

Post Office Box 9010 Addison, Texas 75001-9010 5300 Belt Line Road
(972) 450-7000 Fax: (972) 450-7043

AGENDA

WORK SESSION OF THE CITY COUNCIL

6:00 P.M.

AND

REGULAR MEETING OF THE CITY COUNCIL

7:30 P.M.

JUNE 24, 2008

TOWN HALL

5300 BELT LINE ROAD

WORK SESSION

Item #WS1 - Presentation and Discussion of a Plan for the Possible Expansion of the Addison Conference and Theatre Centre and WaterTower Theatre.

REGULAR SESSION

Item #R1 - Consideration of Old Business.

Item #R2 - Consent Agenda.

#2a - Approval of the Minutes for:

June 7, 2008, Special Meeting and Work Session

June 10, 2008, Regular City Council Meeting and Work Session

Item #R3 - Discussion of Airport Fund and Utility Fund Long Term Update.

Item #R4 - **PUBLIC HEARING** on and first reading of an Ordinance of the Town of Addison, Texas amending the existing gas franchise between the Town and Atmos Energy Corporation by increasing the consideration paid by Atmos Energy Corporation to the Town for the rights and privileges granted to Atmos Energy Corporation under the franchise from four percent (4%) to five percent (5%) of Gross Revenues as defined in the franchise ordinance; providing for acceptance of the Ordinance by Atmos Energy; providing an effective date and for other related matters.

Attachments:

1. Council Agenda Item Overview
2. Ordinance

Administrative Recommendation:

Administration recommends approval.

Item #R5 - Discussion and consideration of approval of an economic development incentive agreement between the Town of Addison and Authentix, Inc., relating to and regarding the expansion of Authentix, Inc., located at 4355-4555 Excel Parkway within the Town.

Attachments:

1. Council Agenda Item Overview
2. Staff Report and Incentive Agreement from July 2007
3. Request from Authentix to modify the existing agreement
4. State of Texas Economic Development Agreement

Administrative Recommendation:

Administration recommends approval.

Item #R6 - Discussion of guidelines and policies for naming Addison parks, trails and facilities.

Attachment:

1. Resolution R07-019 for Naming of Parks
-

Item #R7 - Presentation and discussion regarding Addison Airport Noise, Operations Reporting System, and Revenues, and consideration of authorizing a request for proposals relating to the same.

Item #R8 - Discussion and consideration of action on a Business Retention Pilot Program.

Attachments:

1. Bob Phillips Memorandum
 2. Notes from Meetings
-

Item #R9 - Discussion and consideration of approval of final payment totaling \$10,564.16, to American Landscape Systems, Inc., for landscape renovation and tree replacement planting in various parts of town.

Attachment:

1. Council Agenda Item Overview

Administrative Recommendation:

Administration recommends approval.

Item #R10 - Discussion and consideration of approval of a professional service agreement for \$69,000, between the Town of Addison and Gershman, Brickner and Bratton to conduct a study of commercial business, multi-family and special event recycling.

Attachments:

1. Council Agenda Item Overview
2. Gershman, Brickner and Bratton Study Proposal

Administrative Recommendation:

Administration recommends approval.

Item #R11 - Discussion and consideration of approval of a contract with Reliable Paving, Inc., for \$146,278.42, for Miscellaneous Pavement Repairs Bid 08-18.

Attachments:

1. Council Agenda Item Overview
2. Bid Tab

Administrative Recommendation:

Administration recommends approval.

Item #R12 - Discussion and consideration of approval of a contract with N.G. Painting, L.P., in an amount not to exceed \$76,000.00, for painting of the two ground storage reservoirs.

Attachments:

1. Council Agenda Item Overview
2. Bid Tab

Administrative Recommendation:

Administration recommends approval.

Item #R13 - Discussion and consideration of approval of award of a bid to Progressive Roofing for the re-roofing of the Surveyor Pump Station in the amount of \$29,569.00.

Attachments:

1. Council Agenda Item Overview
2. Bid Tab
3. Letter of Recommendation

Administrative Recommendation:

Administration recommends approval.

Item #R14 - Discussion and consideration of approval of award of a bid to Alpha Applicators, LTD., for roof repairs to the Addison Theatre Centre in the amount of \$76,395.00.

Attachments:

1. Council Agenda Item Overview
2. Bid Tab
3. Letter of Recommendation

Administrative Recommendation:

Administration recommends approval.

Item #R15 - Discussion and consideration of action on staff changes to Addison Municipal Court.

Attachments:

1. Council Agenda Item Overview
2. Spreadsheet
3. Job Description

Administrative Recommendation:

Administration recommends approval.

Adjourn Meeting

Posted:
June 20, 2008 at 5:00 P.M.
Mario Canizares - City Secretary

**THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS
WITH DISABILITIES. PLEASE CALL (972) 450-2819 AT LEAST
48 HOURS IN ADVANCE IF YOU NEED ASSISTANCE.**

ITEM #WS1

There are no Attachments for this Item.

**OFFICIAL ACTIONS OF SPECIAL MEETING AND WORKSESSION
OF THE CITY COUNCIL**

June 7, 2008
9:00 A.M.-Town Hall
16801 Westgrove
Service Center

Present: Mayor Chow, Councilmembers Braun, Hirsch, Kraft, Meier, Mellow and Niemann

Absent: None

Item #S1 - Discuss Results of Council Survey.

Randy Moravec led this discussion. No action was taken.

Item #S2 - Discussion of Vision 2030.

Randy Moravec led this discussion. No action was taken.

Item #S3 - Discussion of Council Goals.

Randy Moravec led this discussion. No action was taken.

Item #S4 - General Fund Long Term Update.

Randy Moravec led this discussion. No action was taken.

Item #S5 - Discussion Regarding Citizen Advisory Committee Recommendations.

Ron Whitehead, Lea Dunn, Chris Terry and Mario Canizares led the discussion. No action was taken.

There being no further business before the Council, the meeting was adjourned.

Mayor-Joe Chow

Attest:

City Secretary-Mario Canizares

**OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
WORK SESSION**

June 10, 2008
6:00 P.M. – Town Hall
5300 Belt Line Road
Upstairs Conference Room

Present: Mayor Chow, Councilmembers Braun, Meier, Mellow and Niemann

Absent: Councilmember Kraft

Work Session

Item #WS1 - Discussion regarding Fairfield Development Future Park Design Review.

Slade Strickland and Kevin Bernauer led the discussion. There was no action taken.

Item #WS2 - Discussion and update regarding the Cotton Belt Rail Line and Dallas Area Rapid Transit (DART).

Ron Whitehead led the discussion. There was no action taken.

Mayor-Joe Chow

Attest:

City Secretary-Mario Canizares

**OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
REGULAR SESSION**

June 10, 2008
7:30 P.M. – Town Hall
5300 Belt Line Road
Council Chambers

Present: Mayor Chow, Councilmembers Braun, Hirsch, Kraft, Meier, Mellow and Niemann

Absent: None

Regular Session

Item #R1 - Consideration of Old Business.

The following employees were introduced to the Council: Lauren Clark with the Public Works Department, Brian Hogan with the Finance Department and Scott Wigley with the Fire Department.

Item #R2 - Consent Agenda.

#2a - Approval of the Minutes for:

May 20, 2008, Special Meeting and Work Session
May 27, 2008, Regular City Council Meeting and Work Session

Councilmember Braun moved to duly approve the Minutes for:

May 20, 2008, Special Meeting and Work Session
May 27, 2008, Regular City Council Meeting and Work Session

Councilmember Niemann seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R3 - Discussion and consideration of appointment of members and alternates to the Board of Zoning Adjustment.

Mayor Chow nominated Chick Martin as a member to the Board of Zoning Adjustment.

Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Niemann, Mellow
Voting Nay: None
Absent: None

Councilmember Hirsch nominated Lori Ward as a member to the Board of Zoning Adjustment.

Councilmember Meier seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Niemann, Mellow
Voting Nay: None
Absent: None

Councilmember Meier nominated Kathryn Wheeler as a member to the Board of Zoning Adjustment.

Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Niemann, Mellow
Voting Nay: None
Absent: None

Item #R4 - Discussion and consideration of appointment of a member to the Planning & Zoning Commission.

Councilmember Hirsch motioned to reappoint Jamie Gaines to a second term on the Planning and Zoning Commission. Ms. Gaines' first term expired on June 13, 2008.

Councilmember Meier seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R5 - Discussion and consideration of approval of an agreement between the Town of Addison and Oncor Electric Delivery Company to purchase street light facilities in the Belt Line Road median between Marsh Lane and the Dallas North Tollway.

Councilmember Kraft moved to duly approve an agreement between the Town of Addison and Oncor Electric Delivery Company to purchase street light facilities in the Belt Line Road median between Marsh Lane and the Dallas North Tollway, subject to City Attorney comments and approval.

Councilmember Niemann seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R6 - **PUBLIC HEARING** Case 1558-Z/UDR, Inc. Public hearing on and discussion and consideration of approval of an ordinance approving development plans for a multi-family project in a Planned Development District, (007-034), located at 3900 Brookhaven Club Drive, on application from United Dominion Realty, represented by Mr. Matt Brendel.

Mayor Chow opened the meeting as a public hearing. Mr. Jeff Parnell spoke. He resides at 4028 Rive Lane, Addison. Mayor Chow closed the meeting as a public hearing.

Councilmember Niemann moved to duly approve Ordinance No. 008-022, approving development plans for a multi-family project in a Planned Development District, (007-034), located at 3900 Brookhaven Club Drive, on application from United Dominion Realty, represented by Mr. Matt Brendel, subject to the following conditions:

-The applicant needs to clarify where the trash/recycling rooms are located and verify that they are large enough to hold facilities for both trash and recycling.

-A solid screening wall, eight feet in height, and the double row of trees, as shown on the plan, between this project and the Brooktown Townhomes, located to the west of this project, shall be installed prior to the issuance of a Certificate of Occupancy for any building in the proposed development.

Councilmember Meier seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Niemann, Mellow
Voting Nay: None
Absent: None

Item #R7 - Preliminary Plat/Vitruvian Park I. Discussion and consideration of approval of a preliminary plat for Lots 1-3, Block A, Lots 1-3, Block B, Lots 1, Block C, and Lot 1, Block D, located on 45.16 acres at 3900 and 4010 Brookhaven Club Drive (south side of Brookhaven Club Drive), on application from UDR, Inc., represented by Mr. Bruce Dunne of Icon Consulting Engineers.

Councilmember Niemann moved to duly approve a preliminary plat for Lots 1-3, Block A, Lots 1-3, Block B, Lots 1, Block C, and Lot 1, Block D, located on 45.16 acres at 3900 and 4010 Brookhaven Club Drive (south side of Brookhaven Club Drive), on application from UDR, Inc., represented by Mr. Bruce Dunne of Icon Consulting Engineers, subject to the following conditions:

1. Provide street names.

2. The property lines along the south and east boundaries of the platted property do not appear to be identified. Additionally, the electric easement along the east property line is not shown. Please insure that all property lines and easements within 150' of the property boundary are shown and labeled on any and all final plat submittals.
3. The official name of the waters passing through the project is "Farmers Branch" as opposed to "Farmers Branch Creek." Please correct this on any and all final plat submittals.
4. Several of the recording information labels for the adjacent properties do not appear to be correct. Please correct this on any and all final plat submittals.

Councilmember Kraft seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R8 - Discussion and consideration of an Ordinance approving and adopting the new Town of Addison Employee Handbook, providing for the repeal of the Town of Addison Employee Handbook adopted by the Town Council on November 11, 1996, and all ordinances, resolutions, and/or other actions related thereto, and providing for other related matters.

Councilmember Niemann moved to duly approve Ordinance 008-023, approving and adopting the new Town of Addison Employee Handbook, providing for the repeal of the Town of Addison Employee Handbook adopted by the Town Council on November 11, 1996, and all ordinances, resolutions, and/or other actions related thereto, and providing for other related matters.

Councilmember Mellow seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow, Niemann
Voting Nay: None
Absent: None

At 8:13 P.M., Mayor Chow announced that Council would convene into Executive Session to discuss the following Items:

Item #ES1 - Closed (Executive) session of the Addison City Council pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with its attorney(s) to seek the advice of its attorney(s) about pending litigation, to wit:

A. *Eddins Enterprises, Inc. dba Friendly Aviation and RSP Management Services, Inc. v. The Town of Addison, Texas*, Case No. 05-08-00194-CV, Fifth District Court of Appeals, Dallas, Texas.

B. *Thielsch Engineering, Inc. v. Town of Addison, Texas*, Cause No. 08-00463, 95th District Court, Dallas County, Texas.

C. *AN Collision Center of Addison, Inc. d/b/a Bankston Collision Center v. Dallas Area Rapid Transit (DART) and The Town of Addison, et al*, Cause No. 07-11965-A, 14th Judicial District Court, Dallas County, Texas.

D. *In re Calla Davis, et al*, Case No. 07-0147, Supreme Court of Texas.

Item #ES2 - Closed (Executive) session of the Addison City Council, pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with its attorney(s) on a matter in which the duty of the attorney(s) to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code, regarding and relating to the taxation of improvements at Addison Airport.

The Council came out of Executive Session at 8:52 P.M.

There being no further business before the Council, the meeting was adjourned.

Mayor-Joe Chow

Attest:

City Secretary-Mario Canizares

ITEM #R3

There are no Attachments for this Item.

Council Agenda Item: #R4

SUMMARY:

Council will have the first reading of an ordinance amending a franchise agreement with Atmos Gas Company to increase the franchise fee from four percent of gross receipts to five percent of gross receipts.

FINANCIAL IMPACT:

Currently the amount the Town receives for allowing Atmos Gas Company to utilize the city's right-of-way is four percent of the company's annual gross receipts. The amount included in the 2008 budget is \$225,000, and the Town actually received \$241,342 this fiscal year. Based on the actual receipt, an increase of the franchise fee to five percent would generate an additional \$60,335. The franchise fee will be passed along to the company's customers in Addison.

BACKGROUND:

As part of the settlement agreed to between the company and the Atmos Cities Steering Committee, and approved by Council in January, the company agreed to increase the fees paid to cities for use of public right-of-way to a uniform five percent of gross receipts. One of the Town's financial policies is to seek diversification of revenue to protect the Town from declines in its two major revenues: property and sales taxes. Increasing the franchise fee will go towards the Town diversifying its revenue sources.

The process for approving franchise agreements is established in the Town's charter. On June 24 we will have the first reading of the ordinance and a public hearing. The second reading will occur at the council's next meeting on July 8. Council will give final approval of the ordinance at its August 12 meeting. The ordinance will then be published in the paper for the next four consecutive weeks and will finally become effective September 11, 2008.

RECOMMENDATION:

It is recommended Council entertain first reading of the attached franchise ordinance.

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AMENDING THE EXISTING GAS FRANCHISE BETWEEN THE TOWN AND ATMOS ENERGY CORPORATION TO PROVIDE FOR A DIFFERENT CONSIDERATION; PROVIDING AN EFFECTIVE DATE; PROVIDING FOR ACCEPTANCE BY ATMOS ENERGY CORPORATION; AND FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, Atmos Energy Corporation (“Company”) is engaged in the business of furnishing and supplying gas to the general public in the Town of Addison, Texas (the “City”), including the transportation, delivery, sale, and distribution of gas in, out of, and through the City for all purposes, and is using the public streets, alleys, grounds and rights-of-ways within the City for that purpose under the terms of a franchise ordinance duly passed by the governing body of the City and duly accepted by Company or its predecessor in interest; and

WHEREAS, the City and Company desire to amend said franchise ordinance to provide for a different consideration.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON TEXAS:

Section 1. The consideration payable by Company for the rights and privileges granted to Company by the franchise ordinance duly passed by the governing body of the Town of Addison, Texas and accepted by Company or its predecessor in interest is hereby changed to be five percent (5%) of the Gross Revenues, as defined in the franchise ordinance.

Section 2. Franchise payments shall be made on the dates prescribed in the existing franchise and shall be for the rights and privileges as set forth in the existing franchise.

Section 3. In accordance with the City Charter and having conducted two readings of and two (2) public hearings on this Ordinance, this Ordinance shall take effect on September 11, 2008 (the said date being thirty (30) days after the date of passage of this Ordinance). Company shall, within thirty (30) days from the receipt of this Ordinance, file its written acceptance of this Ordinance with the Office of the City Secretary in substantially the following form:

To the Honorable Mayor and City Council:

Atmos Energy Corporation, acting by and through the undersigned authorized officer, hereby accepts in all respects, on this the ____ day of _____, 2008, Ordinance No. _____ amending the current gas franchise between the City and Atmos Energy Corporation.

Atmos Energy Corporation

By: _____
Vice President, Mid-Tex Division

Section 4. In all respects, except as specifically and expressly amended by this Ordinance, the existing franchise ordinance heretofore duly passed by the governing body of the City shall remain in full force and effect.

Section 5. The City shall provide a copy of this Ordinance to Mr. David Park, VP of Rates and Regulatory Affairs, Atmos Energy Corp., 5420 LBJ Freeway, Suite 1800, Dallas, Texas 75240, no later than ten (10) business days after its final passage and approval.

Section 6. It is hereby officially found and determined that the meeting at which this Ordinance is passed is open to the public as required by law and that public notice of the time, place and purpose of said meeting was given as required.

First Reading and Public Hearing Held and Conducted: _____, 2008

Second Reading and Public Hearing Held and Conducted: _____, 2008

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the ___ day of _____, 2008, at which meeting a quorum was present and voting.

Joe Chow, Mayor

ATTEST:

By: _____
Mario Canizares, City Secretary

APPROVED AS TO FORM:

By: _____
John Hill, City Attorney

Council Agenda Item: #R5

SUMMARY:

Discussion and consideration of approval of an Economic Development Program Grant Agreement with Authentix, Inc

FINANCIAL IMPACT:

Revenue Budget Amount: \$N/A

Cost: \$33,333 in FY 2007/08
\$100,000 (total over a ten-year period)

Contingent on the matters set forth in the Agreement, the funds will be paid to Authentix, Inc. over a 10 year period and in three installments. The total amount of funds to be paid will not exceed 10% of the amount of funds applied for and received by Authentix in their Texas Enterprise Fund application, with the maximum amount to be paid not to exceed \$120,000. Each installment will be equal to one-third of the funds received by Authentix from the Texas Enterprise Fund.

BACKGROUND:

Authentix, Inc., a nanotechnology company, located at 4355 Excel Parkway has been working to double their existing 24,000 square feet facility in the Town. The City Council approved an incentive agreement in July 2007 contingent the company successfully receives a Texas Enterprise Fund grant. The Town's incentive agreement would be equal to 10% of the TEF grant up to \$120,000 paid over 10 years in three equal installments. Authentix received the TEF grant of \$1,000,000 but never executed the Town's agreement. Since that time, new staff has been added at Authentix and they realized their mistake.

In reviewing the Town's agreement Authentix representatives have requested some changes to the agreement. For example, there have been some delays on the construction of their facilities, but they are progressing nicely on the expansion and should be completed by early September. The original agreement indicated a creation of 220 positions but the TEF agreement application listed 120 positions. Authentix would like the agreement amended to accurately reflect the current situation and so they are in compliance with the Town's and State's expectations. Ron Whitehead, Bob Phillips, and Mario Canizares received a tour of their operations and their expansion. Their operation is very impressive and they are extremely excited and motivated to get completed with their expansion.

RECOMMENDATION:

It is recommended that the City Council approve the amendments to the Authentix agreement.

Council Agenda Item: #R

SUMMARY: Discussion and consideration of approval of an Economic Development Program Grant Agreement with Authentix, Inc.

FINANCIAL IMPACT: Contingent on the matters set forth in the Agreement, Program Grant funds will be paid to Authentix, Inc. over a 10 year period and in three installments. The total amount of funds to be paid will not exceed 10% of the amount of funds applied for and received by Authentix in its the Texas Enterprise Fund application, with the maximum amount to be paid not to exceed \$120,000. Each installment will be equal to one-third of the funds received by Authentix from the Texas Enterprise Fund.

BACKGROUND Authentix, Inc. is relocating to 4355 Excel Parkway, Suite 100 in the Town. Approval for the operation of its business was considered by the City Council at the July 26 Council meeting. The proposed agreement provides generally for the payment to Authentix by the City, as an economic development incentive to promote local economic development and to stimulate business and commercial activity pursuant to Chapter 380 of the Texas Local Government Code, of an amount equal to 10% of funds received by Authentix from the State pursuant to Authentix's application for a grant from the Texas Enterprise Fund (with the maximum payment not exceeding \$120,000). Payment will be made in three equal installments (each 1/3 of 10% of the amount receive by Authentix from the Texas Enterprise Fund). To receive the payments, Authentix must satisfy certain conditions as set forth in the Agreement.

RECOMMENDATION: Staff recommends approval

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

ECONOMIC DEVELOPMENT PROGRAM GRANT AGREEMENT

This Economic Development Program Grant Agreement ("Agreement") is made and entered into by and between AUTHENTIX, INC. ("Authentix"), a _____ corporation, and the TOWN OF ADDISON, TEXAS ("Addison" or the "City"), a Texas home rule municipality, for the purposes and consideration stated below (Authentix and the City are sometimes referred to herein together as the "parties" and individually as a "party").

Recitals:

1. Authentix is the tenant of or anticipates that it will become the tenant of the Property as defined herein. The term or anticipated term of the lease pursuant to which Authentix will occupy the Property (as defined herein) is at least ten (10) years, commencing August 1, 2007.

2. There currently exists on the Property a building (the "Building"), a portion of which (which portion is identified herein as the "Premises") Authentix intends to remodel, expand and renovate for the purpose of operating a nanotechnology/authentication business (as more fully described in Exhibit C attached hereto and incorporated herein) (the "Business"), which Premises as remodeled and renovated (and in which Authentix will operate the Business) will contain approximately 24,000 square feet of floor space.

3. Authentix anticipates that during the Term of this Agreement it will employ at the Premises in connection with the Business a certain number of employees as set forth in Exhibit D attached hereto and incorporated herein.

4. In connection with its move, relocation, and proposed improvements to the Premises and the operation of the Business at the Building, Authentix has filed an application with the Texas Enterprise Fund established pursuant to Section 481.078, Tex. Gov. Code (the "Texas Enterprise Fund") seeking an economic development grant from the State (the "State Grant") in the amount of One Million Two Hundred Thousand and No/100 Dollars (\$1,200,000.00) (a true and correct copy of the said application is attached hereto as Exhibit F and incorporated herein (the "Texas Enterprise Fund Application"). Authentix has also advised the City that a contributing factor that would induce Authentix to remodel and renovate the Premises for the purposes of operating the Business on the Property would be an agreement by the City to provide an economic development grant to the Company to, among other things, defray a portion of the cost of such remodeling and renovation.

5. The City is authorized by Section 380.001, Tex. Loc. Gov. Code, and by Article III, Section 52-a of the Texas Constitution, to establish and provide for the administration of programs for making economic development grants of public money to promote local economic development and to stimulate business and commercial activity in the City. This Agreement constitutes such a program for promoting economic development within the City, and the City has adopted programs for promoting economic development, and this Agreement and the economic development incentives

set forth herein are given and provided by the City pursuant to and in accordance with those programs.

6. The City has determined that making an economic development grant to Authentix in accordance with this Agreement will further the objectives of the City, will benefit the City and the City's inhabitants, and will promote local economic development and stimulate business and commercial activity within the City.

NOW THEREFORE, for and in consideration of the foregoing, and on the terms and conditions hereinafter set forth, the Town of Addison, Texas and Authentix do hereby agree as follows:

Section 1. Authorization.

This Agreement is made pursuant to the economic development programs provisions of Tex.. Local Government Code, Chapter 380 (the "Act"), as authorized by Article III, Section 52-a of the Texas Constitution, to promote local economic development and to stimulate business and commercial activity in the Town of Addison.

Section 2. Definitions.

"Building" means the building located on the Property and in which the Premises are located. The location of the Building on the Property, and the location of the Premises within the Building, are depicted on the attached Exhibit A.

"Business days" means non-holiday weekdays, thus excluding Saturdays, Sundays and holidays.

"Commencement of Construction" means that (i) the plans for construction of the Improvements have been prepared and all approvals thereof required by applicable governmental authorities have been obtained; and (ii) all necessary permits for construction of the Improvements pursuant to the respective plans therefore have been issued by all applicable governmental authorities.

"Completion of Construction" shall mean that (i) the Improvements have been substantially completed, (ii) a certificate of substantial completion has been issued by the general contractor(s) and architect(s) for the Improvements, and a copy of such certificate has been delivered to the City, (iii) a final, permanent certificate(s) of occupancy for the Improvements has been issued by the City, and (iv) the Premises are fully operational and open for business.

"Employment Positions" shall mean the total non-temporary full-time employment positions located at the Premises and which positions are directly related to the Business. Two (2) or more part-time employees each totaling thirty (30) hours or more per week may be substituted for one (1) full-time employment position.

"Holidays" means New Year's Day, Easter Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

"Improvements" means renovations to the Premises for use by Authentix to conduct the Business, which Improvements are generally described in Exhibit B attached hereto and incorporated herein and which will be more fully described in the submittals filed or to be filed with the City in order to obtain a building permit(s) from time to time during the Term of this Agreement.

"Include(s)" and "including" are terms of enlargement and not of limitation or exclusive enumeration, and use of the terms does not create a presumption that components not expressed are excluded.

"Premises" means the premises located in the Building and containing at least 24,000 square feet of floor space (and generally described as Suite 100 within the Building). The location of the Premises within the Building is depicted on the attached Exhibit A.

"Program" means the payment of three economic development grant installments pursuant to the terms of this Agreement and approved by the City Council pursuant to the Act.

"Program Grant" means the grant in amounts set forth in Section 4 of this Agreement to be paid by the City to Authentix in three installments during the Term of this Agreement.

"Property" means that certain tract of land located within the municipal limits of the City at 4355 Excel Parkway Addison, Texas 75001, together with all improvements located thereon. A more detailed description of the Property, and a depiction of the Property (showing the boundaries thereof and all improvements located thereon, including the Building) is attached hereto and incorporated herein as Exhibit A.

"Tangible Personal Property" shall have the same meaning assigned by Tax Code, Section 1.04 and shall mean all tangible personal property, equipment (including without limitation, computers), fixtures, and machinery owned or leased by the Company and located at the Premises on January 1 of each applicable tax year.

Section 3. Term.

This Agreement shall be effective as of the date of execution by both parties, and, subject to the earlier termination of this Agreement in accordance with terms of this Agreement, this Agreement will terminate 120 months following the First Installment Due Date (as defined in Section 4(a), below) (the "Term").

Section 4. Program Grant.

A. Maximum Amount of Program Grant.

1. The maximum amount of the Program Grant (to be paid in installments as set forth below) shall be an amount equal to ten percent (10%) of any grant funds awarded by the State of Texas to Authentix pursuant to the Texas Enterprise Fund Application submitted to the State by Authentix (a true and correct copy of which Application is attached hereto as Exhibit F) and actually paid to and received by Authentix (the "State Grant Funds"); provided, however, that the amount of

the Program Grant shall not in any event exceed One Hundred Twenty Thousand and No/100 Dollars (\$120,000.00).

2. Upon the award (if any) by the State of Texas of the State Grant to Authentix, Authentix shall, within five (5) business days following such award, provide written notice to the City of such award. Such notice shall include, without limitation, a true and correct copy of all information and documentation received by Authentix from the State regarding the award of the State Grant, including the full amount of the State Grant, together with such other information and documentation as the City may request and in such form or format as the City may request.

3. Upon the receipt (if any) by Authentix of the State Grant Funds, Authentix shall, within five (5) business days following such receipt, provide written notice to the City of such receipt. Such notice shall include, without limitation, a true and correct copy of all information and documentation received by Authentix from the State regarding the receipt of the State Grant Funds, including the actual amount of the State Grant Funds received, together with such other information and documentation as the City may request and in such form or format as the City may request.

4. Notwithstanding any other provision of this Agreement:

(a) the City shall have no obligation to pay the Program Grant or any portion thereof to Authentix until such time as Authentix has complied with the provisions set forth in this subsection A of this Section; and

(b) in the event Authentix has not been awarded the State Grant and has not actually received the State Grant funds by December 31, 2007, this Agreement shall automatically terminate and be of no further force or effect, and the parties shall have no further rights, duties, responsibilities, or obligations under or pursuant to this Agreement.

B. *Program Grant.* In consideration of the performance by Authentix of the obligations listed below as preconditions, City agrees, subject to the terms of this Agreement, to make Program Grant installment payments as follows:

1. The first (initial) Program Grant installment payment in an amount equal to one-third (1/3) of ten percent (10%) of the State Grant Funds (the "First Payment") shall be made to Authentix on or before the thirtieth day following the First Installment Due Date. The First Installment Due Date shall be the first day of the calendar month next following the date on which all of the following preconditions to payment have been timely satisfied (determined as set forth below), and the City's obligation to make the First Payment is and shall be conditioned upon and subject to Authentix's timely compliance with and satisfaction of all of the following preconditions to payment:

(a) Authentix shall have, on or before July 1, 2007, executed a lease of the Premises for a term of not less than ten (10) consecutive years (commencing August 1, 2007), which lease shall include the lease of a minimum of 24,000 square feet of floor area of the Building located on the Property, and Authentix has provided to the City evidence of such executed lease in form and content satisfactory to the City;

(b) Authentix shall have, on or before January 1, 2008, expended a minimum of One Million Four Hundred Thousand and No/100 Dollars (\$1,400,000.00) in tenant Improvements to the Property, and has provided to the City evidence of such expenditure in form and content satisfactory to the City (including invoices or statements (together with any receipts, documents, or other information in connection therewith) submitted by contractor(s) performing the work which describe the work performed and the cost for such work);

(c) Authentix shall have, on or before January 1, 2008, expended a minimum of One Million Five Hundred Fifty Thousand and No/100 Dollars (\$1,550,000.00) (the "Personal Property Amount") in Tangible Personal Property (which is subject to ad valorem taxation by the City) to equip and outfit the Building for the purpose of operating the Business and such Tangible Personal Property has been placed and located within the Premises, and Authentix has provided to the City evidence of such expenditure and such placement and location for such purpose in form and content satisfactory to the City;

(d) Authentix shall have, on or before December 31, 2007, provided to the City payroll reports (in form and content satisfactory to the City) that Authentix's employment at the Property consisted of a minimum of 98 full time or full time equivalent positions (and such payroll reports shall be submitted together with a certification that such minimum employment will continue;

(e) Authentix has paid City building permit, inspection, and other applicable fees for work associated with the Improvements;

(f) Commencement of Construction by Authentix on or before August 1, 2007, and Authentix has by that date provided to the City evidence thereof in form and content satisfactory to the City;

(g) Completion of Construction by Authentix on or before December 31, 2007, and Authentix has by that date provided to the City evidence thereof in form and content satisfactory to the City; and

(h) The issuance by the City on or before January 31, 2007 of a final, unconditional certificate of occupancy for the Premises, as may be required by the applicable ordinances, codes, standards, rules, and regulations of the City.

Upon the completion of all of the above and foregoing preconditions to payment of the First Payment by the City, Authentix shall promptly give to the City written notification of its determination that all such preconditions have been complied with and satisfied. The City shall, upon its receipt of such notification, review the evidence and any other materials or information submitted to the City by Authentix in connection with the said preconditions to payment. Within fifteen (15) days after its receipt of such notification (together with evidence and any other materials or information submitted to the City by Authentix), the City shall make its determination as to whether or not Authentix has timely complied with

and satisfied all of the preconditions to payment of the First Payment, and shall within such fifteen (15) day period give to Authentix written notice of its determination. If the City determines that Authentix has complied with and satisfied all of the preconditions to payment of the First Payment, the first day of the calendar month next following the date that written notice of such determination is given to Authentix shall be the "First Installment Due Date."

2. The second Program Grant installment payment in an amount equal to one-third (1/3) of ten percent (10%) of the State Grant Funds (the "Second Payment") shall be made to Authentix on or before the thirtieth day following the fifth anniversary of the First Installment Due Date (the "Fifth Anniversary") provided that each of the following preconditions to payment have been satisfied, and the City's obligation to make the Second Payment is and shall be conditioned upon and subject to Authentix's timely compliance with and satisfaction of all of the following preconditions to payment:

(a) Authentix shall have continuously operated the Business in the entire Premises during each calendar quarter since the date of the First Payment, and Authentix shall have certified such operation to the City in writing (to include a certification that Authentix intends to and will be operating the same as of the Fifth Anniversary), which certification shall be by affidavit sworn to by an authorized representative of Authentix, in form and content satisfactory to the City (such certification shall be submitted not more than 45 days prior to the Fifth Anniversary);

(b) Authentix shall, not more than 45 days prior to the Fifth Anniversary, have provided to the City payroll reports (in form and content satisfactory to the City) for the Business generated on a quarterly basis (or on a less frequent basis if requested by the City) and evidencing that within ____ months following the First Installment Due Date and continuously thereafter through the date of the provision of such payroll reports the number of Authentix Employment Positions at the Premises consisted of a minimum of 220 Employment Positions (and such payroll reports shall be submitted together with a certification that such minimum employment will continue as of the date of the Fifth Anniversary);

(c) Authentix shall have provided to the City a true and correct copy of the personal property rendition statement filed by Authentix with the Dallas Central Appraisal District during the calendar year in which the Fifth Anniversary occurs and each of the four preceding calendar years (the form of which statement shall be that provided by the Dallas Central Appraisal District, the current form of which is attached hereto as Exhibit E), showing that Tangible Personal Property subject to ad valorem taxation by the City has been located upon the Premises for each such year in at least the Personal Property Amount; and

(d) Authentix shall not have an uncured breach or default of this Agreement.

3. The third (final) Program Grant installment payment in an amount equal to one-third (1/3) of ten percent (10%) of the State Grant Funds (the "Third Payment") shall be made to Authentix on or before the thirtieth day following the tenth anniversary of the First

Installment Due Date (the "Tenth Anniversary") (which payment obligation shall survive the expiration of the Term) provided that each of the following preconditions to payment have been satisfied, and the City's obligation to make the Third Payment is and shall be conditioned upon and subject to Authentix's timely compliance with and satisfaction of all of the following preconditions to payment:

(a) Authentix shall have continuously operated the Business in the entire Premises during each calendar quarter since the date the Second Payment is made by the City, and Authentix shall have certified such operation to the City in writing (to include a certification that Authentix intends to and will be operating the same as of the Tenth Anniversary), which certification shall be by affidavit sworn to by an authorized representative of Authentix, in form and content satisfactory to the City (such certification shall be submitted not more than 45 days prior to the Tenth Anniversary);

(b) Authentix shall, not more than 45 days prior to the Tenth Anniversary, have provided to the City payroll reports (in form and content satisfactory to the City) for the Business to the City generated on a quarterly basis (or on a less frequent basis if requested by the City) and evidencing that within ___ months following the Second Installment Due Date and continuously thereafter through the date of the provision of such payroll reports the number of Authentix Employment Positions at the Premises consisted of a minimum of 364 Employment Positions (and such payroll reports shall be submitted together with a certification that such minimum employment will continue as of the date of the Tenth Anniversary);

(c) Authentix shall have provided to the City a true and correct copy of the personal property rendition statement filed by Authentix with the Dallas Central Appraisal District during the calendar year in which the Tenth Anniversary occurs and each of the four preceding calendar years (the form of which statement shall be that provided by the Dallas Central Appraisal District, the current form of which is attached hereto as Exhibit E), showing that Tangible Personal Property subject to ad valorem taxation by the City has been located upon the Premises for each such year in at least the Personal Property Amount; and

(d) Authentix shall not have an uncured breach or default of this Agreement.

Notwithstanding anything contained herein to the contrary or any other provision of this Agreement, the Program Grant installment payments shall not be due and payable, and this Agreement will automatically terminate and be of no further force or effect (and the parties shall have no further rights, duties, responsibilities, or obligations under or pursuant to this Agreement) if: (a) Commencement of Construction has not begun by September 1, 2007; or if (b) Authentix fails to timely comply with and satisfy any of the preconditions to the First Payment as set forth in Section 4(a), above.

Section 5. Reports; Reimbursement.

A. Each year ("Year") during the term of this Agreement (the first such year beginning

on the First Installment Due Date and ending one (1) year thereafter), Authentix shall file with the City a written report or certification (the "Annual Certification") regarding the following (together, the "Annual Requirements") for each Year:

1. whether or not Authentix continuously operated the Business in the entire Premises; and
2. whether or not Authentix employed at all times the number of Employment Positions at the Premises as prescribed in the attached Exhibit D.

The Annual Certification shall (w) be in a form satisfactory to the City, (x) include or be filed together with, upon the City's request, records and information in support of the report or certification and the representations made therein (and shall include, among other things, a true and correct copy of the personal property rendition statement filed by Authentix with the Dallas Central Appraisal District for the then applicable Year), (y) be sworn to by an authorized representative of Authentix, and (z) be filed with the City not later than the thirtieth (30th) day following the end of the then applicable Year (the "Certification Filing Period"). The obligation to file the Annual Certification for the tenth Year of the Term shall survive the expiration of this Agreement.

B. In the event an Annual Certification shows or establishes that Authentix failed during the applicable Year to fully comply with any one of the Annual Requirements, or in the event Authentix does not in any Year file a complete Annual Certification as described in subsection (a) of this Section within the Certification Filing Period, the City shall upon the expiration of the Certification Filing Period notify the Authentix of such failure (the "City Notice"). Authentix shall upon its receipt of such notification promptly reimburse to the City a ratable portion of the First Payment, the Second Payment, or the Third Payment, as the case may be, in accordance with the following:

1. if the City Notice pertains to any Year during the first five (5) Year period of this Agreement, Authentix shall reimburse to the City the sum of one-fifth of the First Payment; and
2. if the City Notice pertains to any Year during the second five (5) Year period of this Agreement, Authentix shall reimburse to the City the sum of one-fifth of the Second Payment.

C. In the event Authentix suffers an Event of Bankruptcy or Insolvency (as hereinafter defined), Authentix shall promptly reimburse to the City a sum equal to the following:

1. if the Event of Bankruptcy or Insolvency occurs during the first five (5) Year period of this Agreement, a sum equal to one-fifth of the First Payment times the number of Years remaining (including the year in which the Event of Bankruptcy or Insolvency occurs) in the first five (5) year period following the Event of Bankruptcy or Insolvency; or
2. if the Event of Bankruptcy or Insolvency occurs during the second five (5) year period of this Agreement, a sum equal to one-fifth of the First Payment times the number of

Years remaining (including the Year in which the Event of Bankruptcy or Insolvency occurs) in the first five (5) year period following the Event of Bankruptcy or Insolvency.

For purposes hereof, "Event of Bankruptcy or Insolvency" means (i) the liquidation, dissolution, or termination of Authentix's existence as a going business, (ii) insolvency, (iii) appointment of a receiver for any part of Authentix's property and such appointment is not terminated within ninety (90) days after such appointment is initially made, (iv) any general assignment for the benefit of creditors, or (v) the commencement of any proceeding under any bankruptcy or insolvency laws by or against Authentix and such proceeding is not dismissed within ninety (90) days after the filing thereof.

D. The reimbursement obligation pertaining to the tenth year of the Term shall survive the expiration of this Agreement.

Section 6. Additional Authentix Obligations.

Authentix further agrees that Authentix will during the Term of this Agreement make good faith efforts to use, and to encourage the use by Authentix's guests, vendors, and affiliates of, Addison hotels, restaurants and the Addison Conference Centre for business purposes and events related to or in connection with the Business. Authentix agrees that it will, from time to time and as may be requested by the City (but in any event no more than once each calendar quarter), provide the City with a summary of such use by Authentix.

Section 7. Additional Town Obligations.

Town further agrees that Town will:

A. Support (as determined appropriate by the City and without having to spend any City funds) the nomination of the nanotechnology/authentication company for the Enterprise Project designation by the state.

B. Assist (as determined appropriate by the City and without having to spend any City funds) Authentix in obtaining grants and other incentives through state and federal agencies.

C. Support (as determined appropriate by the City and without having to spend any City funds) Authentix in an application for funding from the Texas Skills Development Fund.

D. Process all permits for Improvements on a timely basis.

Section 8. Termination.

This Agreement shall terminate without notice or demand upon the occurrence of any one of the following:

A. the execution by both parties of a written agreement terminating this Agreement;

B. the expiration of the Term;

C. at the option of either party in the event the other party breaches any of the terms or conditions of this Agreement and such breach is not cured within thirty (30) days after written notice thereof; or

D. at the City's option, if Authentix suffers an Event of Bankruptcy or Insolvency.

If the City terminates this Agreement pursuant to subsection C. of this Section, Authentix shall be obligated to promptly repay to the City a sum equal to one-fifth of the First Payment or the Second Payment, as the case may be, times the number of Years remaining (including the year in which the termination occurs) in the first or second five (5) year period following such termination.

Section 9. Representations by the Town.

The City represents that:

A. The City is a home rule Texas municipal corporation and to the best of its actual knowledge has the power to enter into and has taken all actions to date required to authorize this Agreement and to carry out its obligations hereunder; and

B. The City knows of no litigation, proceedings, initiative, referendum, investigation or threat of any of the same contesting the powers of the City or its officials with respect to this Agreement that has not been disclosed in writing to Authentix.

Section 10. Representations and Warranties by Authentix.

Authentix represents that:

A. Authentix is a corporation duly organized and validly existing under the laws of the State of _____ and is, or will prior to the effective date of this Agreement, be qualified to do business in the State of Texas; has the legal capacity and the authority to enter into and perform its obligations under this Agreement;

B. The execution and delivery of this Agreement and the performance and observance of its terms, conditions and obligations have been duly and validly authorized by all necessary action on its part to make this Agreement; and

C. Authentix has the necessary legal ability to perform its obligations under this Agreement and has the necessary financial ability, through borrowing or otherwise, to construct the Improvements. This Agreement constitutes a valid and binding obligation of Authentix, enforceable according to its terms, except to the extent limited by bankruptcy, insolvency and other laws of general application affecting creditors' rights and by equitable principles, whether considered at law or in equity.

Section 11. Changes and Amendments.

Except as specifically provided otherwise in this Agreement, any alterations or deletions to the terms of this Agreement shall be by written amendment executed by both parties to this Agreement.

Section 12. Successors and Assigns; No Third Party Beneficiaries.

Authentix may not assign, sell, pledge, transfer, or otherwise convey (any of the foregoing, "Convey", and the occurrence of any of the foregoing, a "Conveyance") in any manner or form whatsoever (including by or through a merger or consolidation of Authentix into another entity, by operation of law, or otherwise) all or any part of its rights and obligations hereunder without the prior written approval of the City, which may be withheld in the City's sole discretion.

Any Conveyance of any kind or by any method without the City's prior written consent shall be null and void *ab initio*.

Any Conveyance to which the City gives it prior written approval shall be expressly subject to all of the terms, conditions and provisions of this Agreement. In the event of any permitted Conveyance, Authentix shall obtain a written agreement (the "Assumption Agreement") from each such assignee, transferee, buyer, pledgee, or other person or entity to whom this Agreement is otherwise conveyed whereby each such assignee, transferee, buyer, pledgee, or other person or entity to whom this Agreement is otherwise conveyed agrees to be bound by the terms and provisions of this Agreement.

This Agreement shall be binding on and inure to the benefit of the parties, their respective permitted successors and permitted assigns. This Agreement and all of its provisions are solely for the benefit of the parties hereto and do not and are not intended to create or grant any rights, contractual or otherwise, to any third person or entity.

Section 13. Notice.

Any notice and/or statement required or permitted to be given or delivered shall be deemed given or delivered by depositing same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses, or at such other addresses provided by the parties in writing:

If to the Authentix:

AUTHENTIX, INC:
Craig Stamm
4355 Excel Parkway, Suite 100
Addison, Texas 75001
Phone: (469) 213-1444
Fax: (469) 737-4405

If to the Town:

Ron Whitehead
Mario Canizares
Office of the City Manager
5300 Beltline Road
Dallas, Texas 75254-7606
Phone (972) 450-7000
Fax: (972) 450-7043

And to:

John Hill
Cowles & Thompson
901 Main Street, Suite 4000
Dallas, Texas 75202
Phone: (214) 672-2000
Fax: (214) 672-2370

Section 14. Venue.

The obligations of the parties to this Agreement are performable in Dallas County, Texas, and if legal action is necessary to enforce same, exclusive venue shall lie in Dallas, Texas.

Section 16. Applicable Laws.

This Agreement is made subject to the provisions of the Charter and ordinances of the City, as amended, and all applicable State and federal laws, rules, and regulations.

Section 17. Governing Law.

The parties hereto agree that the laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Agreement; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Agreement.

Section 18. Legal Construction/Partial Invalidity of Agreement.

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be considered as if such invalid, illegal, or unenforceable provision had never been contained in this Agreement.

Section 19. Miscellaneous.

A. The Recitals to this Agreement are true and correct and are incorporated herein and made a part hereof for all purposes.

B. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law statute, ordinance, or otherwise. The failure by either party to exercise any right, power, or option given to it by this Agreement, or to insist upon strict compliance with the terms of this Agreement, shall not constitute a waiver of the terms and conditions of this Agreement with respect to any other or subsequent breach thereof, nor a waiver by such party of its rights at any time thereafter to require exact and strict compliance with all the terms hereof. Any rights and remedies either party may have with respect to the other arising out of this Agreement shall survive the cancellation, expiration or termination of this Agreement, except as otherwise expressly set forth herein.

C. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

D. Any of the representations, covenants, and obligations of the parties hereto, as well as any rights and benefits of the parties, pertaining to a period of time following the termination or expiration of this Agreement shall survive termination or expiration.

E. It is acknowledged and agreed by the parties that the terms hereof do not, are not intended to, and shall not be deemed to create a partnership, joint venture, joint enterprise, or other relationship between or among the parties.

F. The undersigned officers and/or agents of the parties hereto are the properly authorized persons and have the necessary authority to execute this Agreement on behalf of the parties hereto.

EXECUTED and effective as of the ____ day of _____, 2007, by the City, signing by and through its City Manager, duly authorized to execute same by action of the Town Council, and by Authentix, acting through its duly authorized officials.

TOWN OF ADDISON, TEXAS

AUTHENTIX, INC.

By: _____
Ron Whitehead, City Manager

By: _____

ATTEST:

Typed/printed name: _____

By: _____
Mario Canizares, City Secretary

Title: _____

EXHIBIT A

[Description of the Property;
show location of Building on the Property, and location of the Premises within the Building]

EXHIBIT B

[Description of the Improvements]

EXHIBIT C

[Description of the Business, including its purpose and activities; referenced Addison Ordinance No. ____ describing the use]

EXHIBIT D

[Number of Employees Employed During the Term]

EXHIBIT E

[Dallas Central Appraisal District Personal Property Rendition Form]

EXHIBIT F

[Authentix Application to Texas Enterprise Fund]

Addendum to Economic Development Program Grant Agreement

Between Authentix, Inc. and the Town of Addison, Texas.

Section B. 1. a. Program Grant

1. (a) Authentix shall have, on or before July 1, 2007, executed a lease of the Premises for a term of not less than ten (10) consecutive years (commencing August 1, 2007), which lease shall include the lease of a minimum of 24,000 square feet of floor area of the Building located on the Property, and Authentix has provided to the City evidence of such executed lease in form and content satisfactory to the City;
2. (a) Authentix shall have, on or before **December 1st**, 2007, executed a lease of the Premises for a term of not less than ten (10) consecutive years (commencing **December 1st**, 2007), which lease shall include the lease of a minimum of 24,000 square feet of floor area of the Building located on the Property, and Authentix has provided to the City evidence of such executed lease in form and content satisfactory to the City;

Section B. 1. b. Program Grant

1. (b) Authentix shall have, on or before January 1, 2008, expended a minimum of One Million Four Hundred Thousand and No/100 Dollars (\$1,400,000.00) in tenant Improvements to the Property, and has provided to the City evidence of such expenditure in form and content satisfactory to the City (including invoices or statements (together with any receipts, documents, or other information in connection therewith) submitted by contractor(s) performing the work which describe the work performed and the cost for such work);
2. Authentix shall have, on or before January 1, **2009**, expended **or committed to expend** a minimum of One Million Four Hundred Thousand and No/100 Dollars (\$1,400,000.00) in tenant Improvements to the Property, and has provided to the City evidence of such expenditure in form and content satisfactory to the City (including invoices or statements

(together with any receipts, documents, or other information in connection therewith) submitted by contractor(s) performing the work which describe the work performed and the cost for such work);

Section B. 1. c. Program Grant

1. (c) Authentix shall have, on or before January 1, 2008, expended a minimum of One Million Five Hundred Fifty Thousand and No/100 Dollars (\$1,550,000.00) (the "Personal Property Amount") in Tangible Personal Property (which is subject to ad valorem taxation by the City) to equip and outfit the Building for the purpose of operating the Business and such Tangible Personal Property has been placed and located within the Premises, and Authentix has provided to the City evidence of such expenditure and such placement and location for such purpose in form and content satisfactory to the City;
2. (c) Authentix shall have, on or before January 1, 2009, expended **or committed to expend** a minimum of One Million Five Hundred Fifty Thousand and No/100 Dollars (\$1,550,000.00) (the "Personal Property Amount") in Tangible Personal Property (which is subject to ad valorem taxation by the City) to equip and outfit the Building for the purpose of operating the Business and such Tangible Personal Property has been placed and located within the Premises, and Authentix has provided to the City evidence of such expenditure and such placement and location for such purpose in form and content satisfactory to the City.

Section B. 1. d. Program Grant

1. (d) Authentix shall have, on or before December 31, 2007, provided to the City payroll reports (in form and content satisfactory to the City) that Authentix's employment at the Property consisted of a minimum of 98 full time or full time equivalent positions (and such payroll reports shall be submitted together with a certification that such minimum employment will continue;
2. (d) Authentix shall have, on or before December 31, 2008, provided to the City payroll reports (in form and content satisfactory to the City) that Authentix's employment at the Property consisted of a minimum of **fifty five (55)** full time or full time equivalent positions (and such payroll

reports shall be submitted together with a certification that such minimum employment will continue;

Section B. 1. f. Program Grant

1. (f) Commencement of Construction by Authentix on or before August 1, 2007, and Authentix has by that date provided to the City evidence thereof in form and content satisfactory to the City;
2. (f) Commencement of Construction by Authentix on or before **March 1, 2008**, and Authentix has by that date provided to the City evidence thereof in form and content satisfactory to the City;

Section B. 1. h. Program Grant

1. (h) The issuance by the City on or before January 31, 2007 of a final, unconditional certificate of occupancy for the Premises, as may be required by the applicable ordinances, codes, standards, rules, and regulations of the City.
2. (h) The issuance by the City on or before **September 31, 2009** of a final, unconditional certificate of occupancy for the Premises, as may be required by the applicable ordinances, codes, standards, rules, and regulations of the City.

Section B. 2. b. Program Grant

1. (b) Authentix shall, not more than 45 days prior to the Fifth Anniversary, have provided to the City payroll reports (in form and content satisfactory to the City) for the Business generated on a quarterly basis (or on a less frequent basis if requested by the City) and evidencing that within ___ months following the First Installment Due Date and continuously thereafter through the date of the provision of such payroll reports the number of Authentix Employment Positions at the Premises consisted of a minimum of 220 Employment Positions (and such payroll reports shall be submitted together with a certification that such minimum employment will continue as of the date of the Fifth Anniversary);

2. (b) Authentix shall, not more than 45 days prior to the Fifth Anniversary, have provided to the City payroll reports (in form and content satisfactory to the City) for the Business generated on a quarterly basis (or on a less frequent basis if requested by the City) and evidencing that within **six (6)** months following the First Installment Due Date and continuously thereafter through the date of the provision of such payroll reports the number of Authentix Employment Positions at the Premises **shall grow from the base number of forty two (42) to one hundred (100)** Employment Positions (and such payroll reports shall be submitted together with a certification that such minimum employment will continue as of the date of the Fifth Anniversary);

Section B. 3. b. Program Grant

1. (b) Authentix shall, not more than 45 days prior to the Tenth Anniversary, have provided to the City payroll reports (in form and content satisfactory to the City) for the Business to the City generated on a quarterly basis (or on a less frequent basis if requested by the City) and evidencing that within ___ months following the Second Installment Due Date and continuously thereafter through the date of the provision of such payroll reports the number of Authentix Employment Positions at the Premises consisted of a minimum of 364 Employment Positions (and such payroll reports shall be submitted together with a certification that such minimum employment will continue as of the date of the Tenth Anniversary);

2. (b) Authentix shall, not more than 45 days prior to the Tenth Anniversary, have provided to the City payroll reports (in form and content satisfactory to the City) for the Business to the City generated on a quarterly basis (or on a less frequent basis if requested by the City) and evidencing that within **six (6)** months following the Second Installment Due Date and continuously thereafter through the date of the provision of such payroll reports the number of Authentix Employment Positions at the Premises **shall grow from the base number of forty two (42) to one hundred and twenty (120)** Employment Positions (and such payroll reports shall be submitted together with a certification that such minimum employment will continue as of the date of the Tenth Anniversary);

EXECUTED and effective as of the ___ day of _____, 2008, by the City, signing by and through its City Manager, duly authorized to execute same by action of the Town Council, and by Authentix, acting through its duly authorized officials.

TOWN OF ADDISON, TEXAS

By: _____
Ron Whitehead, City Manager

ATTEST:

By: _____
Mario Canizares, City Secretary

AUTHENTIX, INC.

By: _____
Typed/printed name:
Title:

ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE STATE OF TEXAS

AND

AUTHENTIX, INC.

OCTOBER 25, 2007

THIS AGREEMENT ("Agreement") is by and between the State of Texas (the "State"), acting by and through the Office of Economic Development and Tourism, a division within the Office of the Governor ("OOGEDT"), and Authentix, Inc. ("Authentix"). The State and Authentix are hereinafter referred to either individually as the "party," or collectively as the "parties." The Effective Date of this Agreement is October 25, 2007.

RECITALS

WHEREAS, Texas' low taxes, budgetary discipline, reasonable regulations and educated workforce continue to make the state a top location for businesses looking to expand or relocate; and

WHEREAS, Authentix is a leader in nano-engineering used to trace and track products and pharmaceutical drugs in over 13 countries; and

WHEREAS, Authentix employs 84 people of which 42 people are located in Addison, Texas with annual revenues of approximately \$32.2 million; and

WHEREAS, Authentix has proposed building a new research and development and production facility in Addison, Texas; and

WHEREAS; the new facilities and equipment will involve Authentix investing more than \$6,550,000 in Texas, and would create at least 120 new full-time jobs for Texans, with an average annual payroll of more than \$12 million; and

WHEREAS, Article III, Section 52-A of the Texas Constitution expressly authorizes the State to use public funds for the public purposes of development and diversification of the economy of the State, the elimination of unemployment or underemployment in the State, or the development of commerce in the State; and

WHEREAS, SB 1771 of the 78th Texas Legislature established the Texas Enterprise Fund ("TEF") to be used with the express written approval of the Governor, Lieutenant Governor, and Speaker of the House of Representatives for economic development, infrastructure development, community development, job training programs, and business incentives, and SB 1 of the 79th Texas Legislature appropriated more than \$180 million to the TEF for the 2006 and 2007 fiscal years; and

WHEREAS, the State values Authentix as a distinguished and important corporate citizen, and wishes to receive a commitment that Authentix will locate its new facility in Addison Texas, and Authentix wishes to provide such a commitment; and

WHEREAS, the Governor, Lieutenant Governor, and Speaker have each approved a grant from the TEF to Authentix, as evidenced in the letter attached as Exhibit A hereto; and

WHEREAS, to ensure that the benefits the State provides under this Agreement are utilized in a manner consistent with Article III, Section 52-a of the Texas Constitution, and other laws, Authentix has agreed to comply with certain conditions and deliver certain performance, including achieving measurable job creation and retention commitments, in exchange for receiving these benefits; and

WHEREAS, the parties desire to have such proposals set forth in a valid, binding and enforceable agreement; and

WHEREAS, the State believes it is in the best public interest to enter into this Agreement for the reasons set forth above;

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

1. STATE OF TEXAS COMMITMENT

Grant of Funds from the Texas Enterprise Fund. The State agrees to pay cash from the Texas Enterprise Fund to Authentix in the amount of One Million Dollars (\$1,000,000) (the "Funds") as follows:

- i. Seven Hundred Fifty Thousand Dollars (\$750,000) as soon as practicable following execution of this Agreement, provided that all necessary documents for disbursement of the funds have been provided to the State as required; and
- ii. Two Hundred Fifty Thousand Dollars (\$250,000) following receipt from Authentix of evidence of creating at least Fifty-Two (52) new employment positions.

The format for submitting evidence of job creation will be in sufficient detail for the State to confirm the asserted job creation. Authentix must request each disbursement in writing. If Authentix does not request the first disbursement in accordance with the terms of this Agreement within six (6) months from the Effective Date of this Agreement, then this Agreement shall terminate and become null and void.

2. AUTHENTIX FUNDING CONDITIONS

Authentix must meet all of the following "Funding Conditions", or will be subject to liquidated damages and/or repayment in accordance with the Agreement. The Funding Conditions are as follows:

a. Addison, Texas Expansion and Investment. Authentix commits to building a new research and development and production facility in Addison, Texas. The facility shall be substantially operational by March 30, 2008. Authentix commits to investing at least \$6,550,000 in Texas in building the new facility by December 31, 2012. 3,5

b. Job Target. Authentix commits to meeting a job target of (i) creating a total of at least One Hundred Twenty (120) Employment Positions by December 31, 2012, at the new Addison, Texas facility, and of (ii) maintaining these Employment Positions through December 31, 2016 (collectively, the "Job Target").

Authentix also commits to the following job creation schedule:

- (i) 5 new Employment Positions by December 31, 2007;
- (ii) 25 total new Employment Positions by December 31, 2008;
- (iii) 57 total new Employment Positions by December 31, 2009;
- (iv) 81 total new Employment Positions by December 31, 2010;
- (v) 103 total new Employment Positions by December 31, 2011; and
- (vi) 120 total new Employment Positions by December 31, 2012.

Employment Positions will only be counted as new Employment Positions for purposes of this Agreement if they are above 42, which represents the total number of employment positions with Authentix in the State. Collectively, these job targets shall be referred to as the "Job Target."

c. Employment Positions. For the purposes of this Agreement, "Employment Positions" shall be defined as jobs meeting all of the following criteria:

- (i) New full-time employment positions in the State of Texas with Authentix at the new Addison, Texas facility, and
- (ii) With an average annual gross compensation of at least \$100,000 per year (excluding benefits), adjusted upward by 3% per year over the term of the Agreement to take account of inflation.

d. Annual Compliance Verification. Beginning in January 2008, and continuing every year thereafter through January 2017, each year by January 31st Authentix must deliver to OOGEDT a compliance verification signed by a duly authorized representative of Authentix that shall certify the number of and generally describe the Employment Positions existing as of December 31st of the year preceding and provide the median wage for all Employment Positions (the "Annual Compliance Verification"). There will be a total of ten (10) Annual Compliance Verifications due, covering jobs created and maintained in years 2007 through 2016. All Annual Compliance Verifications shall be in a form reasonably satisfactory to OOGEDT and shall provide appropriate back-up data for the Employment Position numbers provided. In addition, Authentix must submit each year a copy of the Annual Compliance Verification to the Office of the Lieutenant Governor and the Office of the Speaker of the House of Representatives.

e. Certification of Good Standing/Delinquent Taxes. By execution of this Agreement, Authentix certifies that the company is in good standing under the laws of the State in which it

was formed or organized, and has provided the State sufficient evidence of such. In addition, Authentix certifies that the company owes no delinquent taxes to any taxing unit of this State at the time of execution of this Agreement.

3. LIQUIDATED DAMAGES

a. Failure to Meet 2008 "Floor" Job Target. If Authentix' second Annual Compliance Verification demonstrates that it has failed to create and maintain at least fifteen (15) Employment Positions as of December 31, 2008, the State may terminate the Agreement and require Authentix to repay the entirety of any funds disbursed pursuant to this Agreement plus interest at the rate of 5.0% per year, compounded.

b. Job Target. As set forth in Section 2 above, annually during the term of this Agreement through 2017 Authentix must deliver to OOGEDT an Annual Compliance Verification demonstrating that it has met the Job Target for the year just ended. The consequences to Authentix of satisfying, failing to satisfy or exceeding the Job Target are as follows:

(i) Compliance With Job Target. If Authentix provides a satisfactory Annual Compliance Verification that demonstrates that it has met the Job Target for that year, then Authentix will be deemed to have met its obligations for such preceding year and no damages are due.

(ii) Failure to Meet Job Target. If Authentix provides an Annual Compliance Verification that demonstrates that it has not met the Job Target for that year, then OOGEDT may require Authentix to pay liquidated damages in the amount of Two Thousand Four Hundred Sixty Four Dollars (\$2,464) per job for every Employment Position by which it is short that year. In no event shall the aggregate amount of damages exceed the amount of the Funds (\$1,000,000), plus interest at the rate of 5.0% per year, compounded annually.

(iii) Exceeding Job Target. If an Annual Compliance Verification filed by Authentix demonstrates that it has exceeded the job target for that year, then Authentix will be deemed to have exceeded its obligations, and will receive a "Surplus Job Credit" for each extra Employment Position that it has maintained above the job target for that year. Authentix may utilize any earned Surplus Job Credits in following years as follows:

A. Authentix may expend a Surplus Job Credit in lieu of paying liquidated damages in the amount of \$2,464 per job (for example, if Authentix owes liquidated damages in the amount of \$246,400 for 100 Employment Positions lacking in a particular year, Authentix may discharge this amount by expending 100 Surplus Job Credits it has earned in prior years); or

B. Authentix may apply Surplus Job Credits toward meeting the remaining Job Target for future years, such that if Authentix accumulates enough Surplus Job Credits it will be deemed to have fulfilled all of its obligations under the Agreement, and will be released from the Agreement early (for example, if Authentix has accumulated at least 120 Surplus Job Credits by December 31, 2015, then it may apply these Surplus Job Credits forward to fulfill its Job Target for 2016, and may thereby fulfill its obligations and be released from the Agreement one year early).

4. AUTHENTIX ADDITIONAL COMMITMENTS

a. OOGEDT Audit Rights.

(i) **Duty to Maintain Records.** Authentix shall maintain adequate records to support its charges, procedures and performances to OOGEDT for all work related to this Agreement. Authentix also shall maintain such records as are deemed necessary by the OOGEDT and auditors of the State of Texas or United States, or such other persons or entities designated by the OOGEDT, to ensure proper accounting for all costs and performances related to this Agreement.

(ii) **Records Retention.** Authentix shall maintain and retain for a period of four (4) years after the submission of the final expenditure report, or until full and final resolution of all audit or litigation matters which arise after the expiration of the four (4) year period after the submission of the final expenditure report, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

(iii) **Audit Trails.** Appropriate audit trails shall be maintained by Authentix to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by Authentix will, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by Authentix to permit an audit of the system by tracing the activities of individuals through the system. Authentix' automated systems must provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement. Authentix agrees that Authentix' failure to maintain adequate audit trails and corresponding documentation shall create a presumption that the performances were not performed.

(iv) **Access.** Authentix shall grant access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this agreement to OOGEDT and auditors of the State of Texas, or such other persons or entities designated by OOGEDT for the purposes of inspecting, auditing, or copying such books and records. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this agreement shall be subject to examination or audit by the OOGEDT and auditors of the State of Texas, or such other persons or entities designated by the OOGEDT in accordance with all applicable state and federal laws, regulations or directives. Authentix will direct any subcontractor with whom it has established a contractual relationship to discharge Authentix' obligations to likewise permit access to, inspection of, and reproduction of all books and records of Authentix' subcontractor(s) which pertain to this agreement.

(v) **Location.** Any such audit shall be conducted at Authentix' principal place of business during Authentix' normal business hours and at OOGEDT 's expense, provided all costs incurred by OOGEDT in conducting any such audit shall be reimbursed by Authentix in the event such audit reveals an aggregate discrepancy in any Authentix reporting of compliance as required by the Agreement.

(vi) **Reimbursement.** If any audit or examination reveals that Authentix' reports for the audited period are not accurate for such period, Authentix shall promptly reimburse the OOGEDT for the liquidated damages amount(s) in accordance with section 3.b.ii, to the extent that Authentix has failed to meet the Job Target for such period.

(vii) **Corrective Action Plan.** If any audit reveals any discrepancies or inadequacies which are necessary in order to maintain compliance with this Agreement, applicable laws, regulations, Authentix' responsibilities or performance standards, Authentix agrees within thirty (30) calendar days after Authentix' receipt of the audit findings, to propose and submit to OOGEDT a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the OOGEDT. Authentix further agrees to complete the corrective action approved by OOGEDT within thirty (30) calendar days after OOGEDT approves Authentix' corrective action plan, at the sole cost of Authentix.

(viii) **Reports.** Authentix shall provide to OOGEDT periodic status reports in accordance with OOGEDT's audit procedures regarding Authentix' resolution of any audit-related compliance activity for which Authentix is responsible.

b. Economic Impact Reports; Periodic Progress Briefings. In a manner consistent with the need to protect privacy and the intellectual property of Authentix and third parties, Authentix will provide periodic briefings as reasonably requested by OOGEDT on the general activities, economic impact and progress of the new project development and business operations in Texas.

c. Use and Retention of Texas Suppliers. Authentix will use reasonable efforts to use qualified Texas-based suppliers to provide products and services under this Agreement, provided however, Authentix may in its sole discretion select suppliers and contractors based on program needs, scientific criteria, and industry standards.

d. Financial Information. Authentix will furnish to OOGEDT on an annual basis by January 31st, of each year throughout the term of the Agreement as requested by OOGEDT, information regarding the general business status, market and general summary financial updates regarding Authentix.

e. Indemnity and Hold Harmless. Authentix agrees to indemnify and hold the State, the maker of this grant, and its agents, officers, and employees harmless for any and all losses, claims, suits, actions, and liability, including any litigation costs, that arise from any act or omission of Authentix or any of its officers and employees, agents, contractors, assignees, and affiliates relating to the project for which this grant is made regardless of whether the act or omission is related to job creation or other stated purpose of the grant.

5. DEFAULTS AND REMEDIES

Each of the following acts or omissions of Authentix or occurrences shall constitute an act of default under this agreement:

a. Failure to Complete new Addison, Texas facility/Failure to Invest. If Authentix fails to complete the Addison, Texas facility or fails to invest the amount required pursuant to Section 2.a by December 31, 2007, all funds advanced pursuant to this Agreement will be subject to an immediate refund to the State of Texas. Authentix shall refund to the State of Texas an

amount equal to all funds advanced under this agreement plus interest at the rate of 5.0% per year, compounded, reduced by any funds refunded to the state for failure to meet job creation targets.

b. Failure to pay liquidated damages for job creation. After notice, Authentix shall have thirty (30) days to pay outstanding damages for job creation that is not the subject of a good faith dispute. If Authentix does not pay after this period, all amounts that could potentially be claimed for failure to meet job targets shall become due and payable immediately on demand of the State of Texas.

c. Failure to provide verification. If after the end of a calendar year Authentix fails to provide an Annual Compliance Verification by the deadline for that year, OOGEDT may make a good faith estimate, based on information available to OOGEDT, of the Employment Positions at Authentix as of December 31st of that year and, if the estimated Employment Positions fall short of the Job Target, require corresponding liquidated damages in accordance with Section 3.b.ii. above. Authentix will not be eligible to earn Surplus Job Credits for any such year for which it fails to provide an Annual Compliance Verification by the deadline for that year.

6. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as independent contractors and not as agents, employees, partners, joint venturers, or representatives of the other party. Neither party can make representations or commitments that bind the other party. Authentix is not a "governmental body" by virtue of this Agreement or the use of TEF or other funding.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such damages.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until January 31, 2017 unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. "Cause" is any failure to perform a material obligation under this Agreement within the specified time; including a material breach of a Funding Condition. This Agreement may not be terminated if the alleged Cause is cured within the specified thirty-day period. The sole remedy for any termination for Cause (and for the "cause" giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the State, Authentix will continue to be obligated to the State for liquidated damages and/or repayment of funds in accordance with applicable provisions of this Agreement.

f. Dispute Resolution and Applicable Law.

(i) **Informal Meetings.** The parties' representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

(ii) **Non-binding Mediation.** Except to prevent irreparable harm for which there is no adequate remedy at law, neither party shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

(iii) **Applicable Law and Venue.** This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements.

Authentix agrees that any action, suit, litigation or other proceeding (collectively "litigation") arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the Travis County District Court or the United States District Court for the Western District of Texas, Austin Division, and hereby irrevocably and unconditionally consent to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. Authentix hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a) Authentix is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

g. Publicity. The parties agree to cooperate fully to coordinate with each other in connection with all press releases and publications regarding this Agreement.

h. No Waiver of Sovereign Immunity. Nothing in this agreement may be construed to be a waiver of the sovereign immunity of the State to suit.

7. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of funds and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and assigns and shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. Authentix, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the State, which consent shall not be unreasonably withheld or delayed, Authentix, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the State. This Agreement shall survive any sale, change of control or similar transaction involving Authentix, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the State. Authentix shall provide the State written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than sixty-one (61) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on the following business day when sent by confirmed simultaneous telecopy, (iii) on the following business day when sent by receipted overnight courier, or (iv) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, as follows:

If to the State to:

General Counsel
Office of the Governor
P.O. Box 12428
Austin, Texas 78711
Phone: 512-463-1788
Fax: 512-463-1932

If to Authentix to:

Mr. Craig Stamm
Chief Financial Officer and
Vice-President of Corporate Development
Authentix, Inc.
4355 Excel Parkway, Suite 100
Addison, Texas 75001
Phone: 469-737-4400
Fax: 469-737-4409

{Signature Page Follows}


The parties have caused this Economic Development Agreement to be executed by their duly authorized representatives as of the date first specified above.

THE STATE OF TEXAS

AUTHENTIX, INC.


GOVERNOR RICK PERRY

10/26/07
Date



CFO

[TITLE]
10/25/07
Date

EXHIBIT A

**LETTER FROM GOVERNOR, LIEUTENANT GOVERNOR AND SPEAKER APPROVING GRANT TO
AUTHENTIX FROM THE TEXAS ENTERPRISE FUND**



STATE OF TEXAS

August 8, 2007

Mr. Craig Stamm
Chief Financial Officer and Vice President of Corporate Development
Authentix, Inc.
4355 Excel Parkway, Suite 100
Addison, Texas 75001

Dear Mr. Stamm:

The State of Texas is honored that Authentix, Inc., is considering making investments and creating jobs in our state. We are confident that you will find Texas to be an ideal location, and we are working with community leaders in Addison to ensure your success.

During the 78th Legislative session, the Texas Enterprise Fund was created as a tool to bring jobs to Texas. Allocations from the Texas Enterprise Fund support the creation of quality jobs and leverage private investment for activities that will strengthen the economic future of the state.

We welcome your investment in our state and are prepared to allocate \$1,000,000 to Authentix, Inc., contingent upon execution of a formal Economic Development Agreement to be negotiated. This offer by the State of Texas may be rescinded if a finalized Economic Development Agreement is not executed by all applicable parties within six months from the date of this letter.

Texas is pleased to provide this incentive for economic development purposes, and we look forward to working with you to help this project achieve its objectives.

Sincerely,

Rick Perry David Dewhurst

Rick Perry
Governor

David Dewhurst
Lieutenant Governor

Tom Craddick

Tom Craddick
Speaker of the House

cc: The Honorable Joe Chow, Mayor, Town of Addison

Authentix, Inc.
Texas Enterprise Fund Grant Accounting Policy Memo
December 31, 2007

Background

Effective October 25, 2007, the State of Texas through the Office of Economic Development and Tourism, an office within the Office of the Governor, approved a \$1,000,000 grant to Authentix, Inc. under the Texas Enterprise Fund ("TEF").

Upon the execution of the agreement, the State funded Authentix with \$750,000. The State will proceed to fund the remaining \$250,000 to Authentix upon satisfying the contingency of creating at least 52 new employment positions.

Funding Conditions

Under the terms of the agreement, Authentix must meet all of the following Funding Conditions or the Company will be subject to liquidated damages and/or repayment. The Funding Conditions are as follows:

- Addison, Texas Expansion and Investment
 - Authentix commits to building a new research and development production facility in Addison and shall be substantially operational by March 30, 2008.
 - Authentix commits to investing at least \$6,550,000 in Texas in building the new facility by December 31, 2012.
- Job Target
 - Authentix commits to meeting a job target of (i) creating a total of at least 120 employment positions by December 31, 2012, at the new Addison facility and of (ii) maintaining these employment positions through December 31, 2016.
 - Authentix also commits to the following job creation schedule:
 - 5 new employment positions by December 31, 2007
 - 25 new employment positions by December 31, 2008
 - 57 new employment positions by December 31, 2009
 - 81 new employment positions by December 31, 2010
 - 103 new employment positions by December 31, 2011 and
 - 120 new employment positions by December 31, 2012
 - Employment positions will only be counted as new employment positions for purposes of this agreement if they are above 42, which represents the total number of employment positions with Authentix in the State of Texas.
- Employment Positions

- Employment positions shall be defined as jobs meeting the following criteria:
 - New full-time employment positions in the State of Texas with Authentix at the new Addison facility and
 - With an average annual gross compensation of at least \$100,000 per year (excluding benefits), adjusted upward by 3% per year over the term of the agreement to take account of inflation
- Annual Compliance Verification
 - Beginning January 2008, and continuing every year thereafter through January 2017, each year Authentix must deliver by January 31st to the State a compliance certificate verification signed by a duly authorized representative of Authentix that shall certify the number of and generally describe the employment positions existing as of December 31st of the year preceding and provide the median wage for all employment positions.

Liquidation Damages

- Failure to Meet 2008 "Floor" Job Target
 - If Authentix fails to create and maintain at least 15 employment positions by December 31, 2008, the State may terminate the agreement and require Authentix to repay the entirety of any funds disbursed pursuant to the agreement plus an annual interest rate of 5% compounded.
- Job Target
 - If annually Authentix does not meet the Job Target defined above, the consequences are as follows:
 - The State may require Authentix to pay liquidation damages in the amount of \$2,464 per job for every employment position by which we are short that year. These damages cannot exceed the total agreement value of \$1,000,000 plus interest at an annual rate of 5% compounded.
 - For each extra employment position that it has maintained above the job target for that year, Authentix will receive a "Surplus Job Credit" which may be utilized in following years as follows:
 - Surplus Job Credits may offset future liquidation damages
 - Surplus Job Credits may be applied toward meeting the remaining Job Target for future years, such that if Authentix accumulates enough Surplus Job Credits it

will be deemed to have fulfilled all of its obligations under the agreement and will be released from the agreement early

- Failure to Complete new Addison facility/Failure to Invest
 - If Authentix fails to complete the Addison facility or fails to invest the amount required pursuant to Section 2.a by December 31, 2007, all funds advanced pursuant to this Agreement will be subject to an immediate refund to the State of Texas plus interest at an annual rate of 5% compounded, reduced by an funds refunded to the State for failure to meet job creation targets.

**TOWN OF ADDISON, TEXAS
RESOLUTION NO. R07-019**

**A RESOLUTION BY THE CITY COUNCIL OF THE TOWN OF
ADDISON, TEXAS, PROPOSING GUIDELINES AND POLICIES
FOR THE NAMING OF PARKS, TRAILS AND FACILITIES.**

WHEREAS, when naming a park, trail, or facility after a person, at least one of the following stipulations should be met:

- a) The person has donated the land to be used, has provided significant contributions to acquire the land, or has sold the land to the Town at a price significantly below market value.
- b) The person has provided significant contributions to the cost of construction of the park, trail or facility, or has provided construction services at a price significantly below market value.
- c) The person has made significant and consistent long-term contributions to the Town of Addison.
- d) The person shall not have been an employee or councilmember/Mayor of the Town of Addison for at least five years.

WHEREAS, when appropriate, parks, trails, and facilities can be named after predominant geographical or physical features of the land. These may include natural features (rivers, trees, etc.) or man-made features (subdivisions, buildings, etc).

WHEREAS, parks and trails may be named after historical events that are specific to the Town of Addison.

WHEREAS, the Council will consider re-naming existing facilities. However, the motion to rename an existing park, trail, or facility must be approved by a 3/4th vote of the entire Council (e.g., if all members of the Council are eligible to vote, approval would require 6 out of 7 votes).

WHEREAS, different sections of parks and facilities may carry names that differ from that of the overall park or facility. This may include the naming of individual items in a park or facility (such as a meeting room). However, the above guidelines shall still apply in choosing a name.

WHEREAS, any citizen, group of citizens, entity or organization may submit a proposal to name a facility after an individual, group of individuals, or community organization to honor and recognize significant contributions to the community through public service, community volunteerism or outstanding achievement. The contributions of the individuals or group must be well-documented and broadly acknowledged within the community. If possible, written permission and agreement must be obtained from the individual, group or organization who or which is being commemorated.

WHEREAS, the guidelines listed above are guidelines only. Meeting any or all of the above guidelines does not guarantee that a park or facility will carry any certain name. Ultimately, all naming decisions are to be made by the Addison City Council, which may make exceptions to these guidelines when it deems appropriate.

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

THAT, the City Council does hereby authorize the Proposed Guidelines and Policies for the naming of Parks, Trails and Facilities.

DULY PASSED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS this the 25th day of September, 2007.



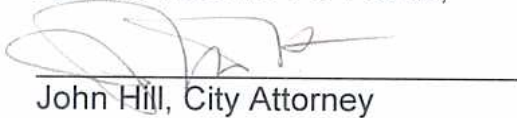
Joe Chow, Mayor

ATTEST:



Mario Canizares, City Secretary

APPROVED AS TO FORM;



John Hill, City Attorney

ITEM #R7

There are no Attachments for this Item.

**Addison Visitor
Services
Department**

Memo

To: Addison City Council
From: Bob Phillips
Date: 6/19/2008
Re: Business Retention Pilot Program

In late January 2008 Councilmen Jimmy Niemann and Todd Meier along with staff members Mario Canizares and Bob Phillips kicked off the 90 day business development pilot program. The goal was to meet with the leaders of 20 Addison companies to learn more about their businesses and how the Town might help them be more successful.

We accomplished that goal and the notes from each of those 20 meetings are attached for your review. At the council meeting we will discuss our recommendations for the future.

**Addison Visitor
Services
Department**

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Fogo De Chao

4300 Beltline Road
Addison Texas 75001
(972) 503-7300

Financial Impact to Addison: \$300-400k

Councilman Todd Meier and staff member Bob Phillips met with Fogo De Chao Chairman and President Jair Coser and CEO Larry Johnson on February 5, 2008 at 10 am.

They were very appreciative of the town wanting to visit with the business community.

Fogo De Chao operates 15 restaurants. 10 in the U.S. and 5 in Brazil. Addison was their first location in the U.S. and Chairman Coser was the original investor when they came to U.S. Their current plan is to open 2- 4 new restaurants per year. They have 20 corporate employees working at the headquarters in Addison. They said that Addison was a great place for their business and that it was really easy working with the town when they began construction.

They had two issues to bring up.

- 1) They were not pleased that Staples office supply is coming two doors down from them. They said this is a real negative for restaurant row. If more of these big box retail stores open up around them, then they would need to make a decision whether or not to keep their store here. Todd mentioned to them that the council has no say in what a land owner wants to bring in as long as it fits the zoning requirements. He mentioned that the council will take a closer look at future zoning in the restaurant area.
- 2) They have an ongoing problem with parked car robberies between the hours of 8pm to 11pm. They said that Addison seems to pay more attention to handling traffic than to patrol areas of town. He said that he has never seen an Addison policeman patrolling their parking lot. When asked how many break-ins they have had, they really didn't know. They have internally discussed hiring their own security person, but prefer not to. (Bob Phillips is contacting Chief Davis to discuss)

When asked whether or not Addison events help their business they said yes, as long as we have more people coming to town, the better off their business will be. When asked whether or not they have had any concerns about pedestrians being able to cross Beltline, they said they did not have any complaints.

They said their customers are mostly business travelers from Monday through Thursday mostly locals on Weekends. Their business is about 50% local and 50% business travelers. They have many conventioners staying in downtown Dallas coming to eat in Addison. They are a destination restaurant and even have people driving in from Oklahoma just to eat there. They would love to see another full service hotel come to Addison.

Their local restaurant employees come from all over the Dallas area.

Wachovia

5080 Spectrum Drive

Addison TX 75001

972 419 3188

Wachovia has 79 financial locations with 2,000 employees in the DFW area and expect to have 89-90 locations by the end of 2008.

Councilman Todd Meier and Bob Phillips met with Julia Wellborn, Regional President, and Eric Kraft, Senior Vice President, at 10:00 am on April 15, 2008

They occupy 110,000 square feet in their current Addison location.

They had suggestion: if the city could alert them to any new business coming to Addison. They would like to know about it. (Todd suggested later that we might list this information on our web site, so all companies could receive this information).

They asked if the Town is working on a way to get pedestrians across the street to eat in restaurants.

They also mentioned as the Town builds infrastructure, they have public finance coverage. We gave them Randy Moravec's contact information.

Eric worked for years with Guy Bodine, the current Wachovia Dallas region CEO.

Julia worked for 11 years with Wachovia in the corporate headquarters and has been in this area for 1 ½ years.

A.J. Bart Printing

4130 Lindbergh Drive

Addison, TX 75001

(972) 960-8300

Financial Impact to Addison: \$50-100k

They are a fully equipped printing facility that started in New York in 1956 and because a major account moved to the Dallas area, they opened an office in Addison in 1987. They currently have utilize a 105,000 square foot facility with 105 employees.

Todd Meier and Bob Phillips met with Alvin Bart, CEO, on Tuesday March 4 at 10 a.m.

This company is a fully equipped printing facility that started in New York in 1956 by Alvin Bart. Because a major account (J.C. Penny) moved to the Dallas area, they opened an office in Addison in 1987. They currently utilize 3 locations with a total of 100,000 square feet with 150 employees some of which live at Addison Circle.

The operation is operating 24 hours per day, 7 days per week.

Mr. Bart really likes Addison and originally selected the current site on Lindbergh because it was located close to J.C Penny Headquarters when it was located in Lincoln Centre. He looked at the building 6 different times and knew it was the right location.

He spent the first year staying at the Harvey Hotel on Midway (now Crowne Plaza). He still commutes back and forth to New York City where his sons operate the original printing business. He catches a 6 am flight from New York on Monday mornings and arrives at the Addison office about 9 am. He lives at the Bonaventure and then goes back to New York on an 11 am flight on Thursday morning. He has been doing this for twenty years.

Their company has a good relationship with Addison Police and Fire Departments and has not had one bad experience in Addison. The fire department checks out their buildings on an annual schedule or when they add additional equipment. At their company onsite Thanksgiving party, they hire two off duty Addison police officers.

Cadence McShane Incorporated

14860 Montfort Drive, Suite 270

Dallas, TX 75254

(972) 239.2336

Financial Impact to Addison: \$50-100k

They are a general construction, construction management and design/build firm with offices in Addison, Houston and Austin.

Councilman Jimmy Niemann and Bob Phillips met with Neal Harper, President, on March 19, 2008 at 3:30 pm.

They are a general construction, construction management and design /build firm with offices in Addison, Houston, and Austin. They are a midsize company with a broad market of schools, office buildings, and multifamily dwellings.

They moved to Addison because the building was cheap. They originally took up 4,500 sq. ft. and are now using about 15,000 sq. ft.

The Addison office has 50 employees not including hourly. They have been in the same location here for 13 years and with a total of 22 years in business. Their lease is up at the end of the year and they would like to stay in Addison but have outgrown the building. They are looking into their options. One of their desires is to build their own space.

They built the Addison Conference and Theatre Centre. Their largest single project to date is a 20 story residential project currently being built at Park Lane and Central Expressway. They have built 25 schools in Plano and 12 schools in Frisco.

He said that more public facilities are moving toward green building and it is getting more popular and he thinks it will be code in another 5 to 10 years. Some cities are offering incentives to go green.

He said that there is a difference in developers in Dallas and Houston. In Dallas, the developer likes to have control of every step of the building process. In Houston the developers let the builder do everything. In Dallas 25% is design work and in Houston 50% is design work.

He said his business is geared toward relationships. He said it would be helpful, if possible, for the city to help them with referrals.

CGI

15305 Dallas Parkway, Suite 1100
Addison, TX 75001
(972) 788-0400

Financial Impact to Addison: \$50-100k

They are a worldwide company with headquarters in Montreal Canada. They offer technology systems that transform the clients' business environments. CGI has developed and evolved a full portfolio of services—consulting, systems integration, the full management of IT and business functions, and approximately 100 proprietary solutions to improve clients' operations, helping them become more efficient and productive.

Councilman Todd Meier and Bob Phillips met with Greg Culbertson, Partner and Director of Business Development, and Dave Henderson, Regional Vice President, CGI at 1:30 pm April 2, 2008.

They think that the Town of Addison is doing a great job and their relationship with the Town has been very good.

They told us they are a 4 Billion dollar Company with 28,000 employees worldwide and 200 employees in the Addison office.

Their office lease is up at the end of the year that they are currently working with CBRE (broker) to find another location in the area. They do not necessarily need Class A office space. They need approximately 20,000 Square feet. We offered to act as a resource for them and offered to send them a report from Co Star showing the office buildings in Addison with 20,000 square feet available. They appreciated this.

They also like the idea of the Town holding quarterly luncheons to act as forum where they can network with other companies that they might conduct business with.

Cressman Tubular Products, Corp.

3939 Beltline Road, Suite 540

Addison, Texas 75001

Phone: (214) 352-5252

www.cressmantubular.com

Financial Impact to Addison: \$100-200k

Cressman Tubular Products Corporation is a 30 year old stocking distributor of new, steel tubing, casing and line pipe for the oil and gas drilling industry. Cressman Tubular also distributes new pumping units, engines, compressors and their respective spare parts.

Todd Meier and Bob Phillips met with Art Cressman, Owner and President, at 9 am on Monday February 25, 2008.

Art started his company in 1978 and currently has \$40 million in sales annually. Mr. Cressman is the only stockholder. The company is a distributor of Pipe for the oil and gas industry.

He is a past council member in Flower Mound back in the 80's.

He likes Addison but had a few comments:

He owns a \$ 350,000 aircraft but keeps it in Denton because the cost of fuel there is \$3.69 per gallon vs. \$5.50 in Addison. The rent for hanger in Denton is \$330 vs. \$ 880 in Addison. He says that these prices tell the aviation community that Addison does not want the propeller driven aircraft here. He suggested we aggressively go after aviation type meetings to meet in Addison, even though the fuel prices are high.

He wishes that he could belong to the Addison Athletic Club especially with all of the taxes he pays to the town.

We have great Parks and Recreation Department.

He appreciated that we called on him. He does not have opportunity to interface with government officials.

He has not considered joining the Metrocrest Chamber because he was member in Flower Mound and it consisted mostly of Insurance companies and other service type businesses that were always selling to him. He thinks a chamber would be successful if it could breakup the membership by industry with each having its own mixers or meetings.

He suggested that we sponsor a mixer or luncheon or symposium that would invite vendors and operators of oil and gas companies. He said that there are several in Addison. He also suggested including bankers as well. This would give

them a chance to network and get to know each other better. Energy is a hot industry currently and he sees it being strong for the next 20 years.

He thinks that during Kaboomtown we should use the airport for charged parking and shuttle people to the event site.

He offered to serve on an advisory board should we create one.

Crowne Plaza Hotel

14315 Midway Road
Addison, TX 75001
(214) 259-0088

Financial Impact to Addison: \$1.2-1.3 Million

This is a full service hotel with 446 rooms and 30,000 square feet of meeting space.

Todd Meier and Bob Phillips met with David Griffith, General Manager, Crowne Plaza hotel on Thursday March 6 at 9 a.m.

Crowne Plaza is full service hotel with 446 rooms and 30,000 square feet of meeting space.

David told us that Addison is a good business partner.

He had several topics to discuss:

- 1) He felt that many corporations and business that used to be located in Addison have moved up north. He is concerned on how Addison replaces those companies. Will the new companies replacing them be the same type of Blue Chip companies that left? The best kinds of companies to locate in Addison as far as hotels are concerned are companies that conduct a lot of training. Those types of meetings typically last several days and are repeated over and over on a regular basis. He felt that Addison might want to offer tax abatements.
- 2) He felt that Addison is not the same as it was 20 years ago. It has lost some of its luster. He is not sure if people still know about Addison as they have in the past.
- 3) He said that the 3 atrium office buildings just next door to the hotel are 95% full.
- 4) Regarding restaurants, he said that some communities have restrictions on what type of restaurants come into the city. He felt it might be good to put a moratorium on restaurants that don't offer table side service.
- 5) He said that Addison is good at branding the town with its events. He would like to see more events that utilize hotel room nights however.
- 6) He felt that Addison should be careful in not allowing too many apartment complexes because they run in a cycle and usually at the end of the cycle the properties become run down and attract a crime element.
- 7) His hotel hosts Garland High School students who are bussed to the hotel to work in a training program.
- 8) He has had a very positive experience with the Addison Police and Fire Departments. They are very professional. His owner's son received a ticket in Addison and the owner asked David if he could pull some strings to get the ticket taken care of. David told him that this was not Chicago or New Orleans and Addison did not operate that way. He would not even think about

approaching the police with a question like that because he has such respect for the towns operations.

- 9) He suggested that all of us should constantly challenge ourselves to attract top quality businesses here. We have the best location; we are at the midpoint between the airports and many north Dallas businesses. Many of his hotel guests travel to Plano to work with J.C. Penny and prefer staying at his hotel because they have a shorter trip to the airport on the morning they return home.
- 10) We had a conversation with him about the Town's ideas for a Culinary District and he was very receptive to the idea.
- 11) Events: He was very happy with Oktoberfest last year as his hotel set an all time record with sales at the event. He has suggested in the past (with no reception from the town) to set up kiosks at the Oktoberfest entryways (to be manned by the police) to check for ID's and to give wrist bands to those that wanted to purchase alcohol. This would make it quicker and easier for the guests when it came time to order food and drink. And people would not want to show a policeman a fake ID.
- 12) He said that his hotel would be happy to hand out surveys to guests to collect information to be used in the Town's Branding research. He suggested that no more than 10 questions be placed on the survey.

Dallas Desk

15207 Midway Road
Addison, TX 75001
(972) 788-1802

Financial Impact to Addison: \$100-200k

They are an office furniture store. They will also help design professional spaces for hundreds of employees.

Jimmy Niemann and Bob Phillips met with President Dennis Stein on Thursday February 7, 2008 at 10:30 am.

Dennis told us that even though he likes Addison he said that it had not been business (retail) friendly (not necessarily unfriendly but business unfriendly) because of our zoning and signage ordinances. He said signs in Addison should be allowed to be larger. He said that signs in surrounding communities can be up to 20% larger. He said that alone this may not be a deal killer, but could sway a retailer to put their business in another community.

He said that his Dallas Desk sign looks especially small in relation to the 31,000 square foot building he occupies.

He said that outdoor sales promotions are important to the furniture business but that Addison does not allow some of the things that make a promotion successful like balloons. He said that the restaurants are allowed to do outdoor promotions when it coincides with an Addison special event, but the same thing is not accorded to the furniture or other retail business.

He said it might be time to look at a new way of handling signage and outdoor promotions.

He said his business comes mostly from 10 miles up and down the toll way and from 1 and ½ miles from the toll way. Dallas Desk employs an average of 55 to 65 employees that are spread out among the area from Garland, Fort Worth, and Greenville.

He likes the Arapaho Bridge.

First Equipment Company

4851 Keller Springs Road, Suite 100

Addison, TX 75001

(972) 380-2300

Financial Impact to Addison: \$50-100k

They specialize in providing flexible IT hardware solutions.

Todd Meier and Bob Phillips met with Susan Arnold, President, and Peter Arnold, Vice President, at 10 am on February 25, 2008.

This is a second generation family business. It is a computer leasing company with 32 employees. A few of their employees live in Addison and have season Water Tower Theater Tickets. Most of their business is national and they work with large companies. They keep a lot of inventory on hand and like to keep a low key profile.

They purchased their building in 1990. They like Addison and the location they have.

They selected Addison because they were looking for a new location (previously on I 75) and found this building for sale at a price that was better than the price they would have paid in rent.

They have a paint booth at their location and they realize that they are "grandfathered" for its use and that means a great deal to them.

They utilize Kaboomtown as their annual company picnic. They have used the conference centre last year for a management retreat and were very happy with the facility and the service they received.

Personal safety has never been a problem there but because of the large warehouse behind the office building they have had been burglarized a few times since 1990. They said they were very impressed with our police department and it was great to work with. Our officers even gave them ideas on how to keep future break-ins from occurring. They even recovered some of the items that were stolen.

They do receive our Addison magazine and emails and they really like Oktoberfest.

They were curious as to what development was taking place across the street from them (southeast corner of Addison Road and Keller Springs). We are getting back to them with this information.

Their building occupancy has gone up recently. They utilize the service of a leasing company to work with their tenants.

Goody Goody Incorporated

14851 Inwood Road
Addison, Texas 75001
214-765-6874

Financial Impact to Addison: \$100-200k

The #1 volume liquor retail store chain in Dallas and they service between 600 and 700 hotels and restaurants in the Dallas Metroplex area.

Councilman Jimmy Niemann and Bob Phillips met with Joe Jansen on March 19th, 2008 at 2 pm.

Goody Goody has 17 liquor stores in the DFW area with their Addison store the leader in volume sold and sales are growing. They also have a wholesale business and do business with 600 to 700 hotels in the DFW area. They are expanding to a new store in Fort Worth and Little Elm. These stores will be using an impressive new concept design that will be unlike any other liquor stores in the state of Texas.

He said that his store is a little cramped in Addison with only 4 foot isles instead of their normal 6 foot isles. This problem will be alleviated because they have built a new warehouse and will begin storing much of the liquor that normally sits on the shelves and takes up too much room.

He has tried to purchase land adjacent to their current location to build a 50,000 square foot store but the land was too expensive. He wanted to offer a classroom type setting for wine tasting in the Addison store similar to what he is doing in the new stores. One of his main concerns if he does end up purchasing adjacent land is that he would have to tear down his existing building to make room for the new one and would close down in the interim.

He said his Addison location took a hit when beer and wine sales were approved nearby. However he has replaced their domestic beer with imported beers from around the world and this is offsetting their loss.

He liked the idea of an epicurean district along Inwood and would like to be involved with the planning.

He praised the Addison Police Department and said there was night and day difference between Addison and Dallas police. If Dallas got a 10 then Addison would get 1,000.

Hampton Inn

4505 Beltway Drive
Addison, TX 75001
(972) 991-2800

Financial Impact to Addison: \$300-400k

This is a 158 room limited service hotel with 300 square feet of meeting space

Todd Meier and Bob Phillips met with Fred Breshears, General Manager, of the Hampton Inn on Tuesday March at 9 am.

The hotel is undergoing a \$2.3 million renovation of all sleeping rooms and lobby. The rooms are being furnished with new carpet, paint, beds, linens, bathroom fixtures and the lobby is being completely overhauled as well. They will be closing 25 rooms at a time for the renovation. The project should be complete by August 2008.

The hotel is corporate driven and sold out usually two weeks in advance for Monday-Wednesday and they struggle on weekends. However they are currently seeing these same nights being booked only one week out instead of two. Fred thinks that the economy is the reason.

They really liked the Town's Oktoberfest package that was created to help book more hotel rooms. The hotel offered a low rate and along with the package of 2 free event tickets, \$20 in food coupons, and one free Oktoberfest mug they booked 100 rooms for Friday night. They are extremely happy and wish Addison could have events on every weekend.

He says that our Police Department is great to work with. The response time is usually 3-5 minutes. Regarding car break-ins, he says that Addison is no different from the other cities he has worked in as general manager of a hotel. He says that the thieves are very organized and hit several places in the same area for a few days and then may not be back for a few months. He says that there is virtually nothing we can do to improve our tactics on fighting this crime.

The hotel is updating its web site and they welcome information that the town currently has on area attractions and restaurants.

Regarding auto traffic he mentioned that sometimes it is precarious when Inwood Road northbound traffic mistakenly moves into the southbound lanes at the intersection of Beltline Road while attempting to make a left turn on Beltline.

He likes the direction Addison is taking on current and future development.

Regarding research for Addison's branding initiative; he said that he would be happy to hand out customer survey cards to hotel guests.

Houston's Restaurant

5318 Belt Line Rd

Dallas, TX 75240

(972) 960-1752

Houston's is a full service restaurant located near Addison Town Hall.

Councilman Jimmy Niemann and Bob Phillips met with General Manager Jennifer Echevarria at 3:00 pm on March 21, 2008

This is the first time in her career someone from a city government has come to see her

She likes Addison and the new development across the street has revived the area -

Houston's has been in Addison for 26 years – they lead all of their Texas restaurants in sales

Hillstone Restaurant Group is the parent company – and is private

She has been w/company 5 yrs and has spent time in LA, Atlanta and Texas

She thinks Dallas is more hospitable than Atlanta

Police – impressive response time

Marriott Quorum at the Galleria

15160 Quorum Drive

Addison, TX 75001

(972) 404-1555

Financial Impact to Addison: \$500-600k

This is a limited service hotel with 176 sleeping rooms and 1,597 square feet of meeting space.

Councilman Todd Meier and staff Bob Phillips met with Marriott Quorum General Manager Mark Brooks on January 31 at 2:30 pm.

Mark told us that his employees feel good about easy access to city staff, such as City Manager, Police Chief Etc.

Mark will be new member to ABA board. His vision for that organization is it to be more meaningful in the community with a bigger voice and for it to develop common ground with the Addison hotel association and see Addison businesses buying from each other. Mark had many good ideas that are listed below. Some of these he has already discussed with the City Manager and staff.

- 1) He would like to see crosswalks across Quorum (Like in downtown Grapevine) that would connect the south Quorum business district with the Marriott. Many of those people walk to a place for lunch. Better lighting a night. He is meeting quarterly with the South Quorum business committee. He is working with other businesses to coordinate the work on their sidewalks so it could all be done at the same time.
- 2) He enjoys Addison Hotel support program and liked the hotel packages that the town provided to Oktoberfest. He said he would be happy if an event package helped book 10% of their total rooms (10% of Marriott total rooms= 54 rooms) He is asking other Marriott properties across the country for ideas on successful events in their areas that increased hotel room night usage. We might institute some of the better ones. He said that the Dallas Hotel Association is looking at how hotel taxes are being spent in area communities. He did not like that fact that Addison spent hotel dollars on the second KaboomTown after the first one got rained out. He was adamant about the lack of benefit his business received from the events, it was not just Kaboom Town He wants events that generate room nights and ours do not do that, and he feels we should be using those hotel tax dollars to do that. He suggested something that would have some sort of VIP pass for his guests to the events may help or some special transportation arrangement.
- 3) He also mentioned that the Addison Bucks program was not working for them (Addison Direct Program).

- 4) He said that sporting groups were good for the limited service hotels but not necessarily for the full service hotels. (Addison is currently working on obtaining more sporting groups for Addison limited service hotels.)
- 5) He said it would be good if the hotel community could work together to create ideas to help Addison. (We are currently doing that on a small scale, but could escalate it into a larger scale).
- 6) He said that Branding is very important to the community. The question is “How does Addison give us more value, How does it make us different”?
- 7) He said that lots of Pharmaceutical companies are meeting in the area and it would be good if Water Tower Theatre conducted private shows for them.
- 8) He said that he has talked to Ron Whitehead about possibly adding 15,000 to 20,000 square feet of new meeting space at the current parking lot out front and it would be helpful if the town could provide some incentive money to do that. His hotel is losing out on \$45 million of business because their lack of meeting space. If they added this extra square footage they feel certain they could increase their occupancy by 6% (at a conservative hotel room rate of \$125 that would increase sleeping room revenue by \$1.5 million per year and bring approximately \$105,000 in hotel tax to the town, not including sales tax, alcohol tax, or water sales to the town) Because of the hotel's lack of space he has booked hotel meetings at the conference Centre but it becomes difficult because his groups may need 3 straight days but the conference center is already booked for 1 or two of those days.
- 9) He thought that it might be a good idea for the proposed new visitor information center to offer to manage hotel group dine-arounds to Addison restaurants. Groups in his hotel average 1 or 2 dine-arounds per stay.
- 10) He also mentioned that a cooking school tie in of some sort would be great
- 11) He wants to decorate his lobby with Addison Special events posters and other Addison artwork. He currently is displaying Water Tower posters behind the front desk. He wants to get the other 4 Marriott properties to do the same thing. I will set up a meeting with him and Barbara Kovacevich.

Million Air

4300 Westgrove Drive

Addison, TX 75001

(972) 248-1600

Million Air Dallas provides luxury flight services out of Addison Airport.

Councilman Todd Meier and Bob Phillips met with Jeff Carr, operations manager, and Debbie Staggs, Administrative Assistant at 9:00 am on March 24.

Million Air has 90-100 employees 30 of them are pilots 12 aircraft and two more coming

They only make profit on gas they sell – they do not charge for other services. It is hard to get this concept across to users

Fuel sales – declining for past 1 ½ yrs

They would like city to lower the flowage fee

We can get more aircraft here - compete w/Love field and McKinney

Lower cost of fuel can attract corporations that own aircraft

Some larger companies have sold their aircraft

- One of their tenants went from three Gulfstream jets to one Falcon and they use services at Love Field

- Alcatel – owned one plane and then sold it

- Country Wide – sold plane

Ground Leases

- Million Air would like to develop their property to the East – was wondering if there were incentives to build something?

Fuel Farm

- They are very frustrated with fuel farm as it is still not operating correctly

- 5 years ago airport had meeting w/FBO, asked what kind of fuel farm to build - one of their fuel reps said the new system would not work right because of fuel release and safety issues

- Joel Jenkins from Airport has inherited the fuel farm and is doing the best he can with what he has to work with.

- Airport is responsive to fuel farm and they are doing everything they can to get it going

- Jeff thinks the fuel farm still won't be working for 2 more years because it is over engineered

Computer software doesn't work

Company who built is from out of state – could have been cheaper to get local company

Airplanes cannot wait for fuel – needs to be group of people there to see how it is going and what has to be done on an hourly basis.

They related a story of the latest problem with the fuel farm. Because of safety software, recently their tanks could not be turned on at the fill up location, but the driver had to go to the opposite end of the pumps to turn the fuel switch on. By the time the driver got back to his fuel truck 200 to 300 gallons of fuel had been loaded into truck with no direct supervision. This is a safety issue.

This airport is really big for Addison (Jeff mentioned this when Todd mentioned that the prop plane owners might feel compelled to move to another airport because of fuel prices and that the city cannot subsidize fuel costs).

They thought that there is only room for two FBO's on airport – the 3rd FBO may not make it

Cavanaugh Museum is great magnet to bring people to Addison
They like the Water Tower Theatre

Not many people fly in for events however, availability of hotel rooms is key factor

Minol Center

15280 Addison Road
Addison, TX 75001
972 386 6611

This company offers a full range of services, covering all aspects of energy management, conservation, and billing.

Councilman Todd Meier and Bob Phillips met with Mike Collier, Co-President at 9 am on March 18, 2008.

Minol Center offers a full range of services, covering all aspects of energy management, conservation, and billing. They have over 50 years of experience in the energy and property management business. Their commitment is to promote a balance between environmental responsibility and profitability within the multifamily housing industry.

They have been in business here for 10 years. Mr. Collier said that this is a unique business and is in its infancy in the United States market.

Mr. Collier lives in Addison and is a member of the Addison Athletic Club.

He is very impressed on the operation of the town, it is 1st class. He said that the widening of Addison Road was a little annoying during construction but he is pleased with the end result. He said he did not have anything to complain about.

Mr. Collier also mentioned that he wanted to become more involved with community groups. He would be a good person to call on in the business community to serve on City committees etc. We gave him information on Addison Business Association, Meterocrest Chamber Commerce, Citizens Academy, and informed him of the Town Hall Meeting that takes place on April 9.

Moline Construction Management, Inc

4500 Ratliff, Suite 118

Addison, Texas 75001

(972) 713-7200

Financial Impact to Addison: \$50-100k

Their services include turn-key construction management, renovations, retail and commercial finish out, project management and architectural/engineering assistance.

Councilman Todd Meier and Bob Phillips met with Severn Townsend, President, at 10:00 am on March 27, 2008.

This business renovates hotels around the county. They renovate hotels from 150 rooms to 1,500 rooms. Most of his business is repeat business. He works through the owner or manager of the hotel company.

They are covered up with business through the summer because hotel lenders are making owners put money into hotels.

They are currently working on the renovation of the Waco Hilton.

His company has been in Addison since the 80's and he has always liked Addison.

He chose to locate here because he worked on Town Square and liked the area and thought it would be a good place to start his business. He also knew people who owned the building he is currently in.

He lived in Addison from 1984-2000, but has moved because he found a different house

There are 10 employees – none live in Addison

He doesn't have airplane and has no need to office near airport.

He is aware of events – doesn't go to KaboomTown. He goes home early that day to avoid the traffic.

Has not been to Cavanaugh Museum, doesn't know where it is located, but would like to go. We sent him two complimentary tickets in our follow up letter.

Addison police have always been wonderful to work with.

He always sees police driving around when he has breakfast at Benedicts every morning.

Remington Seafood Grill

4580 Beltline Rd.

Addison TX 75224

972 386-0122

This restaurant has been serving customers since 1979. Their mission is to serve the freshest seafood available at a good value.

Councilman Jimmy Niemann and Bob Phillips met with Adam Remington, owner, on March 21, 2008 at 2 pm.

They have been in business in Addison for 29 years. He thinks Addison is a great place to do business. He thinks the police and fire departments are awesome.

He said that the restaurants are perplexed why Taste Addison is again taking place over Mother's Day, which is one of their biggest days in the restaurant. It would work better for all restaurants to have the event on a different day.

He had several ideas to market Addison

- Have a welcome sign off the Tollway welcoming people to Addison

- Have a forum with all restaurants several times per year to discuss ideas (to get them to come to meeting have drawings)

- Put banners on Beltline

- Create a space for Band Concerts and promote as a dinner and show

- Play up the Holidays (Put up Christmas tree that is visible from Belt Line)
Holiday Lights on restaurants

- Install a lookout area with Binoculars along Belt Line for visitors to see the planes landing at Addison Airport

- Have a restaurant week with significant advertising

- Have a trolley at night along Beltline with Town's logos wrapped around them
Continue to keep Addison manicured and well lighted

- He would like it if his landlord would spiff his place up (like Addison Walk)

- Addison to have a brand for people to identify with

- Have long term leased on Billboards along tollway to market Addison

Have long term lease on signage at Love Field and DFW airports. Billboards could read EAT IN ADDISON or WHAT DO YOU WANT TO EAT TODAY? Or SO LITTLE TIME---SO MANY CHOICES)

Paint all light fixtures on Belt Line Road

Sam's Club

4150 Belt Line Road
Addison, Texas 75001
(972) 934-9274

Financial Impact to Addison: \$300-400k

They are a membership-only warehouse club owned and operated by Wal-Mart Stores, Inc.

Todd Meier and Bob Phillips met with Nick Weaver, Manager, of Sam's Club on Thursday March 6 at 10 a.m.

Sam's Club is a membership-only warehouse club owned and operated by Wal-Mart Stores, Inc.

Nick said that the Town of Addison has always been supportive of their business and does a phenomenal job in helping businesses be successful.

The annual Garage Sale works well for Sam's Club.

The big question for them is "is beer and wine sales ever going to happen in Addison?"

He says a large part of Addison that uses his Sam's location travel north to purchase their beer and wine. Todd described the past history of the alcohol issue in Addison and the Charter Review process. The Town's Charter will be reviewed in 12 to 24 months and that is the time this item will be discussed.

They have worked out their differences with Dukes and he says it will be a great partnership in the future. Nick has been at the Addison location for 1 year and the manager at Dukes has only been there a short time, so the relationship has improved considerably.

They invite all of their employees and families to their parking lot to view KaboomTown. They have other functions in Addison for employees usually at a restaurant and occasionally they have training at their location for area Sam's Clubs.

An obstacle they are facing is how to attract more of the Addison businesses to shop at the Addison Sam's.

Summerfield Suites

4900 Edwin Lewis Drive

Addison, TX 75001

(972) 661-3113

Financial Impact to Addison: \$300-400k

This is a limited service hotel with 132 suites and 1840 square feet of meeting space

Councilman Jimmy Niemann and Bob Phillips met with Jennifer Young, General Manager, at 3:00 pm on March 26, 2008.

They are owned by Island Hospitality. This property is scheduled for a complete renovation of all sleeping rooms and lobby area sometime after the first of 2009. They are very excited about this.

They enjoy being in Addison.

Most of their business is corporate without too much convention business.

Their main competition is the Homewood Suites.

They are focusing on obtaining more of the extended stay business.

They do a grocery shopping service for guests if they will be staying a few days.

They agreed to hand out the Town's survey (for branding campaign) to their guests

Titlestar Mortgagee Services

15000 Surveyor Blvd

Addison, TX 75001

(972) 341-0506

Financial Impact to Addison: \$100-200k

Their line of business is information retrieval services.

Todd Meier and Bob Phillips called on Abbe Patton, Executive Vice President, at 9 am on Tuesday February 12, 2008.

They utilize 50,000 square feet at this location with 300 employees and another 30,000 square feet with 200 employees across the street. They built out the space in the existing building when they moved to it in 1998.

They recently took out another 5 year lease on the buildings. We asked them to let us know how we can help them decide to stay in Addison when their lease is up

Their offices have high security because their business deals with legal issues of home foreclosures across the country. They use off duty Addison Police officers for help with their security. They have never had a violent occurrence.

Our police department will walk through and point out any security issues and our fire department gives their employees training for the new gas system they put in.

They use the Hilton Garden Inn for some of their functions as well as over night stays for out of town clients. They also use our conference centre for their Christmas luncheon. If they grow much more in employees they might have to look for another place for the luncheon or have two separate events at the conference centre.

They also use Jaxx and Ferraris for luncheon meetings.

She said that Addison does good job keeping the city clean. They really like Addison's location so close to Love Field and DFW as well as Addison Airport.

Council Agenda Item: #R9

SUMMARY:

Staff recommends that the Council approve final payment totaling \$10,564.16 to American Landscape Systems, Inc. for landscape renovation and tree replacement planting in various parts of town.

FINANCIAL IMPACT:

Budgeted Amount: **\$134,000.00**

Cost: **\$105,641.60**

Project Manager: Slade Strickland

This project was a budgeted item in the parks operations budget.

BACKGROUND:

The work at each site consisted of the following:

1. Esplanade Park - \$49,955.25 – The improvements involved refurbishing all decomposed granite pathways, replanting empty planter beds with ground cover, replacement of missing trees lost to disease problems, and transplanting crape myrtles on one end of the park that were overcrowded by nearby shade trees.
2. Addison Circle District Missing Tree Replacements - \$21,875 – 25 trees were planted in various locations in street tree wells where trees were missing.
3. Addison Athletic Club and Fire Station II - \$23,088.25 – Groundcover and shrubs were planted in the front yard of the Athletic Club and Fire Station II buildings to fill in bare areas where grass was gradually lost to shade.
4. Les Lacs Drive Right-of-way – \$10, 723.10 - Ground cover was planted at the base of the newly constructed screening wall, and trees were planted to replace old Bradford Pears that needed removing.

RECOMMENDATION:

The contractor completed the project in a satisfactory manner. Staff recommends approval.

Council Agenda Item #R10

SUMMARY:

This item is consideration and approval for the City Manager to enter into a professional service agreement between the Town of Addison and Gershman, Brickner & Bratton, Inc. (GBB) to conduct a recycling study for commercial businesses, multi-family, and special events.

FINANCIAL IMPACT:

Contract Amount: \$69,000

The Public Works Department has funding in the fiscal year 2007-2008 Street Funds to undertake this study.

Project Manager: Lauren Clark

BACKGROUND:

Currently the Town only offers recycling to single-family residences. Staff has contacted GBB of Virginia to conduct a recycling study to address sustainability, and the recycling needs of commercial businesses, multi-family units, and special events. GBB came recommended by North Central Texas Council of Governments and has worked with the following Texas cities to address their solid waste management and recycling needs: Arlington, Carrollton, Corpus Christi, Denton, Frisco, Fort Worth, Houston, Lewisville, and Plano. Additionally, GBB has gained national attention for their greening commitments and is currently on assignment with the EPA through the creation of various programs.

GBB will provide the Town a final feasibility report of the combined recycling program creation. This report will include up to four (4) recycling program scenarios, estimated associated costs, and list of pros/cons for each scenario. This study should be complete in October 2008 with a GBB presentation (PowerPoint) of their findings to Council.

RECOMMENDATION:

Staff recommends approval authorizing the City Manager to enter into a contract for \$69,000 with Gershman, Brickner & Bratton, Inc. for a professional study of commercial business, multi-family and special event recycling.

ATTACHMENTS:

Attached is GBB's professional service proposal and service contract.



SOLID WASTE
MANAGEMENT
CONSULTANTS

June 4, 2008

Ms. Lauren B. Clark, Management Assistant
City of Addison, Public Works Department
(via email)

Re: Recycling Program Study for Commercial/Multi-Family/Special Events

Dear Ms. Clark:

Thank you for the further information you provided on the City of Addison's desire to study the feasibility of creating commercial recycling programs for businesses, multi-family units and special events. Gershman, Brickner & Bratton, Inc. (GBB) is pleased to submit this proposal to assist the City of Addison in studying the creation of recycling programs and associated costs for these sectors. If desired by the City, GBB would be available to further assist in the implementation of programs to be created.

From the information provided by yourself and the City's Public Works Director during conversations with GBB staff, it appears that the City of Addison is currently budgeting for the studying of programmatic needs, possible structure, and assess potential costs of recycling programs for the commercial, multi-family, and special events sectors, with implementation of possible programs envisioned at a later time and with further funding. In addition, you indicated that the City may not be able to undertake all three sectors at once and is interested in a partial proposal for initial study of special events recycling only. While this may represent a smaller overall recycling program, some of the initial efforts of GBB staff in studying the creation of a program would overlap as the same tasks to be performed if all three sectors were studied at once. Thus, the consulting efforts and costs associated with special events-only programs should not be viewed as a specific portion of the larger proposal, but rather as a stand-alone proposal should you choose that option.

As a dedicated national solid waste management consultant, GBB has over 26 years of experience assisting primarily public-sector clients in planning and implementing solid waste management and recycling facilities and services. In particular, GBB has extensive experience in developing city or county commercial and multi-family recycling plans as well as special event venue recycling systems. GBB has provided solid waste management and recycling consulting services to many cities in Texas, including Arlington, Carrollton, Corpus Christi, Denton, Frisco, Fort Worth, Houston, Lewisville, and Plano. These experiences give us familiarity with the greater Dallas/Fort Worth area and the waste management milieu in the area.

Gershman, Brickner & Bratton, Inc.

8550 Arlington Boulevard, Suite 203
Fairfax, Virginia 22031-4620
(703) 573-5800 FAX (703) 698-1306
E-MAIL: gbb@gbbinc.com
Printed on recycled paper

Because our staff focuses exclusively on solid waste management, we have a depth of experience and understanding in this field typically not available in other consulting firms. Work for the City of Fort Worth, TX included planning and procuring collection and processing services for various solid waste and recycling streams. Utilizing internal workshops, GBB assisted in preparation of procurement documents, conducted a briefing and pre-proposal conference, and evaluated proposals received. GBB also provided the City with certain transition support services as the City implemented its new system of privatized services and waste management techniques that required adjustment by City residents, including: single-stream recyclables collection in carts, point-to-point collection of large bulky waste and brush, and conversion from "unlimited plastic bags" to roll-out carts for garbage storage and collection.

For nearby Plano, TX, GBB was involved in a multi-year, multi-task undertaking to upgrade private commercial waste and recycling collection systems and programs, saving the City an estimated several hundred thousand dollars per year. In addition, GBB provided technical, marketing, and public relations services to enable the City to develop and promote a successful commercial recycling program with a goal of increasing the City's commercial recycling diversion. GBB developed a campaign logo and slogan; "toolkits" containing case studies, fact sheets, program tips, etc. specifically targeted to six sectors (multi-family properties, office buildings, food service operators, retail operations, health care institutions, and hotels/motels); direct mail notification pieces; stickers and decals for recycling containers; staff training on providing technical assistance to businesses and institutions; publicity for the commercial recycling program (TV public service announcement, print advertising, cinema advertising); and promotional support and content assistance for the City to develop business recycling workshops.

GBB experience relevant to commercial and multi-family recycling includes:

- ✓ Benchmarking commercial and multi-family recycling practices in selected communities for County use in comparison of programs;
- ✓ Planning and development of commercial recycling programs including conducting a commercial recycling workshop for the jurisdiction and cost vs. benefit analysis;
- ✓ Evaluating the feasibility of a recycling program for a major national distribution company, including implementation assistance and educational materials/workshops; and
- ✓ Implementing online commercial recycling promotion and education through the use of SmartEngine™ software, allowing municipal staff and businesses to review waste generation and recycling practices at specific establishments and identify cost-saving opportunities.

One of GBB's current assignments involves assistance to the U.S. Environmental Protection Agency in greening events through on-site visits, local contractor research, program recommendations, and creation of proposed recycling plans. One facility assisted by GBB under this assignment has already received national attention for their greening commitments.

GBB experience relevant to special events recycling includes:

- ✓ the review of the waste and recyclables handling and recommended improvements for a major sports arena;
- ✓ the review of waste and recyclables handling and preparation of a recycling improvement plan at one of the nation's largest airports;
- ✓ the review of waste and recyclables management and recommended plan for one of the largest universities in the U.S.;
- ✓ assistance with the development of a greening initiative for a major national musical performer group with their management company; and
- ✓ reviews and evaluations of waste and recyclables management at other venues for special events, concerts, and performances for large audiences.

In studying the feasibility of creating a combined commercial/multi-family/special events recycling program and estimating associated costs for City of Addison, GBB's approach would include:

1. Meeting with City of Addison Public Works Department staff involved in planning, publicizing, and implementing waste reduction, recycling, and refuse removal programs and services for commercial and multi-family establishments;
2. Meeting with City of Addison Special Events Department staff involved in planning and implementing;
3. Obtaining information on local commercial business, multi-family, and special events numbers, types, and waste generation quantities;
4. Visiting selected commercial business establishments and multi-family housing complexes;
5. Attending and observing one or two specified special event(s), including set up, operations, take down and auxiliary services performed;
6. Examining City of Addison documents related to refuse and recycling programs and collections;
7. Reviewing information on local waste and recyclables haulers, contracts, costs, and services offered; and
8. Developing up to four (4) scenarios of recycling program formats and estimating associated costs.

A final written report of the combined recycling program creation feasibility would be developed, including: data and information compiled, up to four (4) recycling program scenarios envisioned, estimated associated costs, and a list of pros/cons for each scenario. In addition, GBB staff would prepare a PowerPoint presentation highlighting the information in this report and attend a meeting of your choice to

Ms. Lauren B. Clark, City of Addison, TX
June 4, 2008
Page 4

present conclusions to key solid waste/recycling program decision-makers for City of Addison.

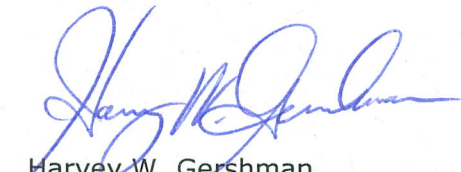
GBB proposes to provide the City of Addison with a draft report, a final report, and presentation of results, including possible program design options and associated costs through a contractual arrangement. GBB proposes to do this commercial/multi-family/special event work for a fixed fee of \$69,000. (Special Event-only work is proposed for a fixed fee of \$25,000, based on effort overlaps previously indicated.) Payment for services rendered would be on an agreed upon schedule. The basis for our costs in this combined program is attached for your reference as well as information on GBB's experience with similar projects.

A carefully designed combined recycling program created by GBB for Addison's businesses, multi-family complexes, and many special events, would assist Addison residents and visitors in reducing the amount of waste sent to area disposal, increase the city's recycling percentage, and continue to showcase Addison's continued commitment to sustainability.

In summary, we are confident we can provide a valuable service to the City of Addison, and we look forward to your consideration of our resources. If you have any questions or need additional information, please contact Michelle Minstrell or me at 800-573-5801.

Sincerely,

Gershman, Brickner & Bratton, Inc.



Harvey W. Gershman
President

Enclosures

cc: Michelle Minstrell

PROJECT COST ESTIMATE

ADDISON, TX

COMMERCIAL/MULIT-FAMILY/SPECIAL EVENTS RECYCLING PROGRAM STUDY

Professional Labor, Support Labor, and Expense Estimates

Professional Staff Labor				Data Collection		Data Analysis		Options Development		Report & Presentation		Project Totals	
Number of Professional Staff (up to 10)----				Task 1	Task 2	Task 3	Task 4	Total	Total				
Last Name	Title	Rate	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	
1) Gershman	President	\$205.00	4	820	4	820	4	820	2	410	14	2,870	
2) Bernheisel	Vice President	\$153.00	8	1,224	8	1,224	8	1,224	8	1,224	32	4,896	
3) Eldridge	Sr. Project Manager	\$131.00	40	5,240	24	3,144	24	3,144	36	4,716	124	16,244	
4) Minstrell	Project Manager	\$114.00	124	14,136	40	4,560	24	2,736	48	5,472	236	26,904	
5) Callen	Principal Associate	\$140.00	8	1,120	16	2,240	8	1,120	4	560	36	5,040	
6) Daniel	Consulstant II	\$87.00	20	1,740	16	1,392	8	696	8	696	52	4,524	
			0	0	0	0	0	0	0	0	0	0	
Professional Staff Totals			204	\$24,280	108	\$13,380	76	\$9,740	106	\$13,078	494	\$60,478	
Percent of Total Budget				82%		100%		100%		81%		88%	

Support Staff Labor

Support Duty		Task 1	Task 2	Task 3	Task 4	Total	Total		
Rate	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	
Administrative Secretary/Word Processor	\$50.00	10	500	-	-	20	1,000	30	1,500
Support Staff Totals		10	\$500	0	\$0	0	\$0	20	\$1,000
Percent of Total Budget			2%		0%		0%		6%
Percent of Professional \$			2%		0%		0%		8%

Expenses		Task 1	Task 2	Task 3	Task 4	Total
Rate	Cost	Cost	Cost	Cost	Cost	Cost
Travel	4,245				1,760	6,005
Delivery and Postage					25	25
Phone	50		15	15	25	105
Supplies					25	25
In-house Copies	100		25	25	100	250
Total Expenses	\$4,395	\$40	\$40	\$40	\$1,935	6,410
Fee on Expenses (10%)	440	4	4	4	194	641
Percent of Total Budget		16%	0%	0%	13%	10%
Percent of Professional \$		20%	0%	0%	16%	12%

		Task 1	Task 2	Task 3	Task 4	PROJECT TOTALS	
		Hours	Cost	Hours	Cost	Hours	Cost
TASK TOTALS		214	\$29,615	108	\$13,424	76	\$9,784
						126	\$16,207
						524	\$69,029

PROJECT COST ESTIMATE

ADDISON, TX

SPECIAL EVENTS RECYCLING PROGRAM ONLY STUDY

Professional Labor, Support Labor, and Expense Estimates

Professional Staff Labor				Data Collection		Data Analysis		Options Development		Report & Presentation		Project Totals	
Number of Professional Staff (up to 10)-----				Task 1	Task 2	Task 3	Task 4			Total	Total		
	Last Name	Title	Rate	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost
1)	Gershman	President	\$205.00	2	410	1	205	2	410	1	205	6	1,230
2)	Bernheisel	Vice President	\$153.00	2	306	4	612	4	612	2	306	12	1,836
3)	Eldridge	Sr. Project Manager	\$131.00	24	3,144	16	2,096	12	1,572	8	1,048	60	7,860
4)	Minstrell	Project Manager	\$114.00	40	4,560	16	1,824	16	1,824	16	1,824	88	10,032
5)	Callen	Principal Associate	\$140.00	0	0	0	0	0	0	0	0	0	0
6)	Daniel	Consultant II	\$87.00	8	696	0	0	4	348	2	174	14	1,218
					0		0		0		0	0	0
Professional Staff Totals				76	\$9,116	37	\$4,737	38	\$4,766	29	\$3,557	180	\$22,176
Percent of Total Budget					81%		100%		100%		69%		85%

Support Staff Labor

Support Staff Labor			Task 1	Task 2	Task 3	Task 4	Total	Total	
Support Duty	Rate		Hours	Cost	Hours	Cost	Hours	Cost	
Administrative Secretary/Word Processor	\$50.00		4	200	-	-	10	500	14 700
Support Staff Totals			4	\$200	0	\$0	10	\$500	14 \$700
Percent of Total Budget				2%		0%		10%	3%
Percent of Professional \$				2%		0%		14%	3%

Expenses		Task 1	Task 2	Task 3	Task 4	Total
	Rate	Cost	Cost	Cost	Cost	Cost
Travel		1,760			880	2,640
Delivery and Postage					25	25
Phone		25				25
Supplies		10			10	20
In-house Copies		25	10	10	50	95
Total Expenses		\$1,820	\$10	\$10	\$965	2,805
Fee on Expenses (10%)	10%	182	1	1	97	281
Percent of Total Budget			0%	0%	21%	12%
Percent of Professional \$			0%	0%	30%	14%

		Task 1	Task 2	Task 3	Task 4	PROJECT TOTALS	
		Hours	Cost	Hours	Cost	Hours	Cost
TASK TOTALS		80	\$11,318	37	\$4,748	38	\$4,777
						39	\$5,119
						194	\$25,962

Selected GBB Commercial and Multi-Family Recycling Project Experience

Commercial Recycling Benchmarking Survey

(Fairfax County, VA)

GBB conducted a benchmarking survey of six jurisdictions for practices in commercial and multi-family recycling to compare with those in Fairfax County. The communities were chosen jointly by GBB and the County, as follows: the City of Virginia Beach, VA, the District of Columbia, the City of San Jose, CA, Montgomery County, MD, Westchester County, NY, and Palm Beach County, FL. The six communities were researched via internet, phone interviews and email correspondence. The data collected for each community included ordinances, solid waste regulations, information provided to citizens and businesses, local hauler guidelines and requirements and operational data from staff. The information collected was summarized in an Excel spreadsheet and presented to the County for final review and approval.

Commercial Recycling Program Development and Implementation Assistance

(Metro Waste Authority, Des Moines, Iowa)

GBB planned and developed a variety of local commercial recycling programs and conducted a commercial recycling workshop for the Authority. GBB's responsibilities included conducting waste audits, preparing recycling plans with cost vs. benefit analysis, and developing and participating in a Regional Commercial Recycling Workshop.

Program Planning Assistance for In-House Office Recycling Program

(Marriott Corporation)

GBB staff met with members of Marriott's procurement department at their Rockville corporate headquarters to discuss how in-house recycling programs could affect overall solid waste management costs and enhance Marriott's corporate image. Staff provided Marriott with sample employee outreach materials and provided program planning assistance, including suggestions on container selection, collection mechanisms, market arrangements, and employee education. To announce the kick-off of the program, GBB prepared a 15-minute slide presentation and participated in several employee training sessions.

Implementation of SmartEngine™ Online Business Promotion and Waste Audit Tool

(Solid Waste Authority of Central Ohio (SWACO))

The Solid Waste Authority of Central Ohio (SWACO), a regional solid waste management agency that includes the City of Columbus and Franklin County, is working to reduce the amount of paper disposed of in central Ohio landfills by 20,000 tons in an effort to meet its mandated waste reduction goal of 25 percent. Gershman, Brickner & Bratton, Inc. (GBB) provided solid waste management consulting support to advance public awareness and document the potential financial benefits of recycling within the workplace environment for local businesses.

GBB, in association with Internet technology firm WasteBid.com, Inc. (WasteBid), is assisting commercial business facilities in the region by providing the SmartEngine™ as part of an innovative Internet-based recycling promotions outreach. GBB/WasteBid developed a specific database and web-based communications tool to allow the review of company-by-company waste generation data, current waste collection practices and costs, and current levels of onsite recycling. The project team integrated the initial business information and local services offered by regional recyclers and waste collection companies into WasteBid's evaluation tool, the patented "SmartEngine™."

The SmartEngine™ identifies cost-saving opportunities for each of the respective workplaces utilizing an extensive database of waste and recycling information developed from GBB's 20-plus years in the industry



and national databases. The goal is to ultimately provide all local businesses with online access to recycling enhancement information on a 24/7 basis through SWACO's Web site.

A real test of "man versus machine" was conducted with SWACO after the initial year of development of the SmartEngine™. For the next year, many business audits were conducted with the SmartEngine™ and others using the traditional in-person audits approach. Today, SWACO has curtailed the in-person audits and continues to support the use of the SmartEngine™, having renewed its subscription every year since the original development.

Evaluation of Collection Franchising for Commercial and Multi-family Service

(Arlington County, Virginia)

GBB, as subcontractor to Ecodata, Inc., assisted in evaluating the potential for Arlington County, Virginia, to implement a franchise collection system for commercial and multi-family waste, and possibly recyclables, in place of the existing private, open-market system serving those sectors.

GBB assisted in benchmarking selected communities throughout the nation with and without commercial and multi-family collection franchise to compare their rates, recycling diversion, administrative/enforcement personnel, community education budget, and other metrics to those in Arlington County. GBB also examined contract provisions and procurement processes and any special incentives and unique elements of their programs that influenced their effectiveness and/or costs and cost savings over their former collection arrangements. GBB helped prepare the report of these analyses and other recommendations for Arlington County's consideration.

Review of Recycling and Trash Collection Procedures

(Montgomery County, Maryland)

In 2007, Montgomery County, MD, selected GBB to review the County's recycling and trash collection procedures in the field and Division of Solid Waste Services' (DSWS) office. The collection operations managed by the County are performed by private service providers under contract to DSWS. GBB reviewed:

- Operations and management, including contract and reporting requirements, field contract oversight and quality control, reporting structure, asset management, customer service and work order system, and other customer communications;
- Collection equipment
- Recycling set-out quantities and rates
- High volume/emergency collection plans in case of localized and nationally declared disaster

GBB's final report provided recommendations for improvements to the curbside collection system, identifying the potential benefits to the County and supported these by the use of benchmark data from other communities. Each recommendation addressed both positive and negative aspects, including cost and scheduling issues, of implementing them.

Comprehensive Planning and Procurement Services

(City of Fort Worth, Texas)

GBB assisted the City of Fort Worth, Texas, in planning and procuring collection and processing services for the various solid waste and recyclables streams generated by the 150,000 single-family and duplex residences and over 1,600 of the smaller selected businesses in this City of approximately 535,000 population. In addition, GBB helped the City to procure a lessee/operator for its Southeast Landfill and secure long-term disposal services for the portion of the City's waste that cannot be recycled and/or processed for beneficial use. GBB initially evaluated the City's needs and identified strategies to (1) maximize diversion to recycling, (2) improve waste and recyclables management, and (3) lower costs to waste generators and increase revenues to the City.



GBB held internal workshops with the City and organized a diverse team, representing several City departments, for the comprehensive procurement of solid waste and recyclables management services under an aggressive schedule set by City Council. GBB prepared the procurement documents (a draft RFP for public comment and a final RFP), conducted a briefing for potential contractors prior to the procurement, and held a pre-proposal conference with potential contractors shortly after issuance of the final RFP. As a result of the extensive outreach process to the contracting community, in advance of and during the procurement process, the City received several competitive proposals for services and the lease and operation of its Southeast Landfill.

GBB assisted the City in evaluation of proposals and negotiation of long-term contracts with multiple contractors. It is anticipated that the City will obtain significant savings over its current system costs, which includes both City-provided and contractor-provided services, and will realize substantial revenues in the form of lease rentals and royalties.

GBB provided the City with transition support services as the City implemented its new system of privatized services and waste management techniques that will require adjustment by City residents. These include single-stream recyclables collection in carts, point-to-point collection of large bulky waste and brush, and potential conversion from “unlimited plastic bags” to wheeled carts for garbage storage and collection.

Collection and Disposal Options Review, Contracts Review, Contractor Audit, and Franchise Agreement Development and Negotiations

(City of Lewisville, Texas)

GBB was hired by the City of Lewisville, Texas, to review the City’s franchised collection and disposal system and current contracts, and to perform an independent audit of their collection and disposal contractor franchisee, Waste Management of Texas, Inc. GBB met with City representatives, obtained and reviewed relevant documents and data, observed solid waste management activities and conditions in Lewisville and the general area, researched the solid waste collection and disposal market in the area and gathered and reviewed data on pricing, disposal capacity, competition, service arrangements, and other relevant data. In addition, GBB reviewed the City’s franchise ordinance, its host community agreement, and contractor agreement for solid waste and recycling collection, hauling and disposal.

Based on documents and data collected and reviewed, and research, field observations, and meetings in Lewisville and the Lewisville area, GBB prepared a Summary Evaluation Report identifying and discussing options, including strategy and schedule, that could be pursued by the City of Lewisville to provide for increased revenues, cost savings, or both, in its solid waste collection and disposal services and its agreements with its solid waste collection and/or disposal services providers. GBB also provided the City with its audit findings in a separate draft Contractor Audit Report. GBB was then retained by the City to assist in developing an amended host community agreement and new franchise agreement and pricing structure and assisting the City in negotiating new business arrangements with its franchised collector/disposal service provider. GBB led negotiations and assisted the City in reaching terms and business arrangements that have resulted in a combination of substantial savings and additional revenues to the City. GBB continues to conduct an annual review of the City’s franchise collector and the City’s revenues and savings under a continuing agreement with the City.

Review of Solid Waste Services and Administration with Route Optimization

(City of Chattanooga, Tennessee)

GBB provided consulting services to the City of Chattanooga, Tennessee for its solid waste management system. Chattanooga is the fourth largest city in Tennessee and has approximately 65,500 households. GBB reviewed City Solid Waste Services and Administration for the purpose of understanding its operations and costs and identifying strategies for future consideration. Specific assignments included review of the solid waste and recycling marketplace within a 200-mile radius to identify opportunities and business relationships for the City to consider, and the development of a full cost accounting model for the City.



Additionally, GBB conducted meetings with City elected officials and management to discuss trends in solid waste management, with an emphasis on concerns that needed to be taken into account in developing alternatives; reviewed City and State regulatory and ordinance status and possible changes for the future; benchmarked City Services in comparison to other similarly sized cities; and identified strategies for the City to consider, including an outline of resources needed to implement and a timeline to accomplish changes suggested and potential cost savings. One recommendation was for implementation of a call-in system for collection of bulk waste using boom crane trucks.

Based on GBB's recommendations, the City purchased FleetRoute™ route optimization software for its residential garbage collection and "Trash Flash" services and dedicated in-house resources to route optimization. After data setup and a five-day training session provided by GBB, the City staff started generating new optimized routes for its residential garbage collection route (combination of automated and non automated routes), using FleetRoute™'s high-density residential routing functionality. The City is also using FleetRoute™'s Point-to-Point routing functionality, on a daily basis, to create optimized routes for its "Trash Flash" on-call collection service offered to residents to remove, by appointment, large, bulky items such as furniture, appliances, mattresses, hot water heaters, BBQ grills, old carpet, etc.

The City also purchased and implemented the Automated Route Updater module in order to keep routes maintained on an ongoing basis by interfacing with its customer service or billing systems and adding and removing customers as the customer base grows. As a result of the evaluation and recommendations by the GBB team, Chattanooga could save several million dollars a year over what it had been spending for its solid waste collection system.

Solid Waste Collection, Disposal and Recycling Options/Assets Strategic Plan

(City/Parish of Baton Rouge)

The City of Baton Rouge, Parish of East Baton Rouge (City/Parish) (population of approximately 415,000) provides a broad array of solid waste management services to approximately 120,113 residences. The City/Parish spans 472 square miles. These services are governed by the Metro Council and managed through the City/Parish Department of Public Works.

The Metro Council decided that solid waste management services for collecting residential garbage and recyclables, and processing of recyclables would be bid out. GBB conducted a thorough assessment of solid waste collection, disposal and recycling options/assets in order to prepare for this process. The Strategic Plan developed and presented to the City/Parish provided critical information needed for decision-making and guided the City/Parish toward a balanced waste and recyclables management system.

GBB's overall objective was to identify alternative administrative, operation and business arrangements that could maintain or reduce the annual level of City/Parish expenditures on managing solid waste, while allowing for upgrades in service to increase efficiency and maximize diversion.

GBB assisted the City management in reviewing the program options available and making recommendations. A selection of specific options was made by the Director of Public Works and endorsed by elected officials and the public. GBB also assisted the City/Parish in the implementation of the selected service changes and strategy through production of bid specification(s) and managing the complex bid process to the point of contract signing by the winning contractor(s). The results of the process were increased service levels and overall cost savings for solid waste management.

Assessment of Business Opportunities in Developing Material Recycling Facilities

(Confidential Client)

For a private company, GBB assessed business opportunities in materials recovery facilities (MRFs). The types of materials and their proportional quantities expected currently and in the future were presented,



based on GBB's database of results from existing programs. End user market specifications were assessed to determine the sorting and other upgrading processes required.

Contractual agreements for providing MRF capacity to local government-sponsored recycling programs and marketing strategies were described. Institutional and economic issues to developing an all-private merchant MRF were outlined, with a recommended approach to overcoming them.

Recycling Planning and Waste Reduction Assistance

(Johns Hopkins Health System)

GBB prepared a Waste Reduction and Recycling Plan for the Johns Hopkins Health System, a 2.5 million square foot health care facility with over 10,500 employees. GBB assessed existing waste handling practices to determine quantities and composition of the waste stream. GBB developed preferred reduction and recycling programs; performed a cost-versus-benefit analysis; and located markets for recyclables. A promotional plan was developed which included strategies for identifying the informational/motivational needs of the target audiences, using existing promotional materials to spread the word about recycling, encouraging participation through appointing volunteer recycling coordinators, and assessing program effectiveness.

Waste Stream Audit and Recycling Planning

(St. Cloud Hospital, St. Cloud, Minnesota)

GBB conducted a waste audit at the hospital to identify the existing waste composition in order to gather data about the types and quantities of materials available to include in comprehensive waste reduction and recycling programs. The current waste stream in terms of total quantity and estimated composition was identified. Materials that have the potential to be recycled or reduced in volume were specified. A limited recyclables market analysis was performed. Finally, projected quantities of materials that can be recycled or reduced, based on certain circumstances, such as availability in the waste stream, potential recovery rates, and market conditions.

Recycling Program Feasibility and Implementation Assistance

(U.S. Postal Service, Northeast Region)

GBB conducted regional recyclables market and waste management alternative surveys; developed procurement documents for removal, processing, and sale of recyclables; conducted waste audits and facility walk-throughs on numerous major mail processing facilities to determine constraints of establishing recycling programs; and developed narrated slide presentation to educate Postal Service Division Managers on the development of sound waste management practices.

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Toll Free: (800) 573-5801
www.gbbinc.com
E-mail: gbb@gbbinc.com*



Council Agenda Item: #R11

SUMMARY:

This item is to award a contract to Reliable Paving, Inc. for Miscellaneous Pavement Repairs to various streets.

FINANCIAL IMPACT:

Budgeted Amount: \$200,000

Contract Amount: \$146,278.42

This project is funded for 2007-08 in the Street Operations Budget, with \$50,000 coming from the General Services Budget.

Project Manager: Robin Jones

BACKGROUND:

On an annual basis the Street Division contracts the removal and replacement of failed concrete pavement on various Town streets. This project is designed to repair pavement failures on Kellway Circle, Beltway Drive, Winnwood Road, Celestial Road and at the Addison Service Center. On June 16, 2008 bids were opened for Miscellaneous Pavement Repairs; Bid # 08-18. The Town received five bids. The low bid (\$146,278.42) was from Reliable Paving, Inc. Reliable has not worked for the Town before, but has successfully completed similar pavement repair projects for other communities.

RECOMMENDATION:

Staff recommends awarding this contract in the amount of \$146,278.42 for Miscellaneous Pavement Repairs to Reliable Paving, Inc.

#R11

Misc. Pavement Repairs

BID NO 08-18

DUE: June 16, 2008

10:30 AM

BIDDER	Signed	Bid Bond	Bid Total
Admiral Construction Co.	Y	Y	\$ 227,084.22
Jim Bowman Construction Co. LLP	Y	Y	\$ 172,115.17
McMahon Contracting, LP	Y	Y	\$ 153,898.80
Reliable Paving, INC	Y	Y	\$ 146,278.42
Smith Contracting, INC	Y	Y	\$ 305,104.76

Matthew E. McCombs

Matt McCombs, Management Analyst

Katie H. Roller

Witness

Council Agenda Item:#12

SUMMARY:

This item is to award a contract to N.G. Painting, L.P., in the amount of \$76,000.00 for painting of the two ground storage reservoirs.

FINANCIAL IMPACT:

Contract Amount: \$76,000.00

Funds are available in the FY 2007-2008 Utility Fund.

BACKGROUND:

The 20-year old six million gallon concrete storage tank at Celestial and the 30-year old two million gallon concrete storage tank at Surveyor have not been painted and sealed since they went into service. Cracks and chipping have been occurring over the years and will need to be sealed and painted to prevent further damage that can directly affect the water quality.

On June 16, 2008 bids were opened for Ground Storage Reservoir Painting; Bid # 08-17. The Town received five bids of which three qualified. The low bid (\$76,000) was from N.G. Painting, L.P. who has not worked for the Town before but has successfully completed many similar painting projects.

RECOMMENDATION:

Staff recommends awarding this contract in the amount \$76,000.00 for painting and sealing of two ground storage reservoirs to N.G. Painting, L.P.

#R12

GSR Painting
BID NO 08-17
DUE: June 16, 2008
10:00 AM

BIDDER	Signed	Bid Bond	Bid Total
McCarter - Aldridge	Y	Y	\$ 86,500.00
NG Painting	Y	Y	\$ 76,000.00
Jonsco Inc	Y	Y	\$ 96,720.00
Sanford & Son	Y	N	\$ 17,700.00
RDS Enterprises	N	Y	\$ 48,500.00

Matthew E. McCombs

Matt McCombs, Management Analyst

Katie H. Roller

Witness

Council Agenda Item: #R13

SUMMARY:

Consideration and approval of award of bid to Progressive Roofing for the re-roofing of the Surveyor Pump Station in the amount of \$29,569.00.

FINANCIAL IMPACT:

Budgeted Amount: \$ 20,000.00
Cost: \$ 29,569.00

Funds are available in the Utilities Fund.

BACKGROUND:

As part of the 2008-09 fiscal year facilities maintenance projects, funds were budgeted for the evaluation and possible replacement of the Surveyor Pump Station roof. Our budget amount was estimated last fiscal year. Amtech Roofing Consultants (sub-consultant under Building Solutions) evaluated the roof this fiscal year and estimated replacement at \$25,800. The increase over Amtech's estimated budget amount is directly related to increased material costs.

This project was bid out last month. Staff was not satisfied with amount of vendor response and associated bid amounts to recommend award of the project. Council approved rejection of bids. Staff and project consultants re-evaluated the specifications and re-specified with alternative roofing systems and aggressively pursued vendor participation which has resulted in a favorable bid response.

Eight vendors participated in the pre-bid conference with six vendors submitting bids. The low bid is \$29,569.00.

RECOMMENDATION:

Staff recommends award of bid to Progressive Roofing in the amount of \$29,569.00.

Attachments: Bid Tab
Amtech Recommendation

#R13

Roof Replacement - Pump Station

BID NO 08-16

DUE: June 16, 2008

2:00 PM

BIDDER	Signed	Bid Total
Progressive Roofing	Y	\$ 29,569.00
Roof Management Services, Inc	Y	\$ 33,399.00
DK Haney Roofing	Y	\$ 42,394.52
Kpost Co	Y	\$ 39,228.00
STAR Roofing	Y	\$ 40,787.00
Benco	Y	\$ 42,000.00

Matt McCombs, Management Analyst

Witness

June 17, 2008

Mr. Layne Court
Building Solutions
9401 LBJ Freeway - #400
Dallas, Texas 75243

RE: Town Of Addison Bid Recommendation

Dear Mr. Court;

With regards to the bid opening held yesterday, the low bidders are Alpha Applicators for the Theatre and Progressive Roofing for the Pump Station. We have discussed the bid amounts with both companies and find that they are comfortable and ready to enter into a contract with the Town of Addison. We have worked successfully with Progressive and the references from Alpha are good.

We therefore formally recommend that the Town of Addison enter into a contract with each of these companies for the re-roofing of the Theatre and the Pump Station.

I hope that the above proves helpful and ask that you contact me or my associates with questions on this or other roofing and building envelope matters.

Sincerely,

AMTECH BUILDING SCIENCES, INC.



Michael D. Blanchette, RRO, RRC, FRCI
Vice President

Council Agenda Item: #R14

SUMMARY:

Consideration and approval of award of bid to Alpha Applicators, LTD., for roof repairs to the Addison Theatre Centre in the amount of 76,395.00.

FINANCIAL IMPACT:

Budgeted Amount: \$ 75,000.00
Cost: \$ 76,395.00

Funds are available in the Theatre Centre Budget.

BACKGROUND:

As part of the 2008-09 fiscal year facilities maintenance projects, funds were budgeted for the evaluation and repairs to selected areas of the Theatre Centre roof. Due to the possible restructuring of this site/ facility, the evaluation was done in sections. The budget amount was estimated last fiscal year. Amtech Roofing Consultants (sub-consultant under Building Solutions) evaluated the roof this fiscal year and estimated repairs for the selected three areas at \$60,000.

This project was bid out last month. Staff was not satisfied with amount of vendor response and associated bid amounts to recommend award of the project. Council approved rejection of bids. Staff and project consultants re-evaluated the specifications and re-specified with alternative roofing systems and aggressively pursued vendor participation which has resulted in a favorable bid response.

An alternative roofing system to what is currently in place has been chosen for this repair project. The roofing system will be a sprayed polyurethane foam system that meets Energy Star and LEED reflectance and emissivity performance requirements (for low-slope roofs) and is approved by the Cool Roof Rating Council.

Four vendors participated in the pre-bid conference with two vendors submitting bids. The low bid is \$76,395.00.

RECOMMENDATION:

Staff recommends award of bid to Alpha Applicators, LTD., in the amount of \$76,395.00.

Attachments: Bid Tab
Amtech Recommendation

Roof Replacement - Theatre

#R14

BID NO 08-19

DUE: June 16, 2008

2:00 PM

BIDDER	Signed	Bid Total
Phoenix	Y	\$ 104,000.00
Alpha Applicators, LTD	Y	\$ 76,395.00

Matt McCombs, Management Analyst

Witness

June 17, 2008

Mr. Layne Court
Building Solutions
9401 LBJ Freeway - #400
Dallas, Texas 75243

RE: Town Of Addison Bid Recommendation

Dear Mr. Court;

With regards to the bid opening held yesterday, the low bidders are Alpha Applicators for the Theatre and Progressive Roofing for the Pump Station. We have discussed the bid amounts with both companies and find that they are comfortable and ready to enter into a contract with the Town of Addison. We have worked successfully with Progressive and the references from Alpha are good.

We therefore formally recommend that the Town of Addison enter into a contract with each of these companies for the re-roofing of the Theatre and the Pump Station.

I hope that the above proves helpful and ask that you contact me or my associates with questions on this or other roofing and building envelope matters.

Sincerely,

AMTECH BUILDING SCIENCES, INC.



Michael D. Blanchette, RRO, RRC, FRCI
Vice President

Council Agenda Item: #R15

SUMMARY:

For the City Council to consider approving a staff change within the Municipal Court

FINANCIAL IMPACT:

Revenue Budget Amount: \$N/A

Cost: \$8,500 (through September 30, 2008)
\$51,500 (full year's cost, beginning October 1, 2008)

BACKGROUND:

Prior to April 2006, the Addison Municipal Court staff included 3 full-time employees, warrant officer, part-time municipal court judge, part-time bilingual employee, and volunteer. With that level of staffing they were able to conduct their day-to-day duties and handle our Spanish speaking customers. Unfortunately, in April 2006 Raul Acevedo (Mark's father and Gretchen's husband), who was our interpreter for over four years, passed away. In addition, Jerry Wooldridge, the Court Volunteer of over ten years suffered a stroke in September 2007. These two individuals worked 20 hours to 35 hours a week and truly exemplified the Addison Way, and losing these two men in such a short amount of time created an emotional void and workload issues with the staff.

These positions were never replaced. Since that time, the Municipal Court has brought in other employees on overtime from the Police Department for data entry, bilingual assistance, and answering phones. With the increase in citations due to Police's full staff, the electronic ticket writers, the increase of window traffic, an increase in Spanish speaking customers, and the added court dockets, the Municipal Court staff is stretched to the maximum. This is especially true when a staff member is out due to illness, vacation, or training.

The Court is doing an extremely fine job with the staff available but they are behind in issuing warrants, filing, and collections. Since March of this year the Municipal Court operations was transferred to the City Manager's Office. Mario Canizares has spent some time in Courts to better understand their situation and workload. It has come to our determination that it is time to add a full-time staff person to their operation. Adding this person allows for the existing duties of all the staff to be re-arranged to better address the backlog and provide better services to our customers. Attached is a summarized report of Municipal Court, cost summary for the position, and job description. The cost above reflects salary and benefits of this position beginning August 1 through September 30. Funds are not available in the budget so a mid-year budget amendment would be required. The full annual cost for this position is \$51,400.

RECOMMENDATION:

It is recommended that the City Council approve this new position in Municipal Court

	Pay Grade	REGULAR HRS PPP	Hours 08/01-09/30	Hours per year	Hourly Rate	Annual Rate	ER MEDICARE (H*0.0145)	ER TMRS (H*0.1407)	ER DEF COMP (HA*0.04)	ER BCBS PPO EE+F, 496.06 Bi-weekly	ER DELTA EE+F, 35.58 Bi-weekly	Total compensation
	7	80		2080	\$14.39	\$29,931.20	\$434.00	\$4,211.32	\$1,197.25	\$12,897.56	\$925.08	\$49,596.41
	7	80	346.67		\$14.39	\$4,988.53	\$72.33	\$701.89		\$2,149.59	\$154.18	\$8,066.53
With 5% over minimum	7	80		2080	\$15.11	\$31,428.80	\$455.72	\$4,422.03	\$1,257.15	\$12,897.56	\$925.08	\$51,386.34
	7	80	346.67		\$15.11	\$5,238.13	\$75.95	\$737.01		\$2,149.59	\$154.18	\$8,354.87

**TOWN OF ADDISON, TEXAS
HUMAN RESOURCES DEPARTMENT – JOB DESCRIPTION**

Revised Date: June 2008

JOB TITLE/LEVEL: Municipal Court Clerk (07-N)
DEPARTMENT: City Manager's Office

CONTROLS AND SUMMARY

Under direct supervision of the Court Administrator to perform various clerical tasks in support of the activities and operations of the Municipal Court. Deadlines and priorities in work assignments are either set by the Administrator or are inherent in the task to be performed. Method of accomplishing assignments is at the discretion of the employee within established guidelines and procedures. Duties are of average difficulty and require some decisions and judgments about the approach or sequence of procedures to be used. Position requires regular contact with the public in situations that affect the accomplishment of the job at hand. Contact is usually structured and routine but may occasionally involve conflict and require considerable tact and judgment.

ESSENTIAL JOB FUNCTIONS

Processes complaints, judgments, and labels for every case filed; accepts payments of bonds and fines. Interviews and develops a detailed application on all defendants requesting a payment plan. Maintains files and records of payment agreements and contacts delinquent clients via telephone. Takes citizen complaints and sets court dates. Processes all mail. Sends final warning notices of payments due. Assembles and processes court cases; prepares court dockets; verifies documents necessary for each case; clears cases by posting fine payments or jail time; types miscellaneous documents, memos, and correspondence; prepares warrants and related documents for failure to appear in court. Logs Magistrate arraignments; schedules court dates and sends notification of scheduled dates to all parties involved; collects all required signatures on court documents. Monthly bond forfeitures and capias warrants. Inputs and retrieves various data on the computer; runs computer reports. Uses the Department of Public Safety-Failure To Appear program and the Texas Department of Transportation's Scofflaw program to assist in compliance. Serves as court interpreter for the Spanish Docket. Provides information to the public in person and by telephone. Maintains records and files. Reconciles cash drawer daily. Issues summons and subpoenas for defendants and witnesses. From time-to-time, incumbent may be assigned to perform extra job duties that are directly, indirectly or completely unrelated to their normal job functions in the course of presenting the designated special event(s).

OTHER JOB FUNCTIONS

Performs other related tasks as needed or directed by Court Administrator.

MINIMUM QUALIFICATIONS

Education – High school diploma or equivalent

Experience - Two years' clerical, cashiering, or customer service work experience. Prefer computer experience. Type 25 words per minute accurately.

Knowledge, Skills, and Abilities – Must be bilingual (English-Spanish). Considerable knowledge of general office procedures such as filing, bookkeeping, and records maintenance. Ability to understand and interpret court procedures and requirements. Verbal fluency, good grammatical and numerical skills. Ability to deal courteously and efficiently with fellow employees and the general public, and to exercise good judgment. Requires tact, diplomacy and the ability to handle stressful situations. Safe Driving Record. Clear criminal background check and clear pre-employment drug screen.

Certification - Valid Texas Driver's License.

ATTENDANCE REQUIREMENTS

Routine schedule is 40 hours per week, Monday through Friday. Schedule may be modified if department needs arise. May be required to work overtime if needed.

WORK ENVIRONMENT – PHYSICAL REQUIREMENTS

Sits for long periods at front desk, accepting monies and handling inquiries. Walks, stoops, bends, and twists to file records. Carries boxes of files and computer paper weighing up to 30 pounds. Works overtime hours when required. Incumbent is exposed only to those routine risks or discomforts that require normal safety precautions. Work is performed indoors but may involve limited exposure to outdoor weather conditions.

ADDISON MUNICIPAL COURT CASES FILED REPORT - FY07-08

	Oct	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Y-T-D	% Difference
Total Contacts														YTD from FY 07
Officer initiated Contacts with Charges:	1050	1141	937	1419	1298	1135	1453	1157					9590	
FTA issued:	-106	-19	-170	-219	-156	-140	-215	-28					-1053	
Total Contacts:	944	1122	767	1200	1142	995	1238	1129	0	0	0	0	8537	27%
Charges resulting from Officer's Contacts:														
City Ordinance	2	5	6	9	7	7	6	7					49	
Traffic	1136	1468	928	1419	1415	1198	1532	1505					10601	
Parking	112	86	59	192	157	147	137	158					1048	
State Law	163	73	236	299	227	201	277	106					1582	
FTA issued:	-106	-19	-170	-219	-156	-140	-215	-28					-1053	
Total Charges:	1307	1613	1059	1700	1650	1413	1737	1748	0	0	0	0	12227	38%
Warrants:														
Warrants issued	379	207	396	610	144	451	703	113					3003	-7%
Warrants served	306	189	231	316	453	328	337	305					2465	0.28%

TOTAL WARRANTS AS OF MAY 08	# WTS	# PERSONS	AMOUNT
ON FILE AT THE END OF THE MONTH	5133	1380	\$1,864,617.40
WARRANTS POSTED FY08	3003	1191	\$1,156,902.90

ADDISON MUNICIPAL COURT CASES FILED REPORT - FY06-07

	Oct	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Y-T-D	% Difference
Total Contacts														from FYE06
Officer initiated Contacts with Charges:	809	767	633	689	1078	1431	1092	1276	1152	1081	937	1189	12134	
FTA issued:	-179	-116	-107	-85	-97	-170	-146	-173	-166	-119	-124	-163	-1645	
Total Contacts:	630	651	526	604	981	1261	946	1103	986	962	813	1026	10489	15%
Charges resulting from Officer's Contacts:														
City Ordinance	6	17	2	1	9	4	3	8	6	6	2	10	74	
Traffic	672	705	576	602	946	1290	1005	1281	1137	1084	943	1219	11460	
Parking	124	108	59	116	232	275	145	184	148	162	98	123	1774	
State Law	240	175	185	140	144	232	212	217	231	189	183	238	2386	
FTA issued:	-179	-116	-107	-85	-97	-170	-146	-173	-166	-119	-124	-163	-1645	
Total Charges:	863	889	715	774	1234	1631	1219	1517	1356	1322	1102	1427	14049	17%
Warrants:														
Warrants issued	485	442	184	521	340	384	510	367	368	801	371	381	5154	17%
Warrants served	258	321	203	374	308	345	363	286	206	424	287	303	3678	20%