

**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 workshop meeting at the Gun Barrel City Economic Development Corporation located at 1720 West Main Street, Gun Barrel City, Texas, on Monday, November 5, 2012 at 6:00 p.m.

Mayor Eaton called the meeting to order at 6:00 p.m. Roll was called for the Council with Curtis Webster, Dennis Baade and Melvyn Hayes present. Ronnie Johnson and Rodney Bevill were absent. A quorum was established.

Steve Webster called the meeting to order for the EDC at 6:00 p.m. Roll was called with Steve Webster, Linda Rankin, Pat Cassady, Dennis Baade, Sandy Janow and James Cavanaugh present. Larry Spiegel was absent. A quorum was established.

**ITEM # 1:** Discuss Applebee's Performance Agreement.

Steve Webster stated that nothing of any significance had changed in the performance agreement. The most notable change was that Applebee's had lowered their expected revenues so the EDC had increased the percentage of the 2% that the EDC would rebate to them. The limits still apply so once they hit \$300,000 the deal is over. Once they hit ten years, if their revenues don't meet it, the deal is over. So the EDC's total exposure is \$325,000 - \$25,000 initially and \$300,000 over ten years if they meet the criteria. They tried to base everything on certificate of occupancy. Where it wasn't based on that, Applebee's was given some leeway in case construction was held up due to weather conditions. Steve Webster said 'yes' this was setting a precedence and 'yes' other companies would ask for a deal. All requests would be handled on a case-by-case basis. In the Applebee's case, the EDC determined that it was worth it. It made money for the City and brought jobs to the City. Would the existing restaurants be hurt? Yes, but it would level out in two or three months. Applebee's was a big draw. People would drive from Kemp and Eustace to come. Gun Barrel City was the retail center of the lake. We were the food center of the lake. Applebee's was a national food chain. As the City develops more special functions, i.e. Halloween, the parade, the ball fields, and potential events, all those places would need to make more money. The bottom line was the EDC would rebate a percentage of the sales tax. The City would earn more sales tax and the EDC would rebate a portion of it to Applebee's.

Curtis Webster said Section 4(d) Job Creation and Retention stated, 'The Developer covenants and agrees by upon receipt of said Certificate of Occupancy from the City, and during the Term of this Agreement, the Developer shall employ and maintain **a quarterly minimum** of fifty (50) Full-Time Employment Positions and/or Part-Time Employment Positions working at the Property.' He commented that it used to be monthly. Linda Rankin said no it was quarterly but the number of employees was changed from 60 to 50. Curtis Webster said then all they had to have was 17 employees per month. No, it was an average of 50. Rankin said a quarterly minimum. Curtis Webster said a quarter was three months which would be 17 employees a month. It should say an average of 50 per month. The EDC said no, 50 per quarter. Some months there might be 45 employees, some months there might be 55. Applebee's explained to Linda Rankin that they didn't think they could operate with less than 50 people. Curtis Webster replied it didn't make any difference

what they said it was what was in the agreement. It was an average of 50 per quarter. Rankin said maybe it should say 'maintain a quarterly average minimum of fifty'. Curtis Webster said a quarterly average was the same thing you were already saying so why add average. Steve Webster said they couldn't operate with less than 50 people. Rankin said she would change it. Curtis Webster said no it was the same thing. Steve Webster said it had to be quarterly because they got quarterly information from Texas Workforce. They didn't have any monthly statistics. Rankin said they were holding their feet to the fire for 50 employees. Curtis Webster commented that Steve Webster had given a sales pitch and everybody was sold on this. He agreed with Steve that precedence had been set. When you get down to whether it is defensible in court and you say a quarterly minimum of 50 per month, put average in there. Applebee's attorney had blessed this and there would be no other changes unless we put average in there tonight. Curtis Webster asked if the City's attorney had reviewed this. Gerry Boren said yes Bill (Krueger) had reviewed the agreement and said he could defend it in court.

The approximate sales would be \$1,755,292 per year. This was a conservative number. This was a franchise store but the corporate office, SD Apple Properties, would sign the agreement. The EDC would pay \$29,840 per year after all paperwork is received and criteria are confirmed. This was a ten year agreement and if they don't reach that figure it ends whether they've got the \$300,000 or not. If they reach the \$300,000 prior to ten years, the agreement ends. This was discussed in the Default section.

Gerry Boren asked why they had us break down the taxes. Jeff Moore, the EDC attorney, did that. Rankin said Jeff wanted to make sure it was clear in a court of law. The way he calculated it the EDC would make about \$4,000 a year. No, the City would make the money. It was taking all the money that the City gets including the money that goes to the EDC and the EDC was paying 85% of that amount to Applebee's. And it would be paid out of the EDC's money.

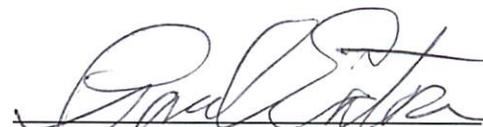
The meeting adjourned at 6:13 p.m.

**Attest:**

  
Christy Eckerman, City Secretary

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Rita Evans, EDC Secretary

**Approved:**

  
Paul Eaton, Mayor

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Steve Webster, EDC President