

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

The Gun Barrel City Economic Development Corporation met in a Special Board meeting at the office located at 1720 West Main Street, Gun Barrel City, Texas, 75156 on Tuesday, November 12, 2013 at 5:00 p.m. Rankin called the meeting to order at 5:00 p.m. with the following directors present: Damiano, Cavanaugh, Osborne, Braswell, Janow and Cassady. A quorum was established.

Citizens in attendance: Tom Terrell/Marine Landscaping, Jim Romer/Chapman House, Connie Holubar/Outreach PR, Jack Thompson/EDC Consultant, Michael Ellsberry/SBDC, and Councilman Dennis Baade and Curtis Webster.

Citizen's Comment: Tom Terrell a former Marine said, "He was a candidate for the Boots to Business matching grant project". If approved for the matching grant it would allow him to expand his business to commercial clients. The grant would allow him to purchase equipment necessary for commercial clients. Currently he works with residential clients and has a few commercial contracts. His services included all phases of lawn care".

Baade explained that Terrell had worked with Michael Ellsberry/SBDC at Trinity Valley College to develop his conservative business plan. He is planning on hiring one employee now and hopefully in the spring he would be able to hire a second employee. He satisfied the requirements of the one to one matching grant. A credit and background check has been done and he has some things in his history. He has written some bad checks, but he has cleared the checks up. Terrell had tried to clear up an outstanding medical debt, but the collection agency had gone out of business. Baade said he had an addiction problem, but he had been clean for eight months and was turning his life around.

Romer's Comments: Jim Romer was on the Board of Directors of the Chapman House. He said, "They were in their second year of a drug and alcohol rehab facility for men. When Tom came to us about eight months ago, like most of the men he had a major problem. Since Tom has been at the Chapman House they had never seen anyone progress as Tom has in terms of commitment to the Twelve Steps and his recovery. I cannot say enough of what Tom has accomplished. He has become a leader at the Chapman House. I have committed myself to helping him. When I saw the Boots to Business article in the paper, the first person that came to my mind was Tom Terrell". Tom Terrell said, "He would not have known about the Boots to Business program if Jim hadn't told him". The Chapman House was branching off a Veteran's Housing Project and Terrell would be the director of the house. The house was 60% complete and they were looking for volunteers to finish the house".

Ellsberry said, "Terrell has been asked to do a lot of things that was something he had not had to do before. He did a good job and was committed all the way. One way to look at a business is where are you and how far do you have to go to successes. This business has a shorter distance to

success than some. Terrell has a significant backer who wants him to succeed. There were letters of recommendation for Terrell. Every dollar mattered and this was a small request. Ellsberry hoped the EDC could find a way to support his request”.

Terrell offered his business plan, Rankin told him all of his application had been discussed and they would review the additional paperwork tonight, which was his discharge papers and credit report.

Terrell shared a part of his personal story with the group and said he would be telling his personal story at the Seven Points Alcohol Anonymous meeting called Ray of Hope and invited everyone to come.

This project will be on the Council’s agenda on November 18, 2013.

Item #1: Discuss and take action to approve the minutes of the special meeting on October 9, 2013, workshop minutes of October 9th, 2013 and the regular minutes of October 15, 2013.

Rankin asked if everyone had read the minutes. Janow made a motion to approve the minutes. Cavanaugh seconded. All directors voted ‘aye’. Motion carried.

Item #2: Discuss and take action to approve the October financials.

Cavanaugh said, “The deposit for ninety eight thousand dollars had been made for the sale of 2.31 acres. The funding was still in the special account (RBEG) and the EDC would like to use that as soon as possible. Payments had come in for Emergicon, Anytime Fitness, and Tip-Top. First and Last had made his October payment at the end of September so it didn’t show in October. Unusual expenses were Smartsheet, a new computer and charges to remove a virus on Evans’ computer”. Rankin said, “She would like to work with Jim on what the resale value is on the EDC property. What we have on the value on our financials is rather low. It’s only \$477,000 and Rankin wanted to confirm that the evaluation was correct”. Webster said, “The figure was not an appraisal of the land”. Cavanaugh said, “That could be checked on”. Rankin wanted clarification on ‘Due to From City’ figures on Balance Sheet to be explained to the board. There was a two month delay on sales tax paid from the state and Baade explained the amount was an average of estimated sales tax to be paid. Janow made a motion to accept the financials. Cassady seconded. All directors voted ‘aye’. Motion carried.

Item #3: Discuss and take action to accept or reject Boots to Business Candidate Tom Terrell/Baade

Baade said if anyone had questions he would be happy to answer them. Rankin outlined the risk for this project that was being funded by taxpayer’s money. Tom has been sober for eight months and his track record is unknown. Osborne reminded the board that currently there were a couple of problems with people that we’ve known a long time that had not paid a dime back to this city.

Tom had an attitude you couldn't buy. Cavanaugh said, "He thought Tom was a great candidate". Rankin said, "Barbara Arcand who lives in Key Ranch is a counselor for people that are trying to rehabilitate themselves and has agreed to be his comptroller (so to speak) to oversee his check writing, which had been his problem in the past. Tom was grateful to Barbara for volunteering her service". Braswell thought Tom would be a great investment. Webster wanted to point out that it wasn't a large amount of money, but it was taxpayer's money. He asked the directors if they would be willing to give money out of their pocket for this project. The DD2-14 Webster had requested showed a general discharge under honorable conditions and the reason for separation from service in 1994 was because of drug and alcohol abuse. Even though he had cleared up his hot check history and been off sauce for 8 months, there was no guarantee that he would stay off the sauce, but he had a real good start. He agreed everyone deserved a second chance, but it was the responsibility of the board to look at all the facts and decide on your own from a business standpoint what should be done. Rankin said she thought the board would always be his mentor. Cassady thought the support system around Tom was the key to his success. Rankin asked what kind of agreement was in place if the grant was approved. Baade said, "As part of the criteria for the grant, Tom would show his P & L on a quarterly basis". Rankin asked what kind of documentation the EDC would have to sign. Baade said there were no contracts or agreement. Rankin thought there should be an agreement. Baade said, "This was modeled like the RBEG that required quarterly reporting". Holubar said, "If he follows his business projection plans he won't have any trouble keeping his business running and growing. The Boots to Business committee did not expect to run into this drug and alcohol issue. However, in researching it and reading about it, it is a huge issue for veterans. This may be the reality that we are going to see. Holubar believed in the guy". Janow made a motion that he was a good candidate, a good person, a sensible person and displayed sincerity. Osborne seconded. Damiano asked what the motion was. Rankin said the motion was to accept Tom Terrell as a Boots to Business grant applicant. Holubar said at \$8,775.00. All directors voted 'aye'. Motion carried.

This project would go to City Council on November 18, 2013.

Item #4: Discuss and take action to authorize the release of Second Lien Deed of Trust dated August 10, 1998. /Curtis Webster

Dr. Gerald Zimmer had borrowed \$40,000 from the EDC in 1998 and at that time a second lien was placed on his property. Webster explained that he was involved in the sale of the property to another doctor in 2007 or 2008 and wasn't sure how a title policy had been written without the release of the second lien. The \$40,000 loan was paid off in 2004. The title company is asking the EDC to authorize a release of the second lien. Braswell made a motion to authorize the release of the second lien deed of trust dated August 10, 1998. Cassady seconded. All directors voted 'aye'. Motion carried.

Rankin explained that executive session items would be moved up, because two attorneys were expecting phone calls to be in discussion with the directors.

The directors adjourned into executive session at 5:52 p.m.

EXECUTIVE SESSION

Item #12: Convene Into Executive Session Pursuant to Texas Government Code Section 551.071: Consultation with Attorney: Discuss next steps in litigation matters regarding 1. GBC Music, 2. Direct Tire, and 3. Lakeview Indoor Outdoor Design d/b/a Solar Screen re litigation matters.

The directors reconvened into open session at 6:34 p.m.

Item #13: Reconvene into Open Session Pursuant to Texas Government Code Section 551.071: Consultation with Attorney: 1) Discuss and take action regarding GBC Music. 2) Discuss and take action regarding Michael Thompson. 3) Discuss and take action regarding Lakeview Indoor Outdoor Design, LLC d/b/a Solar Screen.

Rankin said first off we will talk about GBC Music.

Rankin said, "We need to take action to hire our new attorney for bankruptcy court Scott Ritcheson. Is there any other discussion on that? Was everyone satisfied with his comments and his rates? All directors said yes". Cavanaugh made a motion to take the next steps in order to-Rankin said for GBC Music we would like to hire Scott Ritcheson to act as our bankruptcy attorney-Damiano said, "With limitations. Cavanaugh said, "With limitations in order to do-". Damiano said, "\$300 to file the proof of claim in the court appearance". Rankin said, "Let's just say in this motion it's to represent us in this matter". Damiano asked why they didn't put a limitation on it. Rankin said, "Because we have to keep coming back". Damiano said, "But they're attorneys, they are on the clock". Cavanaugh said, "To file the proof of claim and to attend *the creditors meeting*". Damiano said, "At least put a budget number in there like \$500.00". Rankin said, "So the motion on the floor is-Cavanaugh said, "To file the proof of claim and to represent us at the creditors meeting" Damiano said, "Those two things and not to exceed \$500". Janow said, "And not to exceed \$500.00. Osborne seconded". All directors voted 'aye'. Motion carried.

Damiano made a motion to have Scott Ritcheson to file a proof of claim, to appear at creditors hearing and spend no more than \$500.00 at this time. Janow seconded. All directors voted 'aye'. Motion carried.

Michael Thompson:

Jeff Moore would send over the appearance date or deadline on the original petition which he believes is November 25. Was any further action needed? Braswell made a motion to take no further action until Thompson's response to the filing. Janow seconded. All directors voted 'aye'. Motion carried.

Solar Screen:

After some discussion Damiano made a motion to revisit the past due account after the first of next year. Braswell seconded. All directors voted 'aye'. Motion carried.

Item#5: Discuss the rollout of Smartsheet with Board Member. Rankin did a short presentation on Smartsheet. (*Smartsheet is an intuitive online project management tool enabling teams to increase productivity using cloud, collaboration, & mobile technologies.*) Rankin was one of the creators and the directors would be the collaborators. Cassady said, "You could learn the software through the help video". Rankin would set up the directors' page and send it out to them if they preferred. No action taken.

Item #6: Discuss and take action to approve the revised Business Park Feasibility Study.

Rankin said, "The Business Park Feasibility Study had been a challenge. She and Thompson had talked to Gerry (City Manager), Samantha (ETCOG), engineers and some councilman, EDC Directors and Mike Howell.

The only objection to the study had been the cost at \$24,000". Thompson said, "The cost of the feasibility study had been reduced to \$17,500, because they had narrowed the locations from three to one strip of road and the competitive analysis had been removed". Damiano said, "You narrowed it to one strip. Are both parcels on the same strip?" Rankin said, "Yes pretty much".

Damiano said, "I'm trying to keep it very clear. Last meeting you presented this. I remember you said ok, instead of three pieces of land, it's two. Is it still \$17,500?" You said, "Yes". Rankin said, "Before that it was \$24,000". Damiano said, "It doesn't matter, the last meeting it was \$17,500.00". Rankin & Thompson said, "It's still \$17,500.00". Damiano said, "Where I get confused is in the thing (revised feasibility study) you just sent out, I don't believe your proposal specified any two pieces of land. It specified that you were also going to look for alternative pieces". Thompson said, "We are going to look at all kinds of pieces. We didn't say we were just going to look at these two, because what we want to do is look at the whole area. We are taking a look at 189 & 334. What we want to do is come up with the objective-what two properties is the best to develop? I don't want to go in with a preconceived notion-it's these two and that's it; between 198 & 175, pretty much that whole corridor". Damiano said, "If you find a third piece, you're going to evaluate in light of the first two and decide which two you're going to do it on all three?" Thompson said, "The first phase the Orasi team will look at all the land. We'll evaluate based on what we think are the best two sites. When we evaluate the two best sites that's when we will bring in the engineering firm and say, what is your estimated cost for these two sites that will include water, sewer, electric, T1 lines, streets, topography issues? What will it cost to develop?"

Braswell said, "You are going to look at property everywhere, but you're going to find two pieces of property and that covers the \$17,500 and then we go from there". Thompson said, "If I have engineers go all over town looking at this stuff with me the cost is astronomical. We told the engineering firm that we would go around the city and we will look at it from an economical point of view". Damiano said, "Our expectations should be two complete packages; one on each of the two properties. Thompson said, "Cost for each site and why we picked these sites".

Damiano asked if it would include a breakdown of cost to get the sites up. Thompson said, "It would have the estimated cost line by line. The sites would be laid out".

Not all the directors had received or read the revised feasibility study. Cavanaugh said, "He thought it had been talked about it enough; he understood the concept". Thompson explained it very well. Rankin said, "She had been working on this for a year. We've talked price, we've talked everything in detail and we've had meetings". Cavanaugh said, "Now it's documented. Damiano asked if anyone else had to buy into this. Rankin had asked that it be on City Council agenda's, but Baade didn't think it needed to go to Council for approval. Rankin said, "She believed it should because any expense item has to go before Council. We were encouraged by the City Manager to get this going; he wanted it yesterday". Someone asked if he was involved in this. Thompson said, "I will be". Rankin said, "Gerry is not involved with this; Mike Howell will be doing the grant. He has met with us. The city wants the grant money to do infrastructure. I've got to do this first". That's all Rankin was going to say. Cavanaugh made a motion to go with the proposed scope of work that Orasi will perform for \$17,500.00 that's been documented and approved for the feasibility study. Cassady seconded. Osborne, Cavanaugh, Braswell, Janow and Rankin voted 'ay'. Damiano voted 'nay'. Motion passed.

The directors asked that this item be put on the city council's November 18, agenda.

Item #7: Update from Orasi re other current projects

Thompson attended the ICSC Texas Deal Making and talked to several retailers about GBC. He had met with a couple of his buddies about the available sites in GBC. He had contacted Popeye's, I-HOP, Golden Corral and Buffalo Wings. He contacted Liza Hogue, Real Estate Consultant for Apple Texas. Applebee's is going to build two stores in the northern territory, which GBC is a part of. Thompson said, "There was one board member opposed to building in GBC and another one was for building in GBC; the remaining members were non committal". Hogue asked Thompson if there was anything else we could give them to stir the tide. Thompson mentioned the veteran's project development. She wanted additional information to send to Applebee's concerning the project. Thompson reported that other cities were giving up to four hundred and fifty thousand for their site. This franchisee group had the Houston area and the northern area and Lisa said last year they didn't pay for any land on any of them. Rankin informed the directors that Applebee's agreement expired at the end of December. Lisa asked if the agreement could be extended six months. Thompson told her she would have to make a personal plea to the board. Evans said, "The agreement was never signed, but the agreement stated they had to have a CO by the end of December". Thompson said, "If we present a good enough case they will probably be very interested in moving forward in 2014 and Lisa would come and talk to the board about an extension". Janow asked if he thought the Montana project would cause them to come down. Thompson said, "I think it would be the tipping point in them making a decision". Janow made a motion to give Thompson the authority to discuss and do what you need to do with the Montana project. There was no second. No action could be taken on this item, but Rankin wanted to let the contract play out.

Item #8: Discuss and take action regarding the management of the Orasi contract. /Damiano Rankin would be signing the contract tonight. Damiano asked for more detail in the future.

Item #9. Discuss and take action regarding the marketing of all EDC properties. /Damiano To be discussed at a future time.

Item #10: Update from PR Outreach
To be discussed at a future time.

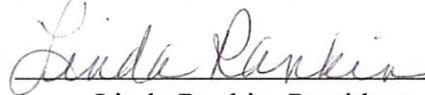
Item #11: Discuss and take action to approve cost for the printing of marketing inserts.
To be discussed at a future time

Meeting Adjourned: 7:16 p.m.

Cassady made a motion to adjourn. Osborne seconded. All directors voted 'aye'. Motion carried.

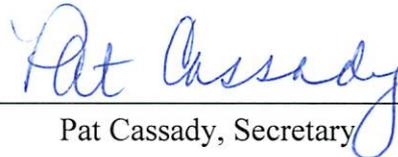
The Gun Barrel City EDC reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by the Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 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).

Approved by:



Linda Rankin, President

Attest by:



Pat Cassady, Secretary