

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

The Gun Barrel City Economic Development Corporation met in Regular Session at the office located at 1720 West Main Street, Gun Barrel City, Texas, 75156 on January 21, 2014 at 5:00 p.m. Rankin called the meeting to order at 5:00 p.m. with the following directors present: Janow, Cassady, Cavanaugh, Damiano, Braswell and Osborne. A quorum was established.

Citizens in attendance: Mayor Paul Eaton, Councilman Dennis Baade, Councilman Melvyn Hayes and wife, Wanda, Connie Holubar/Outreach PR, Frank Minich/B2B, Karen Chambers/Citizen, Charla Kinnemore/Citizen, Pam Griffin/Veterans Affair, Jack Thompson/Orasi Development did not attend meeting, but was on the phone throughout the meeting.

Citizen's Comment: None

Item#1: Discuss and/or take action to approve the minutes of the special board meeting on December 10, 2013.

Braswell made a motion to accept the minutes with grammatical corrections. Damiano seconded. All directors voted 'aye'. Motion carried.

Item #2: Discuss and/or take action to approve the December financials.

Cavanaugh highlighted deposits and unusual expenditures as the sale of land at \$98,788.00, payments to Silverleaf @ \$10,000.00, ECCFWSD @ \$16,400.00 and fire land @ \$20,650 that had been previously approved. Sales tax revenue was almost on track. Cassady made a motion to accept the financial. Damiano seconded. All directors voted 'aye'. Motion carried.

Item #3: Discuss and/or take action with legal proceedings for Lakeview Indoor Outdoor Design, L.L.C

Rankin had talked to Vickie, Fred Kurlander's wife and reported that Vickie would repay the note when the inventory sold. The potential buyer was working on their small business loan. She suggested postponing any action at this time. Cassady made a motion to take no action. Osborne seconded. All directors voted 'aye'. Motion carried.

Item #4: Discuss and/or take action on incentives for any buyer of the cinema.

Rankin reported that Show Biz/Kevin Mitchell has the first option with the bank on buying the cinema, but was letting Randy Hester/Home Town Cinema buy out his option if Randy could have their money ready to go by January 29. If everything was not ready, then the option was over. Show Biz has the money and would purchase the cinema by January 31. A credit report had been run on Hester, but came back without a credit score. A credit report on Home Town Cinema would also be run. The directors reviewed the sales tax rebate incentive package that outlined the payout to anyone buying the cinema. The City Manager had been working with Randy Hester. Osborne suggested getting everyone together and offering a plan. Damiano questioned the request of the EDC co-signing the loan. Rankin said, "From all conversation that

has never been discussed. I don't think he knew what he was doing when he filled that out. What he has asked for is the same proposal that Show Biz Cinema wants, which is \$500,000 in tax rebates and \$300,000 from the EDC to go toward improvements." Damiano didn't think anyone had that much on the table for Show Biz. The \$500,000 is up to, depending on the sales. Rankin said, "You can only give a tax rebate for 10 years, so it's whatever they do in 10 years. Having had conversation with other individuals in the city, so far I've had four different offers and I don't know what they are now. I've had \$400,000 up front to close, a onetime contribution, I've had tax incentives up to \$500,000 plus an EDC contribution, I've had a \$100,000 from the EDC plus abatements of 50% plus future property tax, and I've had \$400,000-nothing up front-\$40,000 per year if open." Osborne said, "The problem is you've got four people negotiating, but no one is talking to each other. What a concept." Rankin said, "Their expectations when they came to us were very high, currently ours is very low. What I don't want to see is both of them to walk away, because we are not meeting them at a point where they will consider it." Braswell asked what happen to the EDC offer of \$165,000 over a ten year period. Rankin said, "We have a \$100,000 in the budget and we added another \$50,000 so with our tax abatement the EDC portion would be around \$165,000. Braswell said, "Why can't we say this is what the EDC is going to put up; the city says what they are going to put up and get those other deals off the table." Rankin said, "That's where we are at today. Gerry has made it clear that he and everyone on the council are at a point of saying we are only going to give 50% tax rebate for 10 years. We can divide that up into 75, 50%, 25% and load it on the front end." Braswell said, "And that's the city." Rankin said, "Right now \$164,000 plus our \$100,000 and if you want to add more-\$150,000, that would be our offer." Cavanaugh said, "A little over \$300,000." Baade said, "If he does better in sales tax then the incentive goes up. Applebee's was to employee more people and brought a lot more revenue to the city. This is not a bad incentive." The cinema would hire eight people and work that up to eighteen people. Osborne said, "What is this guy's ability to get the money; I don't see it. I don't see a fico number. Who is going to loan him money? I think everybody that's been talking to these people; we ought to get together. It doesn't matter what the EDC approves if the council isn't in favor, then we just went through an exercise-." Rankin said, "Their part is totally separate from ours." Osborne said, "They have to approve what we do, right. So if they don't like our plan, it's dead. So while we are all here, why don't we get together and decide what we really want to do." Rankin said, "Because the council doesn't have a quorum tonight." Rankin was planning on getting the incentives approved tonight and call a special meeting Friday to approve the 380 Agreement and hopefully the council could approve the 380 Agreement at their council meeting on Tuesday, January 28th. Rankin has talked to Jeff Moore and he has a 380 Agreement in general so he can push something like that on through. Baade asked how Kevin could guarantee to the EDC or council that there was any money. Randy is just a fire drill that we are going through now, Kevin's isn't a fire drill. So we will do Kevin's background and credit check later. Osborne said, "Randy hasn't shown us any wherewithal, but we say Kevin has it. Kevin can pull the trigger, Kevin has his own financing." Mayor Eaton said, "I had a conversation today with Randy and he liked what we offered which was \$100,000 plus \$50,000." Rankin asked why we were offering him something without approval. We haven't even looked at his background. Eaton said they had an idea of what council would approve. Braswell asked if we could make approval without a background check. Osborne said, "We are approving an incentive package for buyer A, B, C, or D. They're working us like a yard dog, too many cooks in the kitchen, we got a two person kitchen and we've got fourteen people in it. Let's get this thing down and say this is what we are willing to do." The directors discussed his financials, background and incentives at length. Baade suggested getting commitment letters from the bank before you put

a name on anything. Rankin said we would send one in the morning. Rankin needed to know if the incentive would go toward the roof, drainage, signage, marquee, digital equipment. Damiano made a motion to approve a basic incentive package for anyone who buys the theatre-\$100,000 and the EDC's portion of sales tax abatement of 50% over 10 years, subject to a list of improvements and receipts. Janow seconded. All directors voted 'aye'. Motion carried. Osborne said Linda could correct any thing necessary to clean it up.

Item #5: Discuss and/or take action to authorize the creation of new billboard graphics and any cost associated with billboard and installation cost.

Rankin had contacted Larry Spiegel and asked him to ask Barbara Webster to contact the owners of the billboard, because she and Steve knew the pool owner and get an OK to change out the billboard. The owner would not accept a fee for the use of the billboard. Quotes on the graphics were \$500.00 from Sugar/Rock (Ben) and would come with four concepts. Thompson's quote was \$300.00 with two concepts. The billboard would cost \$650.00 for printing and the installation would be \$650.00. The message would be 'branding' of the EDC and Sugar Rock would come up with the concepts. Janow made a motion to accept Sugar/Rock's offer. Braswell seconded. All directors voted 'aye'. Motion carried.

Rankin said we have a motion to move forward with our billboard graphics, printing and installation pending Barbara's response back to us saying it's OK from the owner to change out the billboard. Lighting for the billboard could be on next month's agenda.

Item #6: Discuss and/or take action regarding which tradeshow and seminars the directors should attend and any expenses associated with tradeshow and seminars.

The EDC budget for marketing was \$39,789.00 Web Page/Other was \$1,983.00 and Local Publication & Other Advertising was \$1,103.00.

The directors agreed on the following: ICSC-Vegas-(2 people) \$4,000.00; BIZ NOW \$1,200.00; Billboard-\$3,000.00, Go Texan-\$5,000.00; T & I-\$500.00; Flyers-\$175.00;

Additional expenses-For sale signs, RBEG, B2B and Project Montana.

Education: EDC Sales Tax Workshop-\$1,600; TX Rural Challenge-?

Jack would get information on the San Antonio show.

Rankin wanted to form a committee to help Jack & Connie pick out some really good things we could be going to. Rankin asked Pat and Jim Braswell to be on the committee and she could use assistance with the Certified Retirement Community.

Cavanaugh made a motion to commit funding for the year for the specified items above.

Damiano seconded. All directors voted 'aye'. Motion carried. (Approximately \$17,000)

Trade & Industry gave the EDC their \$900 package for \$500.

Item #7: Discuss and/or take action on marketing strategies and any associated cost for properties owned by the EDC.

All four EDC properties were included in the package. The flyers would be done to market the EDC property. Connie and Jack have talked about putting the data base together so we will know who it's going to. Jack has a list that covers the Dallas brokers. Henderson County has two hundred ninety agents. It's easy to put together, it will take three or four hours to put together a spread sheet and Connie will put it together for all of the property the EDC owns. The pdf will be put at the top of the EDC website. Links will be sent to all the realtors in Henderson County. Jack will do another email blast to his group. The directors needed to decide who would be the contact person on the flyer as well as the commission rate. The commission rate was discussed.

There was discussion on just turning over the property to a Broker and let them handle the marketing and sale of the property. Would you list with a Broker in Dallas or Henderson County? Jack recommended going with 6% on the fee and you could give them a bonus for selling the property quickly. Jack suggested using Retail Coach or Venture if the EDC used a Dallas Broker. Damiano suggested getting out an email blast and then talk with both Retail Coach and Venture and get some idea of how they work, but see what the local effort for the next month goes. Damiano made a motion to move forward with sending out an enclosed pdf email listing our property for sale to Henderson and Dallas County realtors as well as talking to Venture and Retail Coach. The email would specify 6% with a 1% bonus if closed in ninety days. Janow seconded. All directors voted 'aye'. Motion carried.

Item #8: Discuss and/or take action on Outreach PR's/Connie Holubar monthly report. Rankin said, "Whenever Connie and Jack do their report it becomes public record. When it becomes public record we are giving our strategies away. Do we need a detail report? Jack said the minutes are read by the website and people watch that stuff. Damiano asked how you would get progress reports. Holubar suggested not putting everything verbatim. Osborne agreed with Holubar. Holubar explained her report to the directors.

No action taken.

Rankin had called Rusty with Country Place, but did not get a response. Baade suggested emailing Rusty. Holubar wanted to offer support to Gun Barrel Pharmacy when they do build on the land.

The directors thanked Connie for handling the reception for Tom Terrell. Holubar reported that GBC was in the Dallas Morning News on Saturday with the Tye Thomas's death. From a PR standpoint, Holubar would be looking for the opportunity and creating messages that go with the opportunity. Damiano asked if the lawn mower races were published in the Dallas Weekender. Mayor Eaton: There is a promoter that does the city events and there was quite a bit of promotion on events. Braswell suggested some events.

Item #9: Discuss and/or take action on Orasi Development's/Jack Thompson monthly report. Thompson's had sent out the old city hall site to various retailers; commercial brokers (900 brokers) and making phone calls on the site. He received one hit from a commercial broker by the name of Mike Brown and sent him information. The business park study should be complete by the March EDC meeting. He and Connie had been working together on marketing and various course of action on shows and events.

No action taken.

Adjournment: Cassady made a motion to adjourn the meeting at 6:40 p.m. Osborne seconded. All directors voted 'aye'. Motion carried.

Approved by: 
Linda Rankin, President

Attest by: 
Pat Cassady, Secretary