treasurer

John Beckham
President

APPROVED AS TO FORM:

Mark Zachary, Attorney at Law

<https://dcoa.sharepoint.com/Shared Documents/DCOA/Resolution/2019/2019.21 Broadwind Towers amended assistance 07-17-19.docx>

7.7

Information for Item #8 will be available
during the board meeting

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA
MEETING DATE: July 17, 2019

PROJECT: Re-roof Design Contract for Fulwiler Rd. Property

STAFF: Charlie Dromgoole, Interim CEO

GENERAL INFORMATION:

On August 20, 2018, the DCOA purchased the former Zoltek properties located at 1121/1221/1249 Fulwiler Rd. consisting of 52 acres and three (3) large industrial buildings which are further described as follows: 1) Building A with 99,303 sq ft (vacant), 2) Building B with 40,188 sq ft (vacant), and 3) Building C/D with a total of 144,843 sq ft, which was and continues to be occupied by Zoltek Industries under a lease-back agreement until the end of February 2021. The property is located on the east side of Fulwiler Rd. between Marigold St. on the north and Five Points Parkway on the south.

Buildings A and B were used for manufacturing and chopping carbon fiber materials, which resulted in carbon fiber dust in the buildings. The DCOA staff worked with contractors to perform a thorough cleaning of the interior of each building and demolish unnecessary equipment and walls, resulting in clean industrial structures ready for marketing.

During the due diligence assessment of the structures in conjunction with the DCOA's purchase of the properties it was determined that the roofs on Buildings A and B were deteriorated to a critical degree and that Building C/D's roof was newer but also in poor shape. Earlier this year, Jacob Martin, LLC (JM) performed a roof assessment for each building to determine roof conditions and composition at a cost of \$4,658. In June, a Roof Feasibility Study was submitted that indicates in JM's opinion that Buildings A and B appear to have only one roof system and they should both be removed and replaced instead of recovered. While re-roofing, the insulation will be upgraded to an R-20 value to comply with current building codes. Building C/D appears to have a second roof system applied directly on the original roof; however, there exists a large number of blisters, which in JM's opinion could indicate that there was entrapped moisture under the roof membrane. JM recommends the roof on Building C/D also be removed and replaced and the insulation be brought up to code.

JM's opinion of probable costs for replacement of the three roofs is approximately \$3 million plus fees and other costs.

THE REQUEST

To prevent further deterioration of the structures due to the poor condition of the roofs, Staff requests the DCOA ratify the \$4,658 expense for the Roof Feasibility Study performed by JM and authorize a contract with JM for design, construction documents and bidding for the re-roof project. JM's fee for this work will be 4% of the final construction cost. Construction administration and part-time inspections would be billed separately at an hourly rate, not to exceed \$25,000 should the DCOA opt for that expense when awarding the construction contract(s). Other reimbursable expenses will also be billed separately.

Staff will return to the Board for award of a contract and funding for construction once the bidding phase is completed.

FISCAL IMPACT

Base fee for re-roof design, documents and bidding	\$120,000 (est. at 4% of est. construction cost of \$3 million)
Reimbursable costs	\$ 10,000
Roof Feasibility Study dated June 2019	\$ <u>4,658</u> (previously incurred expense)
TOTAL	\$134,658 (est.)

STAFF RECOMMENDATION

Staff recommends the board approve resolution DCOA-2019.24 authorizing a contract with Jacob Martin, LLC for roof design, construction documents and bidding as described above plus funding of \$134,658.

ATTACHMENTS

Resolution DCOA-2019.24

[https://dcoa.sharepoint.com/Shared Documents/DCOA/Meeting Memos/FY2019/Roof design contract Fulwiler Rd \(former Zoltek\) 07-17-19.docx](https://dcoa.sharepoint.com/Shared Documents/DCOA/Meeting Memos/FY2019/Roof design contract Fulwiler Rd (former Zoltek) 07-17-19.docx)

RESOLUTION NO. DCOA-2019.24

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS AUTHORIZING A CONTRACT JACOB MARTIN, LLC (“JM”) FOR DESIGN, CONSTRUCTION DOCUMENTS AND BIDDING THE RE-ROOFING OF THREE INDUSTRIAL STRUCTURES LOCATED AT 1121/1221/1249 FULWILER RD. (“PROPERTIES”).

WHEREAS, On August 20, 2018, the DCOA purchased the former Zoltek properties located at 1121/1221/1249 Fulwiler Rd. consisting of 52 acres and three (3) large industrial buildings which are further described as follows: 1) Building A with 99,303 sq ft (vacant), 2) Building B with 40,188 sq ft (vacant), and 3) Building C/D with a total of 144,843 sq ft, which was and continues to be occupied by Zoltek Industries under a lease-back agreement until the end of February 2021; and,

WHEREAS, the Properties are located on the east side of Fulwiler Rd. between Marigold St. on the north and Five Points Parkway on the south; and,

WHEREAS, Buildings A and B were used for manufacturing and chopping carbon fiber materials, which resulted in carbon fiber dust in the buildings so the DCOA staff worked with contractors to perform a thorough cleaning of the interior of each building and demolish unnecessary equipment and walls to prepare the Properties for marketing; and,

WHEREAS, during the due diligence assessment of the structures in conjunction with the DCOA’s purchase of the Properties, it was determined that the roofs on Buildings A and B were deteriorated to a critical degree and that Building C/D’s roof was newer but also in poor shape; and,

WHEREAS, earlier this year, Jacob Martin, LLC performed a roof assessment for each building to determine roof conditions and composition at a cost of \$4,658, and in June 2019, a Roof Feasibility Study was submitted that indicates JM’s opinion that the roofs on all three (3) Properties should be removed and replaced instead of recovered; and,

WHEREAS, JM’s opinion of probable costs for replacement of the three roofs is approximately \$3 million plus fees and other costs; and,

WHEREAS, to prevent further deterioration of the structures due to the poor condition of the roofs, DCOA Staff requests the DCOA ratify the \$4,658 expense for the Roof Feasibility Study performed by JM and authorize a contract with JM for design, construction documents and bidding for the re-roof project; and,

WHEREAS, DCOA Staff will return to the DCOA Board for award of a contract and funding for construction once the bidding phase is completed; and,

WHEREAS, DCOA Staff requests the DCOA Board authorize a contract with JM for design, construction documents and bidding for re-roofing the Properties.

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

PART 1. DCOA authorizes a contract with Jacob Martin, LLC for design, construction documents and bidding for the re-roofing of the Properties located at 1121/1221/1249 Fulwiler Rd. JM's fee for this work will be 4% of the final construction cost plus reimbursable expenses. Also approved is funding for the work estimated to be One Hundred Thirty-Four Thousand Six Hundred Fifty-Eight and no/100s Dollars (\$134,658.00) as described below:

Base fee for re-roof design, documents & bidding	\$120,000 (est. at 4% of est. construction cost of \$3 million)
Reimbursable costs	\$ 10,000
Roof Feasibility Study dated June 2019	\$ 4,658 (previously incurred expense)
TOTAL	\$134,658 (est.)

DCOA further authorizes any other provisions to the herein described agreement which are consistent with and necessary to effectuate the re-roofing of the Properties as outlined above as determined by the DCOA's Chief Executive Officer.

PART 2. 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 (Interim, if applicable) and/or Chief Operating Officer are authorized to execute any documents on behalf of the DCOA relating to the transaction authorized in this resolution.

ADOPTED this the 17th day of July 2019.

ATTEST:

Vic Corley
Secretary/Treasurer

John Beckham
President

APPROVED AS TO FORM:

Mark Zachary, Attorney at Law

Information for Item #10 will be available
during the board meeting