

RESOLUTION NO. 54-2015

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, APPROVING DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA") FUNDING FOR PROJECT GOLDSTAR.

WHEREAS, Project Goldstar was established in the U.S. in 2007 as a manufacturer of quality pet products for the pet industry with its main focus being the development of innovative pet treats manufactured in the U.S. from U.S. sourced raw materials to the highest quality standards available; and,

WHEREAS, the goal of Project Goldstar is to expand its manufacturing and distribution capabilities and create more than 200 direct new manufacturing and distribution jobs, which will enable the manufacture of high quality product lines at price points that can compete with imported products; and,

WHEREAS, the initial project calls for a 100,000 square-foot facility and 120 jobs (Phase 1) with plans to expand into 200,000 square feet within 24 months and hire an additional 95 employees (Phase 2); and,

WHEREAS, Project Goldstar is interested in Spec 3 in the Five Points Business Park, consisting of a 100,000 sq ft shell industrial facility, which will be finished-out by the company; and,

WHEREAS, the company requests the DCOA allow them to earn ownership of the Spec 3 facility, which is valued at \$5,000,000, and provide them with an additional \$4,000,000 for finish-out; and,

WHEREAS, Project Goldstar will invest approximately \$32 million in equipment and raw materials for Phases 1 and 2; and,

WHEREAS, on September 8, 2015, the DCOA board approved resolution DCOA-2015.18 authorizing an incentive of up to \$9,000,000 for Project Goldstar; and,

WHEREAS, the DCOA board requests the City Council approve the assistance package for Project Goldstar including an incentive of up to \$9,000,000.

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

PART 1. DCOA incentive of up to Nine Million and no/100's Dollars (\$9,000,000.00) is authorized for Project Goldstar in the Spec 3 property consisting of a 100,000 sq ft industrial shell and 22.6 acres of land at 6558 Five Points Parkway. The company will earn the assistance over a 10-year period or less under a structure that ensures the DCOA a secured interest in the Spec 3 property and will be further described in the forthcoming Agreement for Financial Assistance (AFFA). Should the full \$9,000,000 not be earned at the end of the 10-year period, the company will be liable for payment of the unearned balance, which will carry a 0% interest rate.

The \$9,000,000 incentive consists of the following:

A. \$5,000,000 value of the existing Spec 3 property, including the 100,000 sq ft

- industrial shell building. Unencumbered ownership will not convey to the company until all \$9,000,000 is earned or paid by the company by the specified time, and,
- B. \$4,000,000 cash funds for finish-out of the property to the company's specifications. These funds will be disbursed upon receipt by DCOA of acceptable invoices evidencing qualified capital costs such as architectural/engineering fees, construction, and equipment purchases. Project Goldstar will be responsible for all design plans, which will be subject to DCOA approval, and for any finish out costs exceeding \$4,000,000.

The incentive balance of up to \$9,000,000 shall be earned down by the company as follows:

- i. Company Investment - The company investment is termed as "Part A" of the incentive structure and allows the company to earn the \$9,000,000 incentive over 10 years, directly relative to their cumulative capital expenditures and cumulative payroll at a rate of 8:1. The company will earn down \$1 dollar of the incentive for every \$8 dollars it spends in these two categories, for a total investment of \$72,000,000 dollars before it can satisfy this first part of the agreement. Regardless of the rate at which the company earns the incentive under this Part A., unencumbered ownership will not convey prior to the end of an 8-year period.
- ii. Time Earned - The time earned schedule is termed as "Part B" of the incentive structure and is designed to require a minimum lifetime of the company's operations regardless of its performance in Part A. Unencumbered ownership will not convey until the end of an 8-year period, whereby regardless of the rate at which the company earns the incentive under Part A, above, the \$9,000,000 incentive will reduce by \$1,125,000 per year.

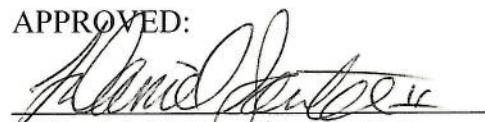
PART 2. That this resolution shall take effect immediately from and after its passage.

ADOPTED this the 10th day of September, 2015.

ATTEST:


Danette Dunlap, City Secretary


Norm Archibald, Mayor

APPROVED:

T. Daniel Santee, City Attorney