

DEVELOPMENT CORPORATION OF ABILENE

ANNUAL REPORT OF ACTIVITIES
October 2014 – September 2015



LETTER FROM THE CEO

Fiscal year 2014-2015 was a very good year for the Development Corporation of Abilene (DCOA). Throughout our twenty-five year history the DCOA has helped companies and organizations create thousands of jobs and invest hundreds of millions of dollars into the Abilene community. We are happy to announce several new projects being added to our roster of successes.



A \$2.5 million project to expand hangar 1 at the Abilene Regional Airport used by Eagle Aviation Services to accommodate the new Embraer 175 regional jet, which is much larger than the current Embraer 145RJ. This addition allows Eagle Aviation to continue its superior service to Envoy, the regional affiliate to American Airlines, as well as maintain its 450 good jobs in Abilene.

In partnership with Texas Tech University Health Sciences Center and other local organizations, the DCOA was able to provide an incentive for construction of the new TTUHSC School of Public Health in Abilene. The new school will be the fourth on the Abilene campus, joining the Schools of Pharmacy, Nursing and Biomedical Sciences.

The DCOA joined with area high schools, Cisco College and Workforce Solutions of West Central Texas to create a much needed industrial workforce training program. Each year area high school students will be enrolled in classes to provide education and training in industrial plumbing, HVAC, electrical, welding and industrial maintenance, with opportunities for possible paid internships with local employers. After graduation from high school these students will have the advanced skills needed to apply for jobs with good wages in the industrial workforce of Abilene.

An incentive package was approved for Coca Cola Refreshments to allow the company to expand their production in Abilene by increasing the manufacturing technology inside the local plant. This \$32 million capital expenditure by Coca Cola Refreshments will help keep the Abilene plant competitive with other U.S. plants under the Coca Cola umbrella.

A private sector win for Abilene was the announcement of Prairie Dog Pet Products choosing Abilene as the site for their new \$30 million manufacturing and processing facility. Abilene competed with ten other states and over a dozen cities for this project. The company will not only invest millions in the new facility, but will also create over 200 new jobs when fully operational.

As I look back over my first year in Abilene, I am proud of our efforts to enhance economic development in Abilene. I would be remiss if I did not take this opportunity to thank all of our partners for their outstanding dedication to this process. Develop Abilene is a team sport and the players include the DCOA, America's Small Business Development Center, Abilene Industrial Foundation, Abilene Chamber of Commerce, City of Abilene, Workforce Solutions of West Central Texas, as well as local school districts and our local institutions of higher education.

Kent Sharp, CEO

Development Corporation of Abilene

DEVELOPMENT CORPORATION OF ABILENE

HISTORY:

In 1989, this community set a precedent for the rest of Texas when Abilenians voted to become the first community to adopt a half-cent sales tax devoted specifically to economic development. On November 16, 1989, City Council authorized the creation of the Development Corporation of Abilene, Inc. (DCOA).



Goals:

The DCOA has identified six key goals for its economic development efforts.

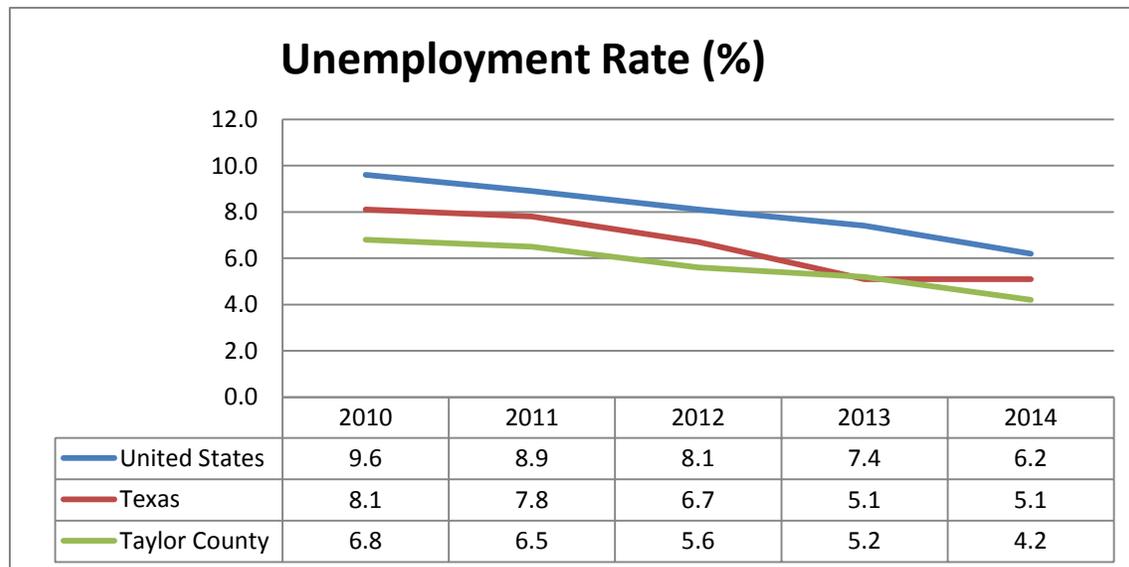
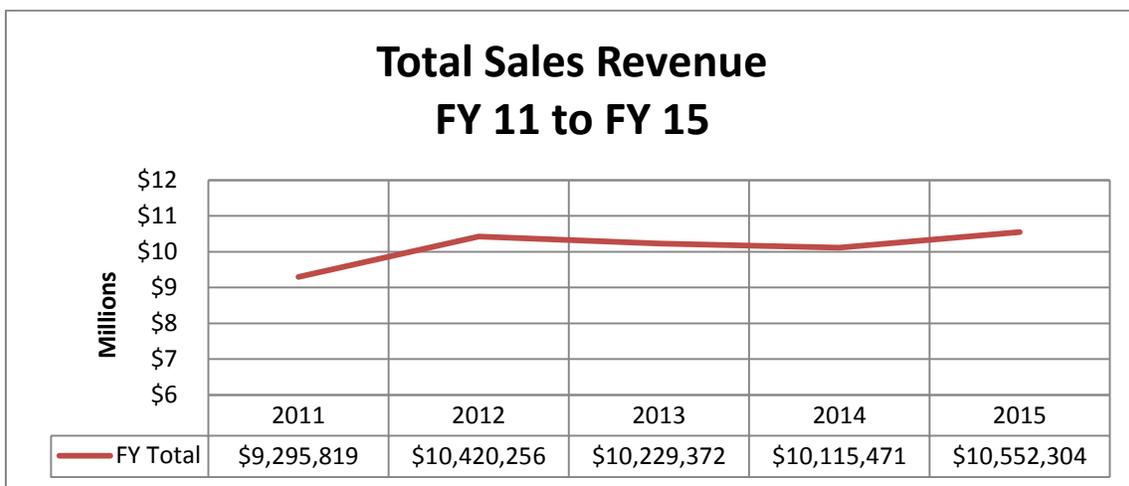
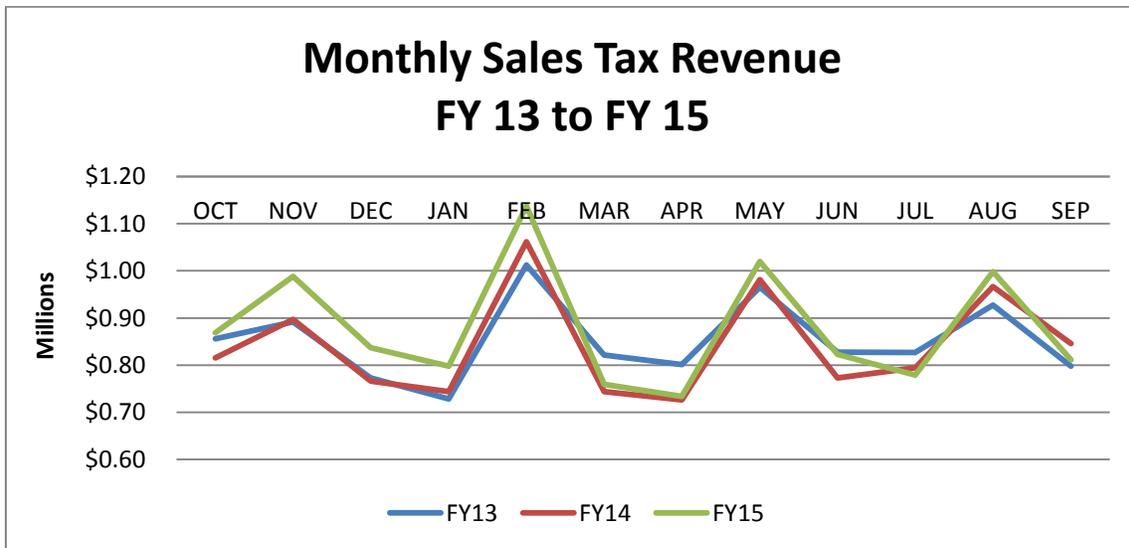
1. To make Abilene competitive in the attraction of business and industry in order to create new, sustainable jobs.
2. To create new jobs and retain existing jobs by providing assistance to existing and emerging businesses.
3. To strengthen and expand the skills of the Abilene labor force.
4. To strengthen 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.



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.

SALES TAX COLLECTIONS AND UNEMPLOYMENT RATE



PROJECT SUMMARIES

OCTOBER 1, 2014 TO SEPTEMBER 30, 2015



Eagle Aviation Services

The DCOA contracted in 2014 to add a “doghouse” extension to hangar 1 at the Abilene Regional Airport occupied by Eagle Aviation Services, Inc. (EASI). The addition will accommodate the taller, heavier Embraer 175 regional jets that Envoy will soon receive and will eventually replace the existing regional jet fleet. The DCOA authorized \$2.7 million for construction, including ADA compliance in the hangar offices and a new dual-purpose concrete

apron/outdoor wash bay. The fact that the new E175 aircraft can and will be serviced at the EASI facilities ensures the continued success of this partnership with the Abilene community.

Texas Tech University Health Sciences Center School of Public Health

Texas Tech University Health Sciences Center School of Public Health in Abilene was announced in July of 2014 as the 4th school on the Abilene campus. Currently existing are the Schools of Pharmacy, Nursing and Biomedical Sciences. The Master of Public Health program will bring 150 new students to Abilene and provide advanced training, opportunities for research, and the study of factors which impact a population’s health. The board approved up to \$1.95 million toward the \$20 million project for infrastructure improvements.



Coca Cola Refreshments, Inc.

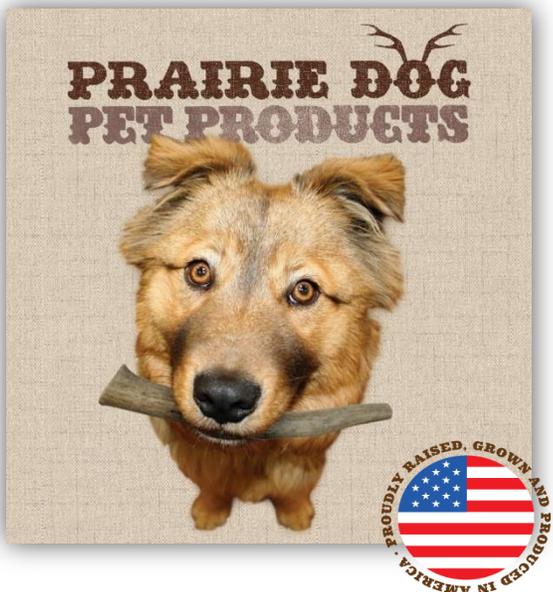


The Abilene Coca Cola Refreshments plant was one of four selected by the company in 2015 for expansion consideration. The DCOA approved up to \$3.2 million to help with a \$32 million project to expand and upgrade the Abilene plant. The funds will help with the company’s installation of in-blow molding equipment, which will allow for the production of PET bottles needed for the manufacturing process. Also being added is a

16oz energy drink product line. This expansion will help the Abilene facility retain its current employment levels and further establish it as an integral component within the company, greatly reducing the likelihood of its closure.

Industrial Workforce Training

The DCOA approved \$40,000 for an Industrial Workforce Training Program offered through Abilene and Cooper high schools in partnership with Cisco College and the Workforce Center. Beginning in the fall 2015 semester, high school juniors and seniors will be recruited for training in HVAC, plumbing, electrical, welding and industrial maintenance. These skill sets will provide students with a desire to enter the workforce after high school the opportunity for immediate employment with good wages. The DCOA also approved \$30,000 to be used as match funds for a state grant to purchase specialized equipment needed to conduct the industrial maintenance module of the program. The funding is contingent on the Workforce Center applying for and being awarded a High Demand Workforce grant for the remainder of the funds needed to purchase the equipment.



Prairie Dog Pet Products

The DCOA approved an assistance package totaling \$9,000,000 for Prairie Dog Pet Products to help establish a new \$30 million manufacturing plant and move corporate headquarters to the Spec 3 building in the Five Points Business Park. The company is a leading specialty manufacturer of premium pet treats and antlers using the finest quality ingredients. Included is \$4,000,000 toward finish out of the building to the company's specifications. The project will bring approximately 200 manufacturing jobs to Abilene.

Martin Sprocket & Gear

Martin Sprocket & Gear is a family-owned, international, privately-held company that manufactures power transmission products, bulk material handling products, industrial hand tools, and heavy duty conveyor pulleys. The Abilene plant has been operational since 1974. To assist with the company's \$1.6 million expansion into a new product line, the DCOA approved \$160,000 for construction of a 27,000 sq ft facility.



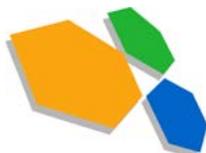


Board of Directors:

Dave Copeland President
Marelyn Shedd Vice President
Dani Ramsay Secretary/Treasurer
John Beckham
Jack Rich

Staff:

Kent Sharp Chief Executive Officer
Kim Tarrant Chief Administrative Officer
Akane Thaxton Economic Development Specialist
Don Hardin Project Manager
Cynthia Nesmith Administrative Coordinator



Develop Abilene

Development Corporation of Abilene

174 Cypress Street, Suite 301
Abilene, Texas 79601
325.676.6390
www.developabilene.com

DEVELOPMENT CORPORATION OF ABILENE
STATEMENT OF NET POSITION
September 30, 2015 and 2014
Preliminary

	September 2015	September 2014
Current Assets:		
Cash and cash investments	\$ 20,306,992	\$ 17,968,363
Accounts receivable	173,059	37,413
Due from other governments	1,847,609	1,702,786
Prepaid expense	8,200	-
Total Current Assets	<u>22,335,860</u>	<u>19,708,562</u>
Noncurrent Assets:		
Notes receivable	14,932,770	17,270,577
Capital assets	47,929,002	44,144,817
Accumulated depreciation	<u>(8,633,256)</u>	<u>(7,776,020)</u>
Total capital assets, net	<u>39,295,746</u>	<u>36,368,797</u>
Total Noncurrent Assets	<u>54,228,516</u>	<u>53,639,374</u>
Total Assets	<u>\$ 76,564,376</u>	<u>\$ 73,347,936</u>
Liabilities		
Current:		
Accounts payable	\$ <u>870,510</u>	\$ <u>1,746,692</u>
Total Current Liabilities	<u>870,510</u>	<u>1,746,692</u>
Total Liabilities	<u>870,510</u>	<u>1,746,692</u>
Net Position		
Net Investment in capital assets	39,295,746	36,368,797
Restricted for contractual obligations	8,549,691	29,822,746
Unrestricted, designated for purposes of trust	<u>27,848,429</u>	<u>5,409,701</u>
Total Net Position	<u>75,693,866</u>	<u>71,601,244</u>
Total Liabilities and Net Position	<u>\$ 76,564,376</u>	<u>\$ 73,347,936</u>

DEVELOPMENT CORPORATION OF ABILENE
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ending September 30, 2015 and 2014
Preliminary - Budget Basis

	September 30, 2015	Fiscal YTD 2015	Fiscal YTD 2014
Revenues:			
Sales and use taxes	\$ 811,135	\$ 10,552,304	\$ 10,115,471
Interest income	4,670	116,504	110,588
Building rental / land lease	87,891	1,070,896	1,094,173
Sale of land	-	163,635	382,197
Miscellaneous revenue	14,778	611,483	181,379
Total Revenues	<u>918,474</u>	<u>12,514,822</u>	<u>11,883,808</u>
Expenses:			
Economic Development Projects	322,391	8,826,830	10,501,079
Life Sciences property maintenance	38,303	554,433	527,523
DCOA property maintenance	25,421	256,506	362,064
Abilene Industrial Foundation	69,112	410,382	791,941
TTU Small Business Development Center	23,381	157,763	193,706
Chamber Military Affairs	116,426	391,382	100,000
Airport Business Development Manager	35,607	139,442	158,479
Economic Development Operating Division	64,455	562,189	599,442
Total Expenditures	<u>695,096</u>	<u>11,298,927</u>	<u>13,234,234</u>
Changes In Net Position	223,378	1,215,895	(1,350,426)
Net Position at Beginning of Period	<u>75,470,488</u>	<u>74,477,971</u>	<u>72,951,670</u>
Net Position at End of Period	<u>\$ 75,693,866</u>	<u>\$ 75,693,866</u>	<u>\$ 71,601,244</u> A

Summary of Current Period Economic Development Projects:

Hangar Doghouse A/E	5,860
Hangar Doghouse Construction	97,435
EASI De-Fuel Truck	3,500
Pine St Bldgs Hail Damage A/E	172
Pine St Bldgs Hail Damage Construction	195,424
DCOA Strategic Planning	20,000
Total	<u>\$ 322,391</u>

A: Reconciliation to Beginning Fund Balance - FY 15

FY 14 Net Position before audit accruals	71,601,244
Add: Fixed assets capitalized	4,283,089
Add: Gain on sale of assets	29,055
Add: Change in sales tax revenue accrual	144,823
Add: Accrual for capital contributions	68,895
Less: Change in accrued expenses	(195,285)
Less: Proceeds from sale of land	(352,047)
Less: Depreciation	(1,101,803)
	<u>74,477,971</u>

Development Corporation of Abilene
Economic Program Status
As of September 30, 2015

Economic Programs:	Project	Amount Budgeted	Prior Years Disbursement	Current Year Disbursement	Balance reserved for budgeted programs
Murf Systems	4998	\$ 235,665	\$ 235,665	\$ -	\$ -
TTU Pharmacy School	5242	1,702,310	1,524,992	177,318	-
Pactiv (formerly PWP)	5251	2,933,899	2,507,899	-	426,000
Run Energy	5295	65,431	-	65,431	-
TTU 842 Pine	5308	690,998	532,998	158,000	-
Enavail, LLC	5316	386,240	386,240	-	-
Energy Maintenance Serv (Broadwind Serv)	5319	902,500	762,500	140,000	-
Pepsi Beverage Co.	5321	350,000	140,000	-	210,000
Cooperative Response Center	5324	217,260	211,483	5,777	-
Petrosmith Ph 1, 3 & 4	5330	640,360	418,700	221,660	-
Petrosmith Ph 5	5330.1	-	-	-	-
TTUHSC School of Nursing	5331	806,885	537,517	269,368	-
Vine St. Fehr Foods Improvements	5335.10	145,214	9,400	135,814	-
Fehr Foods '12	5340	510,000	340,000	170,000	-
Rentech '12	5342	315,800	173,800	142,000	-
Pactiv Compressor Construction	5344.2	335,306	335,306	-	-
Owens Machine & Tool	5345	151,000	35,363	29,318	86,319
Biotech Marketing and PR Plan	5346	117,201	117,076	125	-
Hangar Doghouses A/E	5348.1	423,000	235,156	69,998	117,846
Hangar Doghouses Construction	5348.2	2,732,618	247,560	2,312,310	172,748
Enterprise Dr. Extension A/E	5352.1	889,462	889,462	-	-
Enterprise Dr. Extension Construction	5352.2	276,792	276,792	-	-
EASI De-Fuel Truck	5354	64,260	35,000	21,000	8,260
Fehr Foods ' 13	5356	240,000	74,272	74,272	91,456
Tucker Energy Services	5359	504,327	-	91,030	413,297
Five Points Infrastructure	5359.1	1,000,000	137,491	-	862,509
Five Points Survey	5360	42,484	42,484	-	-
Five Pts / Polaris Dr A/E	5362.1	59,565	59,565	-	-
Polaris Drive Construction	5362.2	1,002,210	593,725	408,485	-
5 Pts RR Expansion	5363.1	30,800	-	11,000	19,800
Spec 3 Finish Out A/E	5364.1	658,389	410,100	198,289	50,000
Spec 3 Finish Out Construction	5364.2	1,980,812	835,058	1,067,255	78,499
842 Pine Boiler Replacement A/E	5365.1	76,285	70,712	5,573	-
842 Pine Boiler Replacement Equipment	5635.2	290,315	186,846	103,469	-
842 Pine Boiler Construction	5635.3	836,334	691,301	145,033	-
CarbonLITE Industries	5366	-	-	-	-
Fehr Foods Expansion	5368	4,123,000	-	1,501,958	2,621,042
Broadwind Towers 2014	5373	1,438,526	-	99,222	1,339,304
Fast Track Welding '14	5375	154,702	154,702	-	-
Corley Wetsel Trucking	5376	455,200	-	-	455,200
Clavel Corp	5377	77,717	12,745	18,405	46,567
Fehr Foods 14	5378	200,000	-	53,426	146,574
Gift Card System	5379	82,100	-	22,340	59,760
TTUHSC FY 15 ExperImmune	5380	948,663	888,050	60,613	-
Fulwiler Land Purchase	5381	496,807	4,800	488,256	3,751
BWJ Consulting	5382	619,000	-	117,293	501,707
Dyess Telecomm Upgrade	5383	23,000	6,935	-	16,065
Pine St. Buildings - Hail Damage	5384.1	10,016	-	10,016	-
Pine St. Buildings - Construction	5384.2	449,690	-	293,560	156,130
Datrou Technologies	5385	280,750	-	34,216	246,534
DCOA Strategic Planning	5386	130,000	-	105,000	25,000
Subtotal Economic Program Obligation Reserve		\$ 31,102,893	\$ 14,121,695	\$ 8,826,830	\$ 8,154,368

Development Corporation of Abilene
Economic Program Status
As of September 30, 2015

Economic Programs:	Project	Amount Budgeted	Prior Years Disbursement	Current Year Disbursement	Balance reserved for budgeted programs
Plus Administrative Division Obligations:					
Economic Development Operating Division	Division 2760	609,580	-	562,189	47,391
Life Sciences Property Maintenance	Division 2765	597,340	-	554,433	42,907
DCOA Property Maintenance	Division 2775	324,430	-	256,506	67,924
Abilene Industrial Foundation	Division 2775	604,780	-	410,382	194,398
TTU Small Business Dev Center	Division 2775	152,200	-	157,763	(5,563)
Chamber Military Affairs	Division 2775	397,000	-	391,382	5,618
Airport Business Development Manager	Division 2775	182,090	-	139,442	42,648
Subtotal Administrative Divisions Obligation Reserve		\$ 2,867,420	\$ -	\$ 2,472,097	\$ 395,323
Total reserve for obligated programs					\$ 8,549,691

DCOA Board approved projects waiting for signed contracts:

		Expiration Date
TTUHSC School of Public Health	\$ 1,951,431	12/24/15
Dyess JLUS	50,000	12/17/15
Industrial Workforce Training Program	70,000	2/11/16
Project Pike	160,000	1/27/16
Coca Cola Refreshments	3,200,000	1/27/16
Prairie Dog Pet Products (Project Goldstar)	4,000,000	3/8/16
	\$ 9,431,431	