

**City Council
Agenda Memo**



**City Council
Meeting Date: 12/04/14**

TO: David Vela, Interim City Manager
FROM: Kent Sharp, Director of Economic Development
SUBJECT: Annual Report of Activities for the Development Corporation of Abilene, Inc.

GENERAL INFORMATION

The By-laws of the Development Corporation of Abilene, Inc. (DCOA) require an annual status report be submitted to the City Council. The report covers activities during the fiscal year ended September 30, 2014.

SPECIAL CONSIDERATIONS

This is the twenty-fifth annual report submitted by the DCOA since its inception in 1989.

FUNDING/FISCAL IMPACT

None.

STAFF RECOMMENDATION

Staff recommends City Council accept by oral resolution the attached DCOA's FY2014 Annual Report.

BOARD OR COMMISSION RECOMMENDATION

The DCOA Board approved the report during its November 25, 2014, meeting.

ATTACHMENTS

DCOA's Annual Report of Activities, September 2014
DCOA's preliminary financial reports as of 9/30/14

Prepared by: Kim Tarrant

Name: Kent Sharp

Title: Director of Economic
Development

Item No. _____

Disposition by City Council

Approved Ord/Res# _____

Denied

Other

City Secretary

Development Corporation of Abilene

Annual Report of Activities



Develop Abilene

Development Corporation of Abilene

DEVELOPMENT CORPORATION OF ABILENE, INC.

*ANNUAL REPORT OF ACTIVITIES
OCTOBER 2013 – SEPTEMBER 2014*

Table of Contents

Mission Statement	3
Board of Directors	3
Goals	3
Organization	3
Progress Made Toward Goals	4
Project Summaries:	
Fehr Foods	5
Clavel Corporation (Project AH)	5
Project BE	5
Smith Pipe – Phase 5 Expansion	6
Corley Wetsel Trucking Center Infrastructure (Project VC)	6
Broadwind Towers	6
BWJ Consulting (Project BW)	7
Project KW	7
Genesis Networks (WaveCreste)	7
Summary Table of Projects	8
Administrative / Other:	
Spec 3 Finish-Out – CarbonLITE Recycling	8
AbLabs Consultant: Lee Ann Woods	9
842 Pine St. – Steam Boiler Replacement and Research Space Expansion	9
Texas Manufacturing Assistance Center	9
Eagle Aviation Services – Hangar 4 Ventilation	10
Five Points Business Park	10
Coca Cola Refreshments USA – Enterprise Dr. Extension	11
Abilene Industrial Foundation and Abilene Chamber of Commerce Contract Amendment	11
Fast Track Welding Training Program	12
Ads4Next Sponsorship	12
Springboard Ideas Challenge Sponsorship	12
Eagle Aviation Services, Inc. – Hangar 1 Doghouse	12
Dyess AFB Telecommunications and Internet Improvements	13
TTUHSC ExperImmune FY15 Funding	13
Sale of Grant Building	13
Vine St. Warehouse Improvements – Fehr Foods	14
Officer Elections & New Board Member	14
CEO Search	14
Staff	15
Contact Information	15

DEVELOPMENT CORPORATION OF ABILENE, INC.

Mission Statement:

The mission of the Development Corporation of Abilene, Inc. is to use sales tax revenue to effectively stimulate Abilene's economic growth. This is done by assessing the community's economic development needs, developing a plan to meet those needs, coordinating community economic development efforts, and supporting targeted activities that enhance the quality of life in the community and maximize the public's return on invested tax dollars.

Board of Directors:

President:

Dave Copeland

Vice President:

Marelyn Shedd

Secretary/Treasurer:

Dani Ramsay

Members:

Scott Senter

John Beckham

Goals:

The Board has identified six key goals in the City's economic development efforts.

1. To make Abilene competitive in the attraction of business and industry in order to create new, sustainable jobs.
2. To create new jobs and retain existing jobs by providing assistance to existing and emerging businesses.
3. To strengthen and expand the skills of the Abilene labor force.
4. To strengthen and revitalize downtown Abilene.
5. To increase the number and size of minority-owned, woman-owned, small and entrepreneurial businesses in Abilene.
6. To effectively administer the sales tax revenue.

Organization:

The DCOA is a non-profit corporation established under Section 4A of the Development Corporation Act of 1979, as amended. The DCOA consists of a five-member board, which is appointed by the Mayor and City Council, with terms of three years each. The fiscal year for the DCOA begins October 1st and ends September 30th.

Progress Made Toward Goals

1. Making Abilene more competitive in the attraction of business and industry in order to create new, sustainable jobs.

The DCOA extended a contract with consultant Lee Ann Woods to continue her on-going search for potential tenants for AbLabs. Efforts continue to expand and further develop the Five Points Business Park and facilitate full utilization of the vacant acreage west of Arnold Blvd. by constructing Polaris Dr., extending a gas main and purchasing additional land. The extension of Enterprise Dr. from Hwy 351 to E. Lowden St. will assist in development of the north I-20 corridor area.

2. Creating new jobs and retaining existing jobs by providing assistance to existing and emerging businesses.

The DCOA approved capital investment assistance and job creation incentives to seven local companies during the report period. (Fehr Foods, Project BE, Clavel Corp., Smith Pipe, Broadwind Towers, BWJ Consulting, and Project KW). Fehr Foods is undergoing a significant expansion to include cracker production and 105 new jobs. Clavel Corp. is expanding to include 6 new jobs. BWJ Consulting's expansion will include 24 new jobs, and Project KW's growth will include 10 new jobs.

3. Strengthening and expanding the skills of the Abilene labor force.

The DCOA approved the reinstatement of unused funding to TMAC to provide training for Abilene manufacturers through FY14. The DCOA also approved funding to the Texas Workforce Center for two more Fast Track Welding Program sessions where 29 new welders were trained for local manufacturers.

4. Strengthening and revitalizing downtown Abilene.

Project KW was assisted with new job creation and purchase plus improvements to an existing downtown building. The board agreed to sell the vacated Grant Building at 304 Pine St. in downtown to a company interested in leasing the building for office space.

5. Increasing the number and size of minority-owned, woman-owned, small and entrepreneurial businesses in Abilene.

The DCOA contracts annually with the Small Business Development Center (SBDC) for counseling services provided, free of charge, to Abilene residents and businesses. The SBDC can assist businesses desiring to sell products or services to any level of government. For the seventh consecutive year the DCOA approved a sponsorship of ACU's Springboard Ideas Challenge competition. For the second time, the DCOA approved a sponsorship for Ads4Next's 2014 Summer Youth Entrepreneur Program, which encourages entrepreneurship in high school students.

6. Effectively administering the sales tax revenue.

During the reporting period (10-01-13 through 09-30-14), the DCOA approved \$9,387,127 to assist local companies with growth and retention in Abilene. In addition, contracts and funding were approved for several projects requiring A/E services, renovations, and infrastructure improvements.

Project Summaries

Fehr Foods

Crackers

On October 8, 2013, the DCOA approved funding of \$5,123,000 for Fehr Foods' major production expansion. The company will invest up to \$30 million toward the purchase the former Sam's Club building on South 1st Street, facility improvements and equipment. Fehr Foods will create up to 105 new jobs in addition to the existing employment level in its cookie plant on North 1st Street.

Cookies

On February 10, 2014 the DCOA authorized \$200,000 for Fehr Foods' 2014 capital investment plan. It will be paid over 3 years at 10% of the company's actual capital investment in automated equipment, updated equipment, energy efficiency upgrades, employee safety upgrades, and environmental safety upgrades, which is estimated to cost \$2 million. All upgrades will be made at the cookie production plant on North 1st Street. The company will maintain its existing employment level.

Clavel Corporation (Project AH)

Clavel is a manufacturer of topical body products located on I-20. The company currently sells its products on-line and to major retail chains, employing 11 people. Clavel recently constructed a 4,800 sq. ft. building expansion to accommodate its manufacturing growth. On October 29, 2013, the DCOA authorized \$76,948 for new job creation of 10 FTEs and capital investment of up to \$224,980.

On March 25, 2014, the DCOA revised the assistance, increasing it by \$769 to \$77,717. The breakdown of the new funding is \$48,200 for job creation incentives to be paid for 5.7 new FTE positions, in addition to the retention of the existing 7.2 FTE positions over 3 years. Also approved is a capital investment incentive of up to \$29,517 to be paid at 15% of the company's actual costs for facility expansion and other building and network improvements (est. to be \$139,388) plus 10% of actual costs for equipment purchases (est. to be \$86,092) over 3 years.

Project BE

Founded in 1992, Project BE provides a range of services to help America's oil and gas producers keep more than 900,000 existing wells in production throughout their lifecycle - from the initial drilling of the well to ongoing maintenance to plugging and abandonment. The company employs 46 people and anticipates hiring 29 more. The projected investment of \$1,025,000 in 2014 will be on land, construction, vehicles, and rolling stock and rigs. Additional investment through 2019 of \$2,000,000 includes more rolling stock and rigs. On October 8, 2013, the DCOA approved a financial assistance package totaling \$553,750 for Project BE.

The company decided not to pursue assistance from the DCOA; therefore, an agreement was never signed.

Smith Pipe – Phase 5 Expansion

Smith Pipe is a local company founded in 1983 with many acres of land south of Abilene in the City's 5-mile extraterritorial jurisdiction (ETJ). The company operates drillings rigs, well service units, a Roust-A-Bout crew, and plug & abandonment units in addition to manufacturing new storage tanks and pressure vessels and sales of used oilfield equipment. The company also operates a truck fleet for rig moving and equipment sales. Since 2011, the DCOA has assisted the company with its Phases 1 through 4 expansions into pipe coating and tank fabrication operations. The company has now embarked on a Phase 5 expansion of the vessel shop including new equipment, a new small tanks blasting, coating & painting shop and construction of a new warehouse. The DCOA approved capital investment assistance on November 12, 2013, totaling \$452,000 to be paid at 10% of the company's investment of \$4,520,000.

Corley Wetsel Trucking Center Infrastructure (Project VC)

Corley Wetsel Trucking is a local full service truck facility looking to relocate to land on the north access road of I-20 at the NW corner of FM 600 and East Overland Trail instead of a site outside the Abilene City Limits. The company currently employs 92 people with an annual payroll in excess of \$4 million. The facility will be 85,345 sq. ft. constructed on 18.34 acres. The project requires the extension of Plum St. northward from I-20, and installation of a new public road running east/west from Plum St. to FM 600.

On December 16, 2013, the DCOA authorized \$455,200 for public infrastructure improvements that directly benefit the truck center site, including road construction and sidewalks. The truck center pays over \$66,000 per year in property taxes and over \$100,000 per year in sales tax to the City and DCOA. Therefore the payback on this infrastructure project will occur in less than three years.

Broadwind Towers (formerly Tower Tech Systems)

Broadwind Towers, formerly known as Tower Tech Systems, Inc. dba Texas TTSI, Inc., is based in Manitowoc, Wisconsin and manufactures wind turbine towers. Broadwind also owns Broadwind Services, formerly Energy Maintenance Services, a wind turbine blade repair and gearbox refurbishment/repair operation in the former Lockheed building.

On February 10, 2014, the DCOA approved assistance for Broadwind Towers of \$1,625,710 which includes 1) Job creation incentives of \$516,000 for any new FTE jobs in excess of 115, 2) \$220,000 for a railroad line extension to the north property line of the company's existing tower storage yard plus fencing if required, in exchange for 4.599 acres at the south end of the existing storage yard, 3) Sale and financing of a 10.9 acre lot in the Five Points Business Park valued at \$163,635 located adjacent to the company's existing storage yard, which will be graded by the DCOA during construction of Polaris Dr., and 4) Installation of limestone base material on the 10.9 acre lot being sold to Broadwind Towers with DCOA financing 75% of the cost, up to \$726,075.

BWJ Consulting (Project BW)

BWJ Consulting has been in Abilene since 1996. It was incorporated in 1998 and began steel fabrication in 2000. The company currently has 24 employees. The steel fabrication business has grown, and the company is in the process of building a new 30,000 sq. ft. facility at its current location on E. Hwy 80 and purchasing new equipment. The total anticipated capital investment is \$3 million. The company also plans to hire 20 new employees. On June 10, 2014, the board approved an incentives package for BWJ Consulting totaling \$539,000 for new job creation and capital investment in equipment, land, and building.

During the process of building the new facility, the company was notified that the water supply to the site will not provide enough volume to fight a potential fire. The lowest cost solution involves installing a new water line and 3 fire hydrants on site at a cost of about \$80,000. The company also requested the number of retained FTEs be reduced from 24 to 21. On September 23, 2014, the DCOA authorized additional funding of \$80,000 and job retention reduced to 21 FTEs.

Project KW

Project KW is an existing Abilene IT services company established in 2004 with 10 Abilene employees. The company is under contract to purchase a downtown building as their new office. The building has a second floor which requires installation of an elevator at an estimated cost of \$250,000. On June 10, 2014, the board approved an incentives package totaling \$280,750 for new job creation of 10 and capital investment by the company of \$1,010,000.

Genesis Networks (WaveCreste)

On December 16, 2013 the DCOA authorized amended assistance for Genesis Networks Global Services, LLC dba WaveCreste. Cancellation of the existing agreement will eliminate the outstanding unpaid assistance of \$2.46 million. The company signed a new agreement putting the current \$1.2 million note balance on monthly payments of \$20,000 with an extended maturity date to December 31, 2018. The new agreement still allows the company to earn principal reductions for exceeding the minimum 115 FTE requirement. No new funding was approved.

Summary of Assistance Approved through September 30, 2014

Company	DCOA Assistance Reserved ¹	Committed Job Retention/ Job Creation	Projected Annual Payroll ² /Capital Investment ³
Fehr Foods Expansion (Crackers)	\$5,123,000	00/105	\$3,005,549/\$30,000,000
Clavel Corp. (Project AH-Revised)	\$77,717	7.2/5.7	\$203,500/\$225,480
Project BE (Cancelled)	\$553,750	00/29	\$925,000/\$3,025,000
Smith Pipe – Phase 5 Expansion	\$452,000	00/00	\$0/\$4,520,000
Corley Wetsel Trucking (Project VC)	\$455,200	00/00	\$0/\$6,500,000
Broadwind Towers	\$1,625,710	00/00	\$0/\$0
Fehr Foods 2014 Projects (Cookies)	\$200,000	00/00	\$0/\$2,000,000
BWJ Consulting (Project BW)	\$619,000	21/20	\$570,000/\$3,000,000
Project KW	\$280,750	10/10	\$475,000/\$1,010,000
TOTAL	\$9,387,127	38.2/169.7	\$5,179,049/\$50,280,480

100% to Abilene companies (names in bold)

Notes: 1. Paid to company based on actual performance under the terms of the Agreement for Financial Assistance.

2. Annual Payroll figure is for total new jobs created only.

3. Capital Investment includes DCOA Capital Assistance Amount, typically 10%-15% of total.

Administrative / Other

Spec 3 Finish-Out – CarbonLITE Recycling

In August 2013, the board approved a \$6,196,000 assistance package for CarbonLITE Recycling (formerly Project RZ) and pledged finish-out of the Spec 3 building in Five Points Business Park to meet CarbonLITE's specifications. In December 2013, CarbonLITE visited the site and revealed a need to expand its Phase 1 project to include additional 100,000 sq. ft. of warehouse space to store raw material and keep it protected from the weather.

Design Contract - Tittle Luther Partnership/PSC proposed to provide architectural, civil, structural, mechanical, plumbing, and electrical services to design the sitework, utilities, additional 10,000 sq. ft. office space, and 100,000 sq. ft. of warehouse space. In January 2014, the board approved a contract with TLP/PSC with funding of \$759,601, and granted staff the authority to bid the project.

Finish-Out Construction - The board authorized a construction budget of \$11,041,249 for finish-out of the Spec 3 Building at 6558 Five Pts. Pkwy to CarbonLITE's specifications. The estimated cost for finish-out of Spec 3 Building, including design fees, the additional warehouse and office space, increased the preliminary finish-out estimate from \$4-5 million to \$11,800,850.

On July 29, 2014, the board authorized a Guaranteed Maximum Price (GMP) contract with Imperial Construction, Inc. of Weatherford, Texas for the finish-out and expansion construction. Under the GMP contract, Imperial Construction will work with TLP/PSC during the preconstruction phase to determine the best practices and most effective

way to design and build the necessary improvements. Imperial Construction will then propose a cost of work and add its fee of 5% to the total cost. CarbonLITE has agreed to pay the difference to Imperial Construction if the final GMP and fees exceed the DCOA's construction budget of \$11,041,249. The expected completion date is in spring of 2015.

AbLabs Consultant: Lee Ann Woods

The DCOA approved a new 6-month contract with consultant Lee Ann Woods at \$2,500/month plus expenses. The contract is effective October 1, 2013 to March 31, 2014 for on-going business and marketing support for Abilene Laboratories ("AbLabs") located at 1325 Pine St. The total cost is approximately \$26,500, and no additional funding is needed. Ms. Woods' primary focus is finding tenants for AbLabs.

On April 8th the Board approved another extension of Ms. Woods' contract for up to five months through August 2014. The monthly fee will continue at \$2,500, plus expenses, travel and registration fees (all approved in advance), and website and e-newsletter management through Zachry Associates.

842 Pine St. - Steam Boiler Replacement and Research Space Expansion

On December 4, 2013, the need for replacing the steam boiler and expansion of the specialized research space at 842 Pine St. was discussed. The DCOA approved a contract with Tittle Luther Partnership/PSC and funding of \$71,500 to provide design services to replace the steam boiler, piping, and convert the lab space into specialized research space.

On December 16, 2013, the DCOA authorized purchase of the replacement steam boiler and associated equipment in advance of construction bidding in an amount not to exceed \$95,000. Ordering the equipment in advance will prevent a delay in the project due to its long lead-time.

On March 25, 2014, the board approved a construction contract with Justice Construction and funding of \$770,000. Also approved was funding of \$34,570 needed for expansion of the existing environmental control system, \$22,950 for purchase and installation of an exterior door and seven interior doors fitted with electronic locks and reader controls, \$4,000 additional design fee payable to Tittle Luther Partnership/PSC, and a construction contingency of \$77,000.

On August 19, 2014, the DCOA approved funding of \$176,255 for the purchase of biotech research equipment and the reallocation of \$41,045 from unspent boiler budget and construction contingency funds.

Texas Manufacturing Assistance Center (TMAC)

The Texas Manufacturing Assistance Center (TMAC) assists in increasing the global competitiveness of the Texas economy by working with manufacturing enterprises. TMAC delivers training and hands-on technical assistance designed to improve efficiency, quality, and productivity. Focus areas include Lean Enterprise, technology solutions, strategic management, quality systems, environment, and safety. In fiscal year 2013, the DCOA approved \$110,000 to TMAC, of which \$22,000 was spent. The

remaining \$88,000 expired on September 30, 2013. DCOA approved on December 16, 2013, a reinstatement of the \$88,000 payable at up to \$11,000 per company for FY14.

Eagle Aviation Services Inc. - Hangar 4 Ventilation

After one and one-half years of operation, Eagle Aviation Services, the current occupant, requested a ventilation system be installed for exhaust fumes from heaters used during cold weather and various chemicals used during aircraft maintenance work. Bradshaw & Associates Engineering developed mechanical, electrical and plumbing and construction drawings for installation of a new ventilation system, which includes 6 wall-mounted vent fans with motorized dampers, weather hoods, and bird screening.

The DCOA approved on December 4, 2013, funding of \$50,600 for a contract with Bradshaw & Associates and a contract with Mulltex Mechanical for installation of a ventilation system in Hangar 4 at the Abilene Regional Airport.

Five Points Business Park

Gas Main Extension - There is a need for gas service to the new building that Tucker Energy Services (TES) is in the process of building in Five Points Business Park. The gas main extension will not only serve TES but also other lots in that area currently being targeted for development by the potential construction of a rail spur extension and Polaris Dr.

On January 30, 2014 the DCOA approved a contract with Diamond T Construction, Inc. and \$75,305. The total amount approved is \$86,605 and includes an added 15% contingency of \$11,300 in case the contractor encounters rock.

Infrastructure Reserve Funds - Construction on Tucker Energy Services' (TES) Phase 1 building started in February 2014, using W.B. Kibler Construction Co. of Dallas as the general contractor. A driveway approaching from Five Points Parkway is needed; however there is a drainage ditch that runs along the South ROW, making construction of the driveway costly. A change order from W.B. Kibler Construction Co. indicates a cost of \$62,186 for a concrete culvert and wingwalls as designed by TxDOT.

On March 11, 2014, the DCOA approved use of the Infrastructure Reserve Fund to reimburse TES for the cost of the driveway in the amount of \$62,186.

Polaris Dr. Construction - On October 8, 2013, the benefit of constructing Polaris Dr. in Five Points Business Park was discussed. This construction will help facilitate full usage of the vacant acreage in the Park on the west side of Arnold Blvd. The board approved two contracts with Enprotec/Hibbs & Todd; 1) \$40,000 for street paving and design services plus \$5,000 for contingencies, and 2) \$13,200 for a grading plan on both sides of Polaris Drive plus \$2,000 for contingencies.

On March 11, 2014, the DCOA awarded Epic Construction a contract for construction of Polaris Dr. in Five Points Business Park. The total funding is \$1,064,100 which includes \$989,100 for the base bid and \$75,000 as a 7.5% contingency. The bid also included additional pricing for 18" and 24" limestone base material for the 10.9 acre lot being

purchased by Broadwind Towers. However, the company has indicated its desire not to install the base material at this time.

Fulwiler Estate Purchase - On September 23, 2014, the DCOA approved the purchase of approximately 80 acres of vacant land owned by the William J. Fulwiler Estate, located adjacent to the north side of Five Points Business Park and fronting I-20. The total funding approved was \$493,150 for the purchase, a Phase 1 environmental study, and a land survey.

Coca-Cola Refreshments USA, Inc. – Enterprise Drive Extension

TxDOT is in the process of converting the access roads for I-20 from 2-way to 1-way in an effort to reduce the number of traffic accidents caused by access road traffic not yielding to on and off ramp traffic. The change of traffic flow largely impacts the route taken by Coke's trucks returning to the plant from WindStar, Coke's warehouse. This requires them to travel a round trip distance of almost 5 miles. The additional driving distance significantly impacts the efficiency of Coke's Abilene operation by increasing costs an estimated \$500,000/year, putting the Abilene plant at a competitive disadvantage with other Coca Cola plants.

A viable solution is to extend Enterprise Drive from Hwy 351 to East Lowden Street and install a traffic signal at the intersection of Hwy 351 and Enterprise Dr. The new traffic signal and road extension will not only allow more direct access between Coke's plant and Windstar, but it will slow traffic on Hwy 351, making left turns to/from Hwy 351 much easier and safer.

On January 8, 2013, the DCOA authorized a contract with Jacob & Martin, Ltd. to design an extension of Enterprise Dr. from Hwy 351 to East Lowden and funding of \$30,800. On November 12, 2013, the board approved a contract with Epic Construction and funding of \$256,017 plus a 5% construction contingency of \$12,800. Also approved was a Developer's Contribution payment of \$13,274.20 to the City of Abilene as satisfaction of the developer's requirements for curbs and gutters and sidewalks along East Lowden St. Construction was completed in June 2014.

Abilene Industrial Foundation & Abilene Chamber of Commerce Contract Amendment

The Abilene Industrial Foundation (AIF) and Abilene Chamber of Commerce requested increased funding for the FY2014 contract for Operating, Marketing, and Dyess Subcontracts, which was approved by the board on January 30, 2014. All together, the total fiscal impact is a \$196,500 increase to the original contract of \$738,289 to \$934,789.

Part of the increase (\$126,500) is for the subcontractors working to improve Dyess AFB's standing. This is in response to increased costs from Team Concepts of \$15,000 and Rich, Liedl, P.C. of \$12,500. Also approved is a new subcontract with Bill Ehrie, now known as Jasper Consulting, in the amount of \$99,000 so he may continue to work directly with Team Concepts and Rich Liedl, P.C. on issues that directly affect Dyess AFB and Abilene.

The AIF requested a \$35,000 marketing budget increase for a new strategy which includes the development of materials that will promote the activeness and effectiveness of the Develop Abilene team. This new strategy is a great way to connect with the Abilene public and to demonstrate how their tax dollars are being used. The AIF also requested an operating budget increase of \$35,000 to cover the cost of a comprehensive labor market analysis study. The study will provide significant data on the Abilene region, which will be helpful in analyzing the different types of industries that would best fit in Abilene.

Fast Track Welding Training Program

Since 2006, the DCOA has partnered with Cisco College and the Workforce Solutions of West Central Texas (Workforce Center) to conduct an intensive welder training program to help meet the needs of local manufacturers for skilled welders. According to the Workforce Center, the total number of welders needed among Abilene manufacturers is about 60.

On March 11, 2014, the DCOA approved \$248,462 to extend the Fast Track Welding Program two more sessions in 2014 to train 40 more welders. It was also determined the welding curriculum should be altered to spend more time on welds that are actually tested on during the hiring process. The total budget of \$124,231/session includes the instructor, tuition, fees, books, OSHA training, use of equipment, and consumables. The budget also includes employability skills training by the Workforce Center, drug tests, employment assessments, background checks and a weekly stipend of \$150 to assist the trainees with living expenses during the training. A total of 29 trainees finished the course and almost all were employed locally shortly after graduation. The actual cost to the DCOA was \$154,702, leaving \$93,760 unspent.

Ads4Next Sponsorship

Ads4Next is an entrepreneurial program aimed at high school students that allows them to earn up to \$5,000 for higher education by selling advertisements. The DCOA approved a \$2,500 sponsorship for its 2014 Summer Youth Entrepreneur Program. The DCOA's name will be on their banners, printouts, and sales materials.

Springboard Ideas Challenge Sponsorship

Springboard Ideas Challenge started at Abilene Christian University in 2008 and is now expanded to Abilene and the surrounding West Texas region. This is a business plan competition with the goal of providing entrepreneurs an opportunity to get their business up and running. On January 14, 2014, the DCOA approved for the 7th year in a row a gold level sponsorship of the 2014 Springboard Ideas Challenge in the amount of \$5,000.

Eagle Aviation Services, Inc. (EASI) Hangar 1 Doghouse

On April 29, 2014, Richard Burdine conducted a tour of the 5 aircraft hangars at the airport currently occupied by Eagle Aviation Services, Inc. (EASI), then gave a presentation on the history of EASI and its influence on the Abilene economy. Since 1994, the DCOA's investment on EASI's behalf totals \$17,545,921 in various projects. In return, the economic benefit created by EASI through payroll, property taxes, and

lease payments to the DCOA from 1998 through 2013 totals \$191,148,032. This calculates to a return on investment for the community of \$11.00 for each \$1.00 invested.

The board approved \$2,642,049 and a contract with Lansford Company for construction of modifications to Hangar 1 to accommodate larger regional jets with taller tail sections. Hangar 1 is the logical first candidate for the modifications because it is not currently configured for a maintenance dock line and stands empty much of the time. The construction to add 40 ft. to the front of Hangar 1 and install 40' sliding doors on new tracks with new concrete paving also includes a fire suppression system and concrete apron pavement.

Dyess AFB Telecommunications and Internet Improvements

The Abilene Chamber of Commerce Military Affairs Committee's (MAC) requested on May 27, 2014, funding to improve telecommunications and internet connection at Dyess Air Force Base (Dyess). There is only one connection for telecommunications and one connection for high-speed data transmission and Internet service at the base. The cost to provide a second telecommunications connection is approximately \$21,000. The cost to provide a second high-speed data transmission and Internet connection will be forthcoming after installation of the telecommunications connection. The board approved funding up to \$23,000 (including a 10% contingency) for a second telecommunications connection.

TTUHSC Experimmune FY15 Funding

On August 26, 2014, the board approved \$1,029,012 for Texas Tech University Health Sciences Center School of Pharmacy (TTUHSC SOP) Experimmune's FY 15 operating budget, which is net of \$106,538 in unspent funds from FY 14 being carried over. The DCOA has had a three-year agreement beginning in 2012 with TTUHSC SOP through the Center for Immunotherapeutic Research & Product Development dba Experimmune to establish a Contract Research Organization (CRO). Experimmune's purpose is to provide life sciences services from Abilene Laboratories to private and public sector customers. Staff at the Center recruit contract work for Experimmune and perform fee-for-service work and technology assessments for clients. Experimmune then bills clients monthly for services rendered, and DCOA invoices Experimmune at year end for payments received from clients.

Sale of Grant Building

The DCOA purchased the building at 304 Pine St. in 2002 to provide office and teaching space for the Texas Tech University Center for Excellence in Software Engineering. Since termination of the program, the building has hosted several TTUHSC programs and AISD's Academy for Technology Engineering Math & Science (ATEMS) until the building was completely vacated in January 2013. The buyer, Palmer Ventures, LLC, initially offered \$200,000 for the building but the final price was revised to \$160,000 after the June 2014 hailstorm. The buyer purchased the building as-is and will repair the hail damage themselves. The sale closed on September 24, 2014.

Vine St. Warehouse Improvements – Fehr Foods

The Board approved on September 23, 2014, \$135,343 for improvements to the DCOA-owned warehouses located at 4009/4109 Vine St. plus a 5-year lease renewal with Fehr Foods. Fehr Foods needs to expand its warehouse space and requested the DCOA improve all of the warehouses in order to provide a safe work environment for employees and to meet the FDA's food storage regulations. The company agreed to pay half of the improvements' cost plus half of last year's Warehouse D ventilation system installation, which totals about \$75,000. Fehr Foods will pay its portion of the cost as part of a new monthly lease payment.

Officer Elections & New Board Member

On January 30, 2014, the 2014 DCOA officers were elected: President – Dave Copeland, Vice President – Marelyn Shedd, and Secretary/Treasurer – Dani Ramsey. On March 11, 2014, the board welcomed new board member John Beckham and presented Paul Cannon with a framed Certificate of Appreciation signed by Mayor Archibald for his 6 years of service to the DCOA.

CEO Search

The Chief Executive Officer (CEO) of the DCOA also serves as the Director of the City's Department of Economic Department, who is supervised by the City Manager. There has been discussion of changing the reporting structure for the CEO in order to provide the DCOA with more responsibility concerning the CEO/Director and his/her hiring, supervision, performance evaluations and termination.

Richard Burdine has served as CEO of the DCOA and Assistant City Manager for Economic Development for the City of Abilene since September 2003. His retirement was effective February 28, 2014. Post-retirement, Mr. Burdine agreed to continue to provide on a temporary basis the same level of professional services to the DCOA and City of Abilene at the same level of salary and benefits he was receiving. On January 30, 2014, board approved a contract with Mr. Burdine for his continued service as CEO beginning March 1, 2014 for 3 months with an option to extend on a month-to-month basis. The funding approved is \$45,879 paid semi-monthly. Mr. Burdine will also be entitled to compensation for any unused sick or vacation hours accrued during the initial term of the contract and any extensions at an estimated cost of \$4,948.

In January 2014, then President Paul Cannon appointed a search committee to update the job description of the CEO and conduct a search for a new CEO. On March 11, 2014, the board approved a contract with Waverly Partners and funding of \$45,000 to conduct a nationwide search. The search committee recommended Waverly Partners because of its vast experience in economic development executive recruitment. It will take approximately 100 to 120 days followed by 4 to 6 weeks for the new CEO to transition from his/her current position. On August 19, 2014, the board approved additional funding of \$4,765.75 for expenses incurred during the search process.

On April 29, 2014, the board approved the first extension of Richard Burdine's professional services contact for 2 months through July 2014, along with \$25,000.

On July 29, 2014, Kent Sharp was recommended to the Board by the Search Committee as the most qualified candidate for CEO. The board approved a resolution whereby Mr. Sharp was the recommended candidate to the City of Abilene for hire. Also approved was the second extension to Richard Burdine's professional services contract through August 29, 2014, in anticipation of new CEO Kent Sharp to start work on September 8th. Approved funding totaled \$17,802.65.

STAFF:

Chief Executive Officer
Kent Sharp
Business Services Manager
Kim Tarrant
Secretary to Assistant City Manager
Akane Thaxton

FOR MORE INFORMATION
CONTACT:

Development Corporation of Abilene, Inc.
174 Cypress, Suite 301
Abilene, Texas 79601
325.676.6390
Fax 325.676.6377
developabilene.com

DEVELOPMENT CORPORATION OF ABILENE
STATEMENT OF NET POSITION
September 30, 2014 and 2013

Preliminary

	September 2014	September 2013
Current Assets:		
Cash and cash investments	\$ 17,968,363	\$ 18,801,718
Accounts receivable	37,413	35,293
Due from other governments	1,702,786	1,738,931
Prepaid expense	-	1,910
	19,708,562	20,577,852
Total Current Assets		
Noncurrent Assets:		
Notes receivable	17,270,577	16,269,706
Capital assets	44,144,817	43,279,167
Accumulated depreciation	(7,776,020)	(6,814,309)
	36,368,797	36,464,858
Total capital assets, net		
Total Noncurrent Assets	53,639,374	52,734,564
Total Assets	\$ 73,347,936	\$ 73,312,416
Liabilities		
Current:		
Accounts payable	\$ 1,746,692	\$ 226,721
Total Current Liabilities	1,746,692	226,721
Total Liabilities	1,746,692	226,721
Net Position		
Net Investment in capital assets	36,368,797	36,464,858
Restricted for contractual obligations	29,822,746	11,658,575
Unrestricted, designated for purposes of trust	5,409,701	24,962,262
	71,601,244	73,085,695
Total Net Position		
Total Liabilities and Net Position	\$ 73,347,936	\$ 73,312,416

DEVELOPMENT CORPORATION OF ABILENE
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ending September 30, 2014 and 2013
Preliminary

	September 2014	Fiscal YTD 2014	Fiscal YTD 2013
Revenues:			
Sales and use taxes	\$ 845,805	\$ 10,115,471	\$ 10,229,372
Interest income	3,722	110,588	109,318
Building rental / land lease	84,013	1,094,173	969,547
Sale of land and buildings	151,034	382,197	85,770
Miscellaneous revenue	10,943	181,379	326,928
	<u>1,095,517</u>	<u>11,883,808</u>	<u>11,720,935</u>
Expenses:			
Economic development projects	3,394,112	10,501,079	5,423,502
Life Sciences property maintenance	34,749	527,523	610,108
DCOA property maintenance	26,536	362,064	240,847
Abilene Industrial Foundation	170,031	791,941	629,198
TTU Small Business Development Center	26,531	193,706	180,637
Chamber Military Affairs	76,293	100,000	68,541
Airport Business Development Manager	27,953	158,479	123,107
General administrative services	49,823	599,442	654,362
	<u>3,806,028</u>	<u>13,234,234</u>	<u>7,930,302</u>
Changes In Net Position	(2,710,511)	(1,350,426)	3,790,633
Net Position at Beginning of Period	<u>74,311,755</u>	<u>72,951,670</u>	<u>69,295,062</u>
Net Position at End of Period	<u>\$ 71,601,244</u>	<u>\$ 71,601,244</u>	<u>\$ 73,085,695</u>

Summary of Current Period Economic Development Projects:

TTU HSC Research	T5273	\$ 214,744
TTU 842 Pine	T5308	153,590
Vine St. Fehr Foods Improvements	T5335.10	9,400
Rentech '12	T5342	69,600
Biotech Marketing and PR Plan	T5346	2,759
Hangar Doghouse A/E	T5348.1	12,448
Hangar 1 Doghouse Construction	T5348.2	247,560
EASI De-Fuel Truck	T5354	3,500
Five Points Survey & Drawing	T5360	2,100
Polaris Dr. A/E	T5362.1	6,000
Polaris Dr. Construction	T5362.2	390,064
Spec 3 Finish Out A/E	T5364.1	248,272
Spec 3 Finish Out Construction	T5364.2	835,058
842 Pine Boiler Replacement A/E	T5365.1	4,134
842 Pine Boiler Replacement Eq	T5365.2	34,027
842 Pine Boiler Replacement Constr	T5365.3	243,626
Richard Burdine Professional Services	T5365.3	17,445
TTUHSC FY15 ExperImmune	T5380	888,050
Fulwiler Land Purchase	T5381	4,800
Dyess Telecomm Upgrade	T5383	6,935
Total		<u>\$ 3,394,112</u>

Development Corporation of Abilene
Economic Program Status
As of September, 2014

Economic Programs:	Project	Amount Obligated	Prior Years Disbursement	Current Year Disbursement	Balance reserved for obligated programs
Murf Systems	4998	\$ 235,665	\$ 199,665	\$ 36,000	\$ -
TTU Pharmacy School	5242	1,524,992	1,166,803	358,189	-
Pactiv (formerly PWP)	5251	2,933,899	2,507,899	-	426,000
TTU HSC Research	5273	3,000,000	2,437,656	562,344	-
Energy Maintenance Serv (Broadwind Serv)	5282	268,598	268,598	-	-
Genesis Network Phase II	5284	22,924	22,924	-	-
Tower Tech (Broadwind Towers)	5285	4,904,077	4,433,889	470,187	1
Coca Cola Abilene	5296	1,213,875	-	1,213,874	1
TTU 842 Pine	5308	536,450	361,434	171,565	3,451
Enavail, LLC	5316	386,240	386,240	-	-
Texas Metals '10	5317	44,050	29,367	14,683	-
Cisco College Biotech Training	5318	67,650	64,586	-	3,064
Energy Maintenance Serv-Gearbox	5319	762,500	602,931	159,569	-
Pepsi Beverage Co.	5321	350,000	140,000	-	210,000
Cooperative Response Center	5324	231,483	134,593	76,890	20,000
Land 922 N 13th Street	5325	48,485	48,485	-	-
Teleperformance USA	5326	301,400	183,100	118,300	-
Docket Navigator	5327	-	-	-	-
Smith Pipe Ph 1, 2, 3 & 4	5330	763,091	151,000	267,700	344,391
TTUHSC School of Nursing	5331	537,517	268,149	269,368	-
Vine St. Warehouse	5335.1	55,457	55,457	-	-
Vine St. Fire Safety	5335.2	284,965	284,965	-	-
Vine St. Parking Lot	5335.3	158,850	158,850	-	-
Vine St. Construction	5335.4	569,064	534,756	33,625	683
Vine St. Interior Demo	5335.5	123,031	123,031	-	-
Vine St. Other Impr	5335.6	14,617	14,617	-	-
Vine St. Gotta Go Trailways	5335.7	18,400	18,400	-	-
Vine St. Fehr Foods	5335.8	58,138	58,138	-	-
Vine St. Slide Fire Improvements	5335.9	365,381	133,143	214,127	18,111
Vine St. Fehr Foods Improvements	5335.10	135,343	-	9,400	125,943
Fehr Foods '12	5340	510,000	170,000	170,000	170,000
Rentech '12	5342	173,800	-	173,800	-
Pactiv Compressor Construction	5344.2	335,306	327,806	7,500	-
Owens Machine & Tool	5345	351,000	-	35,363	315,637
Biotech Marketing and PR Plan	5346	118,400	81,161	35,915	1,324
Hangar Doghouses A/E	5348.1	423,000	97,967	137,189	187,844
Hangar Doghouses Construction	5348.2	2,732,618	-	247,560	2,485,058
Enterprise Dr. Extension A/E	5352.1	889,462	10,200	879,262	-
Enterprise Dr. Extension Construction	5352.2	276,792	-	276,792	-
EASI De-Fuel Truck	5354	64,260	14,000	21,000	29,260
Fehr Foods '13	5356	240,000	-	74,272	165,728
Purchase 834 Pine	5358	42,960	40,485	2,475	-
Tucker Energy Services	5359	413,295	-	-	413,295
Five Points Infrastructure	5359.1	1,000,000	-	137,491	862,509
Five Points Survey	5360	42,485	28,865	13,618	2
TTUHSC Center FY14 Operating	5361	419,106	274,400	144,706	-
Five Pts / Polaris Dr A/E	5362.1	60,200	-	59,565	635
Polaris Drive Construction	5362.2	1,064,100	-	593,725	470,375
5 Pts RR Expansion	5363.1	16,000	-	-	16,000
Spec 3 Finish Out A/E	5364.1	759,601	-	410,100	349,501
Spec 3 Finish Out Construction	5364.2	11,041,249	-	835,058	10,206,191
842 Pine Boiler Replacement A/E	5365.1	75,500	-	70,712	4,788
842 Pine Boiler Replacement Equipment	5635.2	312,300	-	186,846	125,454

Development Corporation of Abilene
 Economic Program Status
 As of September, 2014

Economic Programs:	Project	Amount Obligated	Prior Years Disbursement	Current Year Disbursement	Balance reserved for obligated programs
842 Pine Boiler Construction	5635.3	868,820	-	691,301	177,519
CarbonLITE Industries	5366	6,196,000	-	-	6,196,000
Hangar 4 Ventilation System A/E	5367.1	3,200	-	3,200	-
Hangar 4 Ventilation Construction	5367.2	44,400	-	44,400	-
Fehr Foods Expansion	5368	2,623,000	-	-	2,623,000
TMAC FY 14	5369	88,000	-	55,000	33,000
Ads4Next Sponsorship	5370	2,500	-	2,500	-
Springboard Ideas	5371	5,000	-	5,000	-
Richard Burdine Professional Services	5372	93,911	-	93,910	1
Broadwind Towers 2014	5373	1,438,525	-	-	1,438,525
CEO Search 2014	5374	49,767	-	49,766	1
Fast Track Welding '14	5375	248,462	-	154,702	93,760
Corley Wetsel Trucking	5376	455,200	-	-	455,200
Clavel Corp	5377	77,717	-	12,745	64,972
Fehr Foods 14	5378	200,000	-	-	200,000
Gift Card System	5379	82,100	-	-	82,100
TTUHSC FY 15 ExperImmune	5380	1,029,012	-	888,050	140,962
Fulwiler Land Purchase	5381	486,250	-	4,800	481,450
BWJ Consulting	5382	539,000	-	-	539,000
Dyess Telecomm Upgrade	5383	23,000	-	6,935	16,065
Subtotal Economic Program Obligation Reserve		\$ 55,831,440	\$ 15,833,560	\$ 10,501,079	\$ 29,496,801
Plus Administrative Division Obligations:					
Business Services Division	Division 2760	637,260	-	599,442	37,818
Life Sciences Property Maintenance	Division 2765	579,930	-	527,523	52,407
DCOA Property Maintenance	Division 2775	367,960	-	362,064	5,896
Abilene Industrial Foundation	Division 2775	934,790	-	791,941	142,849
TTU Small Business Dev Center	Division 2775	250,000	-	193,706	56,294
Chamber Military Affairs	Division 2775	100,000	-	100,000	-
Airport Business Development Manager	Division 2775	189,160	-	158,479	30,681
Subtotal Administrative Divisions Obligation Reserve		\$ 3,059,100	\$ -	\$ 2,733,155	\$ 325,945
Total reserve for obligated programs					\$ 29,822,746

DCOA Board approved projects waiting for signed contracts:		Expiration Date
Smith Pipe Ph. 5	\$ 452,000	8/12/14
Project KW	280,750	12/10/14
	<u>\$ 732,750</u>	