

## Minutes of the Regular Board Meeting of the Gun Barrel City Economic Development Corporation

The Gun Barrel City Economic Development Corporation met in a regular Board meeting at the office located at 1720 West Main Street, Gun Barrel City, Texas, 75156 on Tuesday, August 21<sup>st</sup>, 2012 at 5 p.m. Webster called the meeting to order at 5 p.m. with the following directors present: Baade, Spiegel, Rankin and Cassady. A quorum was established. Sandy Janow arrived a few minutes late.

Citizens in attendance: Huddle House representatives Story Laird/Kent Co, Linda Wentworth/GM of GBC Huddle House, Director Jim Carr/Franchise & Development of HH, Director Al Harris/Area Franchise Development. Rusty Prentice/Director of Development/CP Homes, Tiffany Siefkas/Office Mgr./CP Homes, Connie Holubar/EDC PR consultant, Jack Thompson & Paul Sturiale/Orasi Development and Curtis Webster/GBC Mayor Protem & Council.

Mike and Shelia Huskisson/Tip Top Auto presented the board with gift certificates to Chili's. Steve Webster returned the gift certificates and explained to the Huskisson's that we were unable to except any form of gifts. The Huskisson's thanked the board for the assistance with purchasing equipment for their business.

Citizen's Comment: There was no line item designated for Huddle House presentation, but Steve Webster invited them to speak under the citizen's comment section.

HH representatives passed out an outline of things to review regarding the request from the Kent Company based in Midland, Texas who are the current owner and franchisee of Huddle House in GBC. Carr said a few months back Al Brinker, director of restaurant operations of Ken Companies, made a request for financial assistance to remodel, with an upgrade, the existing Huddle House in GBC. Carr informed the directors that currently Huddle House had experienced a pretty substantial impact with the opening of a direct competitor in the market. As a result, the sales of Huddle House (didn't have sales figure of direct competitor), but typically what we see in general is when we are in the market with the concept of breakfast, lunch and dinner segment, we are able to capture the bulk of the available market and the available business in that segment. When you bring in additional competitors it is likely that it's going to take whatever available dollars are and divide it by two.

Spiegel said you are saying the competition is breakfast segment, because the website said the competition is QSR family restaurant which have been here a long time. Carr said their direct competitors are in the breakfast, lunch and dinner family restaurant, which would be Denny's, IHOP, & Waffle House. Spiegel said not QSR even though your website says it is. Carr said there was an impact on the Huddle House with the entry of another direct competitor. For the last year and a half it has negatively impacted this unit to the tune of, on average, about a hundred thousand in losses for the Kent Company. And they can't continue to operate with those kinds of losses. Huddle House Inc. had put together a \$60,000 remodel estimate for major exterior enhancement and cosmetic interior improvement to seating, lighting and wall décor. In the past six months Huddle House had made some changes to the menu. Huddle House has started an aggressive remodel program about eighteen months ago. They have been successful in sustained sales increase between 10-30% at the remodel locations. The sales increase spiked up right after the remodel and continued on the same path on a monthly basis as well as doing a competitive and comparative analyst from the initial months after the remodel. They think the same thing would happen in GBC. Carr didn't have direct knowledge of this, but the EDC did have a precedence of providing financial assistance to other restaurant companies that are entering the GBC market. The Huddle House was hoping they could qualify for that precedence.

Item #1. Discuss and take action to approve the minutes of the special board meeting of July 10, 2012 and regular board meeting of July 17, 2012.

Spiegel made a motion to accept the minutes as written. Janow seconded. All directors voted 'aye'. Motion carried.

Item #2. Discuss and take action to approve the July 2012 financials.

Baade reported rates continued to be low at the banks. Sales tax revenue was up approximately 4%; last month was 7.2%. Rankin questioned the line item named Assisted Living which it is the Sugrue Senior Project and the balance in the Park Projects. Baade reported nothing unusual with the financials. Janow made a motion to accept the financials. Spiegel seconded. All directors voted 'aye'. Motion carried.

Item #3. Update from Rusty Prentice on Country Place Living./Baade

Rusty Prentice, Director of Development for CP Homes, gave the directors an update on the private pay assisted living homes to be built on a portion of the 92 acres. The plans were to build 24 units with each

unit being approximately 650-700 hundred square feet. Total square foot would be between 16,000-17,000 square feet. Prentice hoped to get the contract signed with the EDC in the next couple of months and move into design and development the next year. Water lines were ready for hookup, sewer would be installed once their design was approved and the roadway would be put in by the EDC once the construction work was done. They were looking into the Home Care market instead of a diabetic unit as previously planned. CP Homes would be the owners and operators of the project. This would give them time to locate investors. They have a property management company out of Dallas, Texas, Country Place Living, would run it, but would be working for CP Homes. At this time they were looking to purchase one lot, and after it was up and running they would like to expand, maybe on the other side of the city. Baade would continue working with Rusty to get the contract ready between CP Homes and the EDC.

Item #4. Discuss and take action on Fiscal Year 2012-2013 budget./Baade

Baade made a power point presentation of the draft for the 2012-2013 budget. Rankin asked if there were other ways to raise the EDC revenue other than sales tax. Webster said selling off land of the 92 acres would raise revenue. Currently there was nothing in this budget for a business park. Baade would revise the budget from the input he received. There was no action taken.

Item #5. Discuss and take action on an application fee to process loan documentation./Baade

Baade had applied for a grant that was handled as a revolving loan fund. As part of the grant it was required to submit a \$100.00 application fee. Given the fact the EDC does a background check on applicants, Baade thought it was a way to recoup a few dollars. The EDC attorney stated he thought the charge was legal, but didn't know of any EDC's that charged a fee. Thompson said that he knew Kennedale charged a point for origination fee, charged for attorney fees, and it came out to three or four percent, but the loan was for four hundred thousand. Thompson said it's just the cost of doing business. Baade didn't think it was fair to charge a big fee for small loans. Spiegel didn't have a problem with a twenty-five dollar application fee, but would have a problem with a higher fee. Webster said when they submit the application, they would pay the fee. After a general discussion on the cost of background checks it was suggested to pass along the cost of the background check to the applicant. Baade made a motion to charge a small fee of \$25.00 to all loan applicants. Spiegel seconded. All directors voted 'aye'. Motion carried.

Item #6. Discuss and approve new creative for the current billboard on Highway 175 (Spiegel).

Spiegel and Paul passed around two new billboard designs. Paul suggested dropping the word 'there' from the slogan of 'there's something for everyone' to read 'something for everyone'. This billboard would contain a picture of the EDC office. There was discussion about the content and color of the billboard. Rankin wanted something on the billboard to advertise the park, but wasn't sure if the baseball diamond was the right picture. Spiegel said at 70 mph, you had 14 seconds to view a billboard. Paul said if you are looking for the strength of either one, you really have 14 seconds, but the truth of the 14 seconds, somewhere between 2 and 4 are where people are really focused on. They will kind of drift in or out of it. So you've got about a 4 second framework to see a billboard. The cleaner the image, the easier it is to pick up within that space of time. On the other hand what is really important is not conveying a specific image; it's conveying that there are a lot of options and a lot of opportunity. Spiegel said the intention of the billboard was to inform the public that there were a lot of different things to do in GBC. Spiegel made a motion to select the billboard design that included five pictures and a green background. Janow seconded. All directors voted 'aye'. Motion carried.

Item #7. Update on PID

Thompson reported that Reordan, VP of Finance, had secured verbal commitments from all property owners involved in the creation of the PID for Heritage Cove and would continue working on written commitments from the property owners. There was no action taken.

Item #8. Discuss and take action on EDC Marketing.

A monthly report was submitted that outlined the progress on the Heritage Cove PID, Applebee's Restaurant, Huddle House, Movie Theatre, Billboards and the North Texas Expo. The EDC missed the deadline on the North Texas Expo, but hoped to attend next year. Spiegel was working on advertising over the internet. It would be an experiment in internet advertising and he would monitor the response. He had been contacted by Custom of America about having a car show in October.

Item #9. Executive Session:

1. Executive Session in accordance with Texas Government Code § 551.087, to discuss or deliberate the offer of a financial or other incentive to a business prospect that the Gun Barrel City Economic Development seeks to locate and/or

2. Executive Session in accordance with Texas Government Code § 551.072, to deliberate the purchase, exchange, lease, or value of real property.

The board convened into executive session at 6:46 p.m.

Item #10. Discuss and/or take action on Texas Government Code § 551.087, to discuss or deliberate the offer of a financial or other incentive to a business prospect that the Gun Barrel City Economic Development seeks to locate and/or

Texas Government Code § 551.072, to deliberate the purchase, exchange, lease, or value of real property.

The board reconvened into open session at 7:27 p.m.

Spiegel made a motion to make a loan to Huddle House for \$50,000 @ 2%, with a year's grace period. This would include a second lien on the property. Baade seconded. All directors voted 'aye'. Motion carried.

Board of Director Comments. None

The Gun Barrel City EDC reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by the Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) or 551.087 (Deliberations Regarding Economic Development Negotiations).

Adjourn: 7:35 p.m.

Approved by: \_\_\_\_\_  
Steve Webster, President

Attest by: \_\_\_\_\_  
Pat Cassady, Secretary