

Notice of Regular Board Meeting  
of the  
Gun Barrel City Economic Development Corporation

The Gun Barrel City Economic Development Corporation met in a Regular Board meeting in the Gun Barrel City Council Chamber located at 1716 West Main Street, Gun Barrel City, Texas, 75156 on Tuesday, February 17, 2015 at 5:00 p.m. Skains called the meeting to order at 5:00 with the following directors present: Osborne, Lyons, Rea, Damiano, Butler and Black. A quorum was established.

Citizens Comments: None

Skains: Before we go on I'd like to remove Items 5 & 6 from the agenda. We were expecting some information in that didn't come in today so this will have to be brought up in our next monthly meeting at the 3<sup>rd</sup> week of March. I guess I need a motion to remove those; Rita is that what you wanted?

Black: Do you want a motion to remove those?

Skains: I don't think you do.

Black: I don't know. Rita?

Damiano: Let's do it anyway.

Rea: I make a motion that we remove Item #5 & 6 from the agenda. Damiano seconded. Vote from my right. Black, Butler, Skains, Damiano, Rea, Lyons and Osborne voted 'aye'. Motion carried.

Item #1. Discuss and/or take action to approve the regular meeting minutes from January 20, 2015.

Black: David on page 2 there is one error. It's been corrected, but I just wanted to bring it up that there was an error and it's been corrected. It's just spelling. Otherwise I've looked over them and that's the only one I found.

Damiano made a motion to approve the minutes as corrected, Osborne seconded. Vote from my right, Black, Butler, Skains, Damiano, Rea, Lyons and Osborne all voted 'aye'. Motion carried.

Item #2. Discuss and/or take action on January Financials.

Damiano: Having checked the financials, all the accounts balance, the accounts are adequately secured if they are over a hundred thousand dollars, sales tax is on track for the year.

Osborne made a motion to take action to accept the January Financials. Butler seconded. Vote from the left. Osborne, Lyons, Rea, Damiano, Skains, Butler and Black voted 'aye'. Motion carried.

Item #3. Discuss and/or take action to extend contract with Stan Fernald/Johnson Monroe on EDC properties.

Skains: Stan has had the old city hall property listed for six months, is that right?

Stan Fernald: A little over six months. We started in June of last year then it expired on January 15<sup>th</sup>. So we've been off since that time frame.

Skains: We had invited Coldwell Banker with Curtis Webster to come, he declined. Stan is the other known commercial realtor in town. What commission of rate are we at with you?

Fernald: What's our initial rate on all three properties or next door primarily? Right now we are at \$375,000, which is \$260,000 an acre or \$6.00 dollars a square foot.

Damiano asked him to repeat the cost.

Fernald: \$375,000 is what we are asking for 1.44 acres.

Damiano: That's the old city hall property?

Fernald: That's correct.

Damiano: You have other properties that we have listed, correct?

Fernald: Yes, we have the 46 acres behind, well back behind the park and then we have Church Street which is 1.44 acres.

Damiano: Can you give me the asking price on both of those, please?

Fernald: \$225,000 for the 46 or 48.75 acres, that's roughly \$4,600 dollars an acre; For Church Street- 1.44 acres- \$150,000 dollars which is \$2.39 a square foot.

Damiano: How's it going?

Fernald: Very slowly.

Osborne: Stan, what has sold in the last six months if anything?

Fernald: Nothing has been on our books. You've got where CiCi's pizza is going in, but nothing has gone through the system, the MLS system that has sold. Everything is status quo.

Damiano: Stan can you give us a breakdown on activity on each piece of property, if any.

Fernald: The answer is really hard to say. I haven't had any direct inquiries in the last six months probably. I had some initial questions which always happen when you put a sign on a piece of property. But when we have vacant property there is no reason why people can't check in with the office and say I want to ask questions. They may ask other agents, call Coldwell Banker or anybody else and ask questions. We don't have a way of tracking that kind of information. The odds are very good; typically if there is a call into our office on commercial property it comes to me, because I'm the go to guy on commercial. I haven't had much activity at all.

Skains: What kind of marketing plan do we have for these properties? What are we doing to get the word out?

Fernald: What we did initially, of course we put them on Loop Net which is the primary and CoStar are the two primary network electronic media. Of course they are on MLS, but it doesn't do a lot of good. The biggest exposure we've got is signage particularly when you have frontage like this. That's because people are driving up and down the front, they see it. If there is someone that's interested in the property in Gun Barrel City or if they are interested in putting a business in Gun Barrel City they are going to drive the area or the broker, agent or representative is going to drive the area. As I stated earlier I have a list of the commercial agents in Dallas-email list-which I send out every six months or so. An update on what's here, try to draw some interest, been doing it for years but haven't gotten anything out of it. It makes people feel better that I'm sending it out. I occasionally get a request to be taken off of their list because they are not interested. The Dallas folks are really not interested in coming down on a relatively small basis unless they have a buyer that's looking in a particular area.

Skains: Speaking of signage, the sign that was over there, was that the EDC's sign?

Fernald: Yes we just put ours on top of it with permission.

Skains: The city saw fit to take it down because it was in some easement so we will have to get that put back up. It's still over there by the building; we will just have to dig new holes.

Fernald: When we first visited you wanted me to come up with some type of plan and I've been looking at that concept primarily for the property next door. The question comes up, can you divide it, because it's a large tract of land. When you look at other properties up and down the street occupying this amount of land, you are looking at strip centers. You look at the Sear's strip center, things along those lines. Henderson County Appraisal District has access to a pictorial program that's like Google Earth, but even better. At any event we can look at stuff from up above from any angle. It's larger than the Ranch House. So you say who is going to come in and do what with that property. You are probably looking at a developer of some sort, but who is going to buy and build a spec building or come in with something big, or whatever. My question comes up if we can sub divide it and create pad sites so you have a corner pad site that would be right for some kind of franchise facility or whatever. Then I think we have a little better opportunity of getting rid of part of it. But I don't know if y'all can do that.

Damiano: If we sub divide that, when you say restaurant, or you thinking fast food?

Fernald: I'm thinking anything that can come in that would like a corner property, but we also have to understand and accept the fact that the vast majority, all your business is Wal-Mart east. Hard to get anything coming this way; you've got this building pulled together, Sears, Heritage Cove a little bit, across the street, Liberty Square. You come down this area, get down the street a little bit, Keller Williams is a nice building, Schedules and then you got Safari. Then you've got auto places for sale, numerous auto places, you've got the Ranch House. The point being is as you go west it gets a little tougher. I'm not preaching to the choir, you guys know everything I'm saying. But I'm looking at it from a developer's standpoint. Who is going to come in and pay a relative premium price for what is a good piece of property, but not a great piece of property, and a hard one to build on at that size. One of the suggestions to consider and I talked to Linda in the beginning and she was asking me about Brawner Hall, do we leave it or take it down? I said leave it, it's not hurting anything. The more I look at it from a marketing standpoint visually; it is not an asset in my opinion. Visually you can't see how far back the property goes. You can't really tell a lot of things about it. If you are getting reasonable income on the property, I'm not privy to what all is going on, but getting some income to justify keeping it or the other side you can't afford to take it down, that's a whole other issue too. But from a marketing standpoint my suggestion would be to consider moving the property just to make it easier to visualize what is there.

Rea: So your opinion is if Brawner Hall was not there and there wasn't any hindrance to it and we weren't getting any income from it, it would make the property more attractive to a potential buyer if Brawner Hall were gone?

Fernald: It would be, in my opinion, easier for someone to visualize what is really there for them to use. They are not going to use Brawner Hall, that's going to be a tear down. It would be easier for a builder, developer, somebody to see what is there and what the opportunities might be. Experience has been in that world, yeah some people cannot see or are they going to assume that it goes back to Brawner Hall. There is a little confusion, but unless they call and find out and frankly the write up says Brawner Hall is to be removed, agents aren't likely to know that or read it properly.

Osborne: It would be better with it off.

Fernald: In my opinion it would be better with it off.

Osborne: Do you have a problem presenting this property over here with the aspect that it could be rezoned and replatted?

Fernald: I don't have a problem with suggesting it at all. I think it's something that needs considered; to replat it so you would have smaller pad sites which creates a little more value, particularly the corner, the other one lesser. I think we are overpriced at this time anyway.

Osborne: Why don't you do us a favor and give us a replat the way it would look in your eyes without Brawner Hall there. I think that would be good for us to have. I agree with you that Brawner Hall needs to go bye-bye. We've allocated the money in our budget to take it down; we've had a bid on from the people that took down the old city hall. It would present the property in a much better light.

Fernald: I think it would, it's just a better visual presentation and it will be easy. I get to David the idea on how we can split up the property so it looks and the square footage that is left. I would have had it but it was literally this morning I was staring at it and thought it really needs to come into two pieces. I just really didn't have the opportunity to do it. If I had thought about it a week ago it would have been easy. So it finally came to light looking at it.

Damiano: Personally I'm concerned about breaking it up. I don't think we need another fast food joint on the main drag. How many pieces of property about that size are on the main street right now? I'm thinking that's one of the last ones.

Fernald: The problem that we have on it, you all and everybody has is that there is not but three locations similar to this. Everything else has too much depth. The proposal is not to say definitively say that it has to be separated, but to offer the alternative to separate it. You can sell

the inside lot without selling the outside lot. You can sell the outside lot but it makes it a lot tougher on the inside lot, but it will give you some income. Or you can leave the whole thing open. We can present it three different ways very easily and that way you are not tied down to one thing. As far as who comes in and says they want to buy that corner, ultimately I suggest that if a fast food restaurant comes in and says I want to pay you for that corner and take it, you are not going to say 'no'. You might, I don't know, that's up to you all, but I suspect when an actual contract comes into play and you're setting there and someone says I want to do this. If there is a franchise and a good one and somewhat substantial, not somebody that's never been in this business and never done it before. If it's a legitimate deal you are going to look at it very, very hard. I would hope for somebody else and I don't frankly think a fast food is going to be the buyer of that location. I don't ever toss any idea away unless it's highly detrimental to the location.

Rea: You've been privy to some discussion about a Farmers Market going in on that piece of property. In your professional opinion, if a Farmers Market is operating on that piece of property, are we creating a hindrance in selling it?

Fernald: I don't believe so. I truly do not and I know that question has been asked of me and my opinion was then and it still is. If somebody comes in, and you know the routine, and makes an offer on a piece of commercial piece of property, it's at least a 90 day, normally 120 plus days feasibility study, etc.; more than ample time for decisions to be made on removing the property. If it gets serious and goes hard, rare if it goes hard, rare that it closes before 30 days. We can always put a stipulation in there saying 'hey'. If someone is really serious and they finish that feasibility study and we are moving up to that time frame and we see that they are really getting serious you may want to take a chance and say we are going to have to clear out the property. They are going to pull the trigger once the feasibility study ends. They want to get closed and get it under construction. Some of that is oriented toward time of year, how long it's going to take them to build, if they want to be open by x days, whatever. We are reaching that time of year where it's going to be too late for people to make it by summer time and therefore miss the market. I don't think it's a problem in having the Farmers Market open during the summer, getting traffic in and getting exposure. Frankly I like the concept.

Damiano: Is it automatically assumed by the retail chains that a city will negotiate or throw in concessions if they buy a piece of property in that city? Is it an assumption?

Fernald: Pretty much. They are going to try it anyway. They are going to ask for it anyway. In most cases and in today's world, yeah the larger chains are going to-. I have no idea whether you did anything for Chicken Express and those guys, but if you get a larger facility they tend to be able to say, 'if you want me here you are going to have to give me a break'.

Damiano: Would it make sense to market it that way? That there might be possibly, it's not a promise, just a possibility.

Fernald: I think it's a reasonable assumption that's already there especially when it's on by the Gun Barrel Economic Development Corporation. My thinking and maybe I'm just clouded by it, saying hey if these guys own it, they're going to want it. EDC's are for helping people bring business in and I would think they would be able to help us out on some kind of tax cut, give us grants or whatever it is. That would be my assumption.

Damiano: Well you just said something. Do they know who is selling it?

Fernald: Yes. It's listed on the MLS.

Damiano: So it's obvious who is selling it.

Fernald: It's out there as a seller. The seller is noted on MLS and therefore noted on everything we have out there on the website. If you prefer it not, then we have to look at a whole different thing.

Damiano: I think it's a good idea. That way it at least reinforces the idea that there might be some concessions.

Butler: What is the sales commission on the property percentage?

Fernald: 6%.

Butler: Would you be willing to negotiate that?

Fernald: No sir.

Butler: Fair enough.

Fernald explained the company policy on commissions. Commission rates are based on a price point. "The goal was to get the land sold and he wouldn't let a commission in that manner be a part of it. We want to get it out there and get it sold." Fernald said.

Damiano: On a pricing perspective on each individual piece, are we ok?

Fernald: No.

Damiano: Tell me why.

Fernald: You're too high next door; you're too high at \$6.00 a square foot, by probably a \$1.50 a square foot.

Damiano: Do you have comps? Can we get comps?

Fernald: Basically I have-. There are really very few comps. There is not a whole lot out there. When we did all this and did the original presentation the recommendation at that time was to get it-. We started at \$435,000 I believe. We've got it down to \$375,000. And the recommendation was to be in the \$350,000 as a max range. But there was a consensus that wanted to keep it up a little higher. We started it at the \$400. That was way too much so we got it down under the \$375,000 number. I have encouraged, since David and I haven't had a chance to visit about it on what our recommendations were, we didn't know what our status was going to be. I'd be glad to provide David comps for you guys to review and consider, but my recommendation is to get it under \$350,000.

Osborne: There was a number that one of us talked about on the board when you presented that to us. My thinking is \$325,000.

Fernald: The reality is, if we come down a \$1.50 a square foot on it, you are going to get down in that point range. We are at \$260,000 an acre now and if you bring it down to \$240 or less. Get it down to \$4.50 a square foot. Your square foot comparison as you go east on pad sites or in the \$10 to \$12 dollar range. Pad sites being smaller than 1.44 acres. But once you clear this bridge here, it's just like going south on 198; going east beyond 198. Everything changes. It drops off in value.

Rea: There really are no legitimate comps for that piece of property, not recently.

Fernald: All we did when we pulled it together, what is out there that has sold, what is a reasonable price that people have been getting east of Wal-Mart. As I said \$10-\$12 dollars a square foot at it's prime. That's what CVS went for-\$12 to \$13. Things have changed since then. And make some adjustments from there and come down. It's real easy to say if they can get \$10 we ought to be able to get \$6.

Rea: But in the same name we are not setting on a list of fifteen potential customers that want this property at \$325. So we are really not hurting anything.

Fernald: You all want to get out of this business and as I say to my residential clients the goal is to get an offer and negotiate it as hard as we can. But get something in and see what we can get done.

Rea: That's why we rely on your expertise.

Fernald: That's the proposal that I have.

Rea: I guess what I'm getting at is I don't see us dropping the price to \$325,000 and all of a sudden there are ten guys lined up on Monday morning looking to buy it.

Fernald: That is true. It's not likely to happen until we can get a full lake and getting more traffic back into this area. We are all going to be setting on it for a while.

Damiano: I'd like to go back to something I said earlier given the current conversation. Do you think \$25,000 or \$50,000 might be standing in the way, might be getting an offer on it or selling it?

Fernald; No sir, what I am really saying is it puts you, in my opinion, in a more competitive position when or if we get somebody serious and comes by and looks. I don't think there is anybody serious out there looking right now that going to come up and make offers. I don't see it this year. That being said in my business you absolutely never know. Somebody comes in and says hey I like it. It could happen tomorrow. The idea is to get it, get you the most competitive we can, make it the most attractive piece of property we've got available in what's being offered. Not a fire sale. You don't have to sell it. Not trying to get you down here, get you in here. And say here is a piece of property that really is attractive; it's a value. Everybody right now is looking for a steal. We're not going to give them the steal, but we want them to come in and look and think OK, maybe I can steal it. They come in and make an offer to us and then at least we can negotiate and work on it.

Damiano: Going back to my earlier conversation, I'm just thinking, if we were to strengthen up the marketing dialogue that goes along with the description of the process instead of hoping that they assume that there might be some concessions because it's a municipal piece of property. If we actually mention that, would it help? I'm not sure we can do it; I'm just asking the question.

Fernald: I understand completely and I understand what you are saying. My thinking is anytime you say 'might', the buyer says 'permanent' guaranteed, it's going to happen. And if they don't do it, I'm going to be disappointed. So if you don't have anything to offer or you are not sure you can offer it, then don't put it in there. If you believe you can offer, the EDC is here to help. We have various programs that can possibly assist in the purchase of this property. Then we can put in spin words in like that, kind of fill in the gaps, and make it sound like there is something out there potentially, but they are going to want to see it. I'm open to ideas. All of those things help all of us. Don't be giving anything away until you get there.

Osborne: I have one more thought before we beat this to death. On the idea of replatting that property I'm assuming this corner would be more value square foot wise more than-

Fernald: Absolutely. I'll get David those numbers, what my thoughts are and what I think we can do based upon what comps we have out there.

Rea: I make a motion that we extend the contract with Stan Fernald/Johnson Monroe on the EDC properties at this time. Butler seconded.

Skains: Discussion on the motion. I think we need to come up with a price and some other things.

Fernald: May I make a suggestion? Potentially extending it, we've already expired. You've got another meeting in a month, you want more information. Give me that month. Put it back on the market as it. Let me come to you with the information you are looking for at your next meeting then you will have something to bite on when you make your decision. I'd hate not to have it on the market for the next thirty days.

Skains: Rob would you like to amend your motion?

Rea: Yes I would like to amend it. I make a motion that we consider extending the contract with Stan Fernald/Johnson Monroe on the EDC properties pending further information from Stan Fernald to be looked at, discussed and/or take action at our next scheduled meeting.

Fernald: That doesn't cover getting me-

Damiano: You have to extend it for one month.

Rea: I think it would be prudent to extend it for two months. I rescind every motion that's I've ever made in my life and I make a new motion.

Rea: New Motion. I make a motion that we extend the contract with Stan Fernald/Johnson Monroe for all EDC properties for a period of sixty days, pending review at our next scheduled meeting.

Damiano: Seconded.

Skains: Motion and seconded, vote from my right. Black, Butler, Skains, Damiano, Rea, Lyons and Osborne voted 'aye'. Motion carried.

Item #4. Discuss and/or take action to rescind the motion on January 20, 2015 approving David Skains to sign the CP Homes Grant Emergency Access Easement agreement.

Skains: This was a contract that CP Homes had given us and I was signing the contract, I reread it and realized it was a closed end contract. It was a contract that we received with an email and it had the dollar figure in the email, but when I reread the contract I realized the contract was closed end. No additional documentation was a part of that contract, which that meant the contract had no dollar limit in the contract that we would have to spend. So I did not sign the contract and I've been talking to CP Homes since. We think that we've come to another agreement which was more in tune to what we thought when I presented this to the board. As of 4:45 today they still hadn't come to an agreement so I would like to rescind this motion that was taken January 20<sup>th</sup>. I fully expect to hear from them for our meeting in March and get this taken care of.

Rea: I make a motion that we rescind the motion on January 20, 2015 approving David Skains to sign the CP Homes Grant Emergency Access Easement agreement.

Osborne second.

Osborne, Lyons, Rea, Damiano, Skains, Butler and Black all voted 'aye'. Motion carried.

The EDC Board did not go into Executive Session.

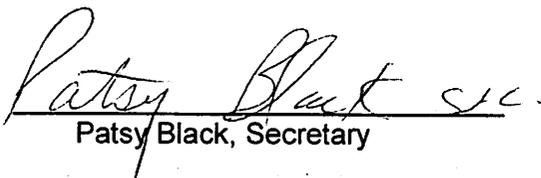
Executive Session:

Item #5. Convene into Executive Session pursuant to Texas Government Code § 551.087 Deliberations Regarding Economic Development Negotiations.

Item #6. Convene into Open Session to take action on Texas Government Code § or 551.087 Deliberations Regarding Economic Development Negotiations.

Adjournment: 5:39

Approved by:   
David Skains, President

Attest by:   
Patsy Black, Secretary