

STATE OF TEXAS *
COUNTY OF HENDERSON *
CITY OF GUN BARREL CITY *

The Gun Barrel City Council and the Gun Barrel City Economic Development Corporation met in a special joint meeting at Gun Barrel City Hall located at 1716 West Main Street, Gun Barrel City, Texas, on Monday, October 01, 2012 at 6:00 p.m.

Mayor Eaton called the meeting to order at 6:00 p.m. Roll was called. Council members present:

[Council Member - Rodney Bevill: Present](#)
[Council Member - Melvyn Hayes: Present](#)
[Mayor - Paul Eaton: Present](#)
[Council Member - Dennis Baade: Present](#)
[Council Member - Curtis Webster: Present](#)
[Council Member - Ronnie Johnson: Present](#)

EDC members present: Larry Spiegel, James Cavanaugh, Linda Rankin, Dennis Baade, Sandy Janow and Steve Webster.

Quorums were established for both the City Council and the Economic Development Corporation.

[00:00:59](#)

Jack Thompson, President of Orasi and Consultant for the EDC, gave a brief overview of the Applebee's deal. In May or June, the question was asked what would it take to get Applebee's re-interested in the Gun Barrel City market. In light of what other communities were offering, they wanted to be reimbursed for land acquisition. They had a couple of sites in mind and Thompson was told they would get back with him with the cost. The first cost was over a half million dollars. There was no way the EDC could do a deal at that price. Applebee's came back with a cost of \$325,000. The Board based their decision on what Applebee's needs were. They will be building a 3,900 sq.ft. restaurant with a patio dining area. They will initially hire 100 employees but with attrition that number will filter down to 60-65 employees. It was estimated that they would run a little over 2.4 million in taxable sales a year. When taking into consideration new investment, job creation and sales tax that's where it started going through the Board's process to do the incentive. Incentives are a high price these days especially when it comes to sit-down restaurant and grocery store deals. It was part of the economic times. Communities feel like they have to be more aggressive.

Curtis Webster said Braums was coming and the City hadn't paid them anything. Mayor Eaton asked what we paid Denny's. Baade said we paid them \$45,000. Rankin said the first time around Applebee's had agreed to \$45,000 but it had now been two years and things were different. Curtis Webster said things were different – the price of land had come down. Rankin said they were looking at 1.25 acres of land next to AutoZone and it was higher in price. The land that Applebee's was first looking at, next to Lowe's, was no longer available.

Curtis Webster said the City went to bat for Applebee's and he personally gave money for a newspaper ad to promote the election the City held to extend late night hours to 2 a.m. Applebee's had never mentioned that

after 10 p.m. they were going to put in a dance hall which had been advertised on national television. We went to bat for them and got the hours extended and now they are asking for \$325,000. Are we going to have egg on our face for extending the hours if we don't do Applebee's?

Baade said any money that is brought into the community goes through the local economy four to five times. It's creating 60 jobs and the City is going to net about \$55,000 in sales tax revenue and the EDC would pay out \$30,000 as part of the incentive. The EDC gets the hit. For the City this is a win all the way around. The City gets the jobs and the full sales tax benefits to go into the General Fund.

Rankin said since Applebee's was doing the smaller model of 3,900 sq.ft., the model which included a bar and dance floor would not be put in our City.

City Manager Gerry Boren asked if the incentive was tied into the guaranteed number of employees. Yes. The EDC Board wanted to make sure that job creation was taken care of. Twenty to thirty employees make up a shift.

The EDC approved this so they could get a performance agreement written and present it to Applebee's. Rankin had not heard back from the spokesperson for Applebee's.

Johnson asked if there were other restaurants that were requiring people to pay them to come into town. Thompson said everybody was asking. Johnson replied Applebee's wasn't asking. Thompson said no we had asked them what it would take to get them to come to our city but it was not uncommon for people to ask.

Johnson commented that if we give Applebee's \$325,000 that would set a precedence. Applebee's didn't get the money up front or when they purchased the land. They would get approximately \$30,000 per year if they met the criteria in the performance agreement. There would be a ten year agreement and they would have to submit reports corroborating the criteria in order to receive payment. The maximum given in any given year would be \$30,000.

Bevill wondered if we would have heard from Applebee's if we had not called and asked them what it would take to get them here. Thompson said probably not. Rankin commented that when the New York Times wrote their article it made the Applebee's Corporation mad and the Gun Barrel City market was not something they wanted to jump back into. But they were excited to be coming to Gun Barrel City.

ITEM # 1: Executive Session

Gun Barrel City Council and the Gun Barrel City Economic Board shall convene into a closed executive session pursuant to Section 551.087 of the TEXAS GOVERNMENT CODE to deliberate commercial or financial information received from a business prospect, and to deliberate the offer of a financial or other incentive to a business prospect.

ITEM #2:

Gun Barrel City Council and the Gun Barrel City Economic Board shall convene into open session pursuant to Section 551.087 of the TEXAS GOVERNMENT CODE to discuss and take action on the offer of financial or

other incentive to a business prospect.

Spiegel moved to accept the financial offer for Applebee's. Baade seconded. All EDC Board members voted 'aye.' Motion carried.

After the motion, the EDC Board presented to the City Council the relative performance agreement with Applebee's with potentially minor changes to dates and asked that it be accepted.

At this point, Mayor Eaton read Item #1. It was asked if the Council needed to go into Executive Session. YES.

Council Member - Curtis Webster: made a motion to go into Executive Session.

Council Member - Melvyn Hayes: seconded.

Council Member - Rodney Bevill: Approve

Council Member - Melvyn Hayes: Approve

Mayor - Paul Eaton: N/A

Council Member - Dennis Baade: Approve

Council Member - Curtis Webster: Approve

Council Member - Ronnie Johnson: Approve

Mayor Eaton recessed the open meeting at 6:46 p.m. to go into Executive Session.

Mayor Eaton reconvened the open meeting and read Item #2.

Council Member - Dennis Baade: moved to take the information that was contained in Executive Session as far as incentives related to a business in Gun Barrel City and we move forward with the EDC drafting a performance agreement based on the terms and conditions outlined.

Council Member – Rodney Bevill: seconded.

Council Member – Rodney Bevill: Approve

Council Member – Melvyn Hayes: Approve

Mayor – Paul Eaton: N/A

Council Member – Dennis Baade: Approve

Council Member – Curtis Webster: Disapprove

Council Member – Ronnie Johnson: Approve

The meeting adjourned at 7:17 p.m.

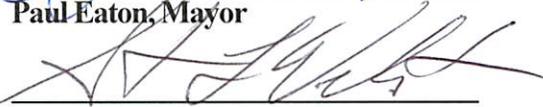
Attest:


Christy Eckerman, City Secretary


Rita Evans, EDC Secretary

Approved:


Paul Eaton, Mayor


Steve Webster, EDC President