

RESOLUTION NO. 50-2015

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, APPROVING DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA") FUNDING FOR COCA COLA REFRESHMENTS USA, INC. ABILENE PRODUCTION FACILITY ("CCR").

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

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

WHEREAS, in February 2009, the DCOA board approved resolution DCOA-2009.09 authorizing \$500,000 to expand the Abilene plant, including a 900 sq ft lab room and improvements to the syrup room (Syrup Lab Room Project). The project expanded to a cost of \$9.3 million, so in January 2012, the DCOA board approved resolution DCOA-2012.08 authorizing new funding of \$430,000, which increased the DCOA's commitment for this project from \$500,000 to \$930,000; and,

WHEREAS, in April 2009, the DCOA board approved resolution DCOA-2009.14 authorizing another \$400,000 to help fund the Shrink Wrap Project, a Supply Chain innovation initiative designed to improve packaging and marketing flexibility; and,

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

WHEREAS, Abilene was one of four plants selected in 2015 by the company for consideration of another expansion that would entail the installation of \$27.5 million of in-blow molding equipment that will allow for more efficient operations and better production planning with the plant producing its own PET bottles; and,

WHEREAS, the company is also considering a \$4.4 million investment to add a 16 oz energy drink product line, which will allow Abilene the ability to absorb an additional 4.4 million cases of volume annually that is currently being manufacturing in Portales, New Mexico; and,

WHEREAS, on July 27, 2015, the DCOA board approved resolution DCOA-2015.16 authorizing funds not to exceed \$3,200,000 for CCR in exchange for CCR's new capital investment of \$31.9 million in the Blow Mold and Energy Drink Line projects; and,

WHEREAS, the DCOA board requests the City Council approve the assistance package for CCR including funding not to exceed \$3,200,000 for the Blow Mold and Energy Drink Line Projects.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS:

PART 1. DCOA funding in an amount not to exceed Three Million Two Hundred Thousand and no/100's Dollars (\$3,200,000.00) is authorized for Coca Cola Refreshments USA, Inc. Abilene production facility in exchange for CCR's new capital investment of \$31.9 million. The funds will be advanced under a note receivable at 10% of CCR's actual capital costs for the Blow Mold and Energy Drink Line Projects upon the DCOA's receipt of paid invoices. The note will be at 0% interest, secured by a letter of credit or corporate guarantee with the balance forgiven over 5 years in the amount of \$640,000/year. Furthermore, the company agrees to maintain a minimum of 275 employees throughout the term of this agreement.


PART 2. That this resolution shall take effect immediately from and after its passage.

ADOPTED this the 13th day of August, 2015.

ATTEST:


Danette Dunlap, City Secretary


Norm Archibald, Mayor

APPROVED:

T. Daniel Santee, City Attorney