

## **Exhibit B**

### **FY 16 PCDC Budget Amendments Narrative As of 2.16.16**

#### **Summary:**

After all amendments are made, regular income increases \$462,263, expense increases \$223,017 and other incomes increase \$192,219. All amendments create a net income gain of \$431,465. Projected FY16 Net Income after amendments is \$1,025,645.

#### **Reserve Fund:**

The FY16 budget expenses \$620,000 toward the reserve fund balance and earmarks an additional \$509,219 out of other income for a total reserve fund balance anticipated of \$1,129,219. At the end of the year, the remaining non-encumbered funds are anticipated to be \$516,426.

***Note:** These amendments do not include the pending PCDC land sale of 4.42 acres in March that will generate \$731,600 in proceeds. Net income after expenses is estimated to be approximately \$377,000.*

#### **Amendment Details:**

7050 Tracking Point Sublease is adjusted to reflect actual revenues based on an executed three-year sublease contract with the PCDC for 15,320 square feet in 130 Commerce Center. During budgeting, the estimate was made based on best information available. *Note: Tracking Point originally leased 48,000 square feet for a five-year term, went into default in May 2015 and requested a smaller space as they reorganized the company. The Tracking Point lease agreement and the settlement agreement to recover incentives were approved by City Council in October 2015.*

7055 EOS North America – Increase in rental income for 2016 is the result of a new three-year lease agreement with PCDC for 44,680 square feet in 130 Commerce Center approved by City Council in October 2015.

11310 Main Street Lease – (former PCDC Headquarters) ended in October 2015, not September 2015, as originally anticipated. This is the last payment due on the contract.

11340 130 CC Lease (TP) – Amendment increases PCDC payments to cover costs of Common Area Maintenance (CAM) in the 130 Commerce Center LLC on 12,000 square feet. The PCDC had been paying rent on this space, but had not leased it and was inadvertently not paying CAM. In leasing the space to Tracking Point, the omission was discovered and has since been corrected going forward.

12115 Assistant Executive Director – Vacating position for remainder of 2016. Moving remaining funds to provide for Operations and Administrative Manager.

12140 Operations and Administrative Manager – Adding new position for remainder of 2016.

40300 Phase 2 – Increase to fund 1) drainage ditch repairs on unanticipated erosion caused by significant rains in 2015 and 2) Corps of Engineer requirements for establishment and long-term maintenance of a conservation easement in the 130 Commerce Center.

40900 Land Sale Expenses – Commission paid to realtor for the EOS of North America rental transaction. Commission was negotiated after the budget was approved.

40950 Landscaping Maintenance – Funds expended for maintenance and upkeep of rental properties, but \$45,000 specifically budgeted for PCDC's Hawaiian Falls property in Quarter 2.

69800 Medway Plastics – Project was approved by PCDC and City Council in October 2015 following adoption of the budget. Medway receives \$50,000 for relocation expenses in first quarter of 2016 after meeting all performance requirements in the agreement.

79300 City of Pflugerville / HF Tax – Sales Tax payments from the City of Pflugerville are contractual and include up to \$100,000 annually from sales tax derived from Hawaiian Falls transactions. Revenue decrease is based on updated information from the finance department – PCDC is not eligible due to a requirement for the Lease Holder to obtain a Certificate of Occupancy. Last year, the park operator had a Temporary Certificate of Occupancy, so these funds will not be released for 2015.

7005 Gain on Sale of Land – Land sale escrow remitted to PCDC on a land sale that was not executed.

7110 Other Miscellaneous Income – Machine shop equipment owned by the PCDC was sold to EOS of North America. *Note: Title on the machine shop equipment was transferred to the PCDC as part of the Tracking Point Settlement Agreement.*