

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, March 27th, 2012 at 6:00 p.m. Webster called the meeting to order at 6:00 p.m. with the following directors present: Spiegel, Cavanaugh, Rankin, Baade, Janow and Cassady. A quorum was established.

Citizens in attendance: Julie Forte/GBC Attorney, Gerry Boren/GBC City Manager, Bill Goheen/ECCFWSD, Mike Sugrue/Silverleaf and Mike Huskisson/Tip Top Auto.

Citizen's Comment: None

Item #1. Discuss and take action on 380 Agreement between Gun Barrel City, GBC EDC and Silverleaf.

Baade had summarized the affordable senior housing performance and 380 Agreement between Gun Barrel City, GBC EDC and Silverleaf

Affordable Senior Housing Performance and 380 Agreement

Easements:

The off-site sewer utility easement will run from the developer's property to Municipal Drive and will be dedicated to ECCFWSD.

The eight inch water line on Church Street will run from Municipal Drive to the future north Luther Lane and will be in the Church Street roadway right of way. The easement for the water line is being provided by SilverLeaf and will be dedicated to ECCFWSD.

A Fire Lane right of access easement will be granted to the developer for emergency access. The Gun Barrel City Economic Development Corporation is providing the land for the Fire Lane.

Infrastructure:

Roads - The developer will pay Gun Barrel City \$63,500.00 for his share of the future Luther Lane improvements.

Luther Lane will be a four lane thoroughfare running 948 feet along the western edge of the development. Payment by the developer is to be made before the 16th certificate of occupancy is issued.

Gun Barrel City will complete construction of Church Street by June 19, 2013. Church Street will run east/west between Municipal Drive and the future Luther Lane. The total cost of Church Street is estimated to be \$156,000.00, which will be shared equally (\$52,000.00 each) by Gun Barrel City, SilverLeaf, and the Gun Barrel City Economic Development Corporation.

Fire Lane -The developer will construct a concrete emergency access lane along the eastern edge of the property prior to the issuance of the first occupancy permit. (Originally this was going to be a gravel road, but Sugrue offered to concrete the road)

Storm Detention -The developer will pay the City \$28,000.00 for drainage Improvements.

Water - The Gun Barrel City Economic Development Corporation will construct an eight inch water line from Municipal Drive to the future north Luther Lane. This will serve both the SilverLeaf and Country Place Living developments. This has been engineered with the cooperation of the ECCFWSD and they will oversee its installation.

ECCFWSD - All water and sewer improvements both onsite and offsite will meet ECCFWSD requirements and regulations. If any of these are not met, the city is not under any obligation to and will not issue any occupancy permits.

In kind contributions:

The amount of the developer's infrastructure contribution is roughly proportional to the infrastructure improvement expenses to be incurred by the City.

Gun Barrel City Economic Development Corporation is making an in kind contribution of \$130,000 toward the 10 acre land purchase and making water improvements to Church Street estimated to be \$53,195.00.

Project to be completed within 18 months:

The developer is bound by the Texas Department of Housing and Community Affairs 2011 Qualified Allocation Plan to complete the project within 18 months.

If the Texas Department of Housing and Community Affairs for Low Income Housing Tax Credits do not provide its commitment to the project, the City and the Gun Barrel City Economic Development Corporation are not obligated to the developer under the 380 Agreement.

Performance Bond:

The developer will provide the Gun Barrel City Economic Development Corporation with a \$200,000.00 performance bond so that it can recover its in kind contribution if all 21 certificates of occupancy are not issued. (Sugrue said "He has seven-hundred thousand dollars letter of credit backing this up at First State which guarantees it back to the Bank of Oklahoma who is the construction lender. Austin Capital Financial is the equity provider and his putting in seven point nine million dollars in this project. The Bank of Oklahoma is lending four point three million dollars. Part of the seven million dollars will pay off part of the four million dollars")

Sewer - The developer will construct a two inch force main sewer line from the developer's property to Municipal Drive.

No certificates of occupancy will be issued until the offsite sewer line is completed and will be dedicated to ECCFWSD.

Baade acknowledged Webster, Rankin, Sugrue, Boren and Goheen and Forte for their hard work in bringing this project together. Baade was also commented on his role in bringing the project together.

Rankin made a motion to accept the performance agreement and the 380 agreement as written and the promissory note as written with a few minor typos. Spiegel seconded. All directors voted 'aye'. Motion carried.

Forte said, "The Bank of Oklahoma has asked for an Intercreditor and Subordination Agreement be signed by the EDC. They want to be paid back their loan should there be a default; they want to have first rights in anything that may be collected." Sugrue said, "They were in first lien position which is before the eighty thousand dollar loan from the City. Also there was a letter in place stating that Sugrue will borrow no more than one thousand dollars from the City's loan, because he has enough funds to do this without the City's loan He didn't need to draw anything except they received extra points in the tax credit award program for having the loan with the City. Webster stated the EDC was not involved in the loan, but agreed to honor their request.

Forte asked for the directors to make a motion authorizing Steve Webster to sign closing documents or any other documents that flow from the 380 agreement.

Baade made a motion authorizing Steve Webster to sign any documents related to the 380 Agreement. Also that the directors consider and approve the Intercreditor and Subordination Agreement and authorize Steve Webster to sign the agreement. Janow seconded. All directors voted 'aye'. Motion carried.

Item #2. Discuss Heritage PID.

At the EDC meeting on March 20th, the directors were in agreement to go forward on the PID in Heritage Cove. Webster asked if they had come up with an estimate on the amount of money the EDC would have to front. The estimate was three hundred fifty thousand dollars and it would be two years before the EDC would receive any money back. The PID would have to be formed and an agreement in the form of a note with the EDC would be put into place. Rankin questioned the EDC financials. Cavanaugh suggested looking at a cash forecast going forward for the next couple of years and what balance the EDC would have based on the commitments the EDC already has. Thompson furnished the report below.

Gun Barrel City Heritage Cove PID Timeline & Notes
(from 3/20/2012 meeting)

PID Plan Timeline

Q2-Q3-2012	Implement PID EDC Contributes Funds for Phase I Improvements within the District Phase I Improvements Include: Decorative Street Lights - from Main St - north through Cinema and La Quinta (minimum) Monument Sign at Entry Pylon Sign for on Zapletal land at Heritage Cove/Main for Cinema & eventual land user Heritage Cove District Marketing (continuing effort) As Funds Permit - Decorative Landscaping, Additional Street Lights & Signage, Potential Spot Sidewalks &/or Street Treatments
Late 2012/Early 2013	Improvements engineered & constructed Marketing Effort Commences Once Improvements are Complete
Mid 2013-Mid 2015	District Derives Benefit of Improvements & Marketing Increased Interest of Developers & Retailers Sales or Improvements of Some Unimproved Property (& Cinema?) Commence
2015	PID Assessment Begins for 2015 calendar year (collected Jan-2016)
Mid 2015	PID District Issues Debt (using 2015 assessed values) Reimburses EDC Commences Phase II Improvements w/ith available funds Phase II Improvements Include: Decorative Street Lights - N portion of street Sea Wall Bracing – est. \$25K Spot Sidewalks - if funds available
2015 – next 5-10 years	New Development in Heritage Cove District Continues Development and Land Sales Increase Property Value Assessments
2020 – 2025 (est.)	Refinance PID Debt (after increment has grown from 2015 & stabilized) Payoff existing debt, issue new debt at higher proceeds Use additional proceeds to finance Phase III Improvements Phase III Improvements include: Sidewalks Design Landscaping Street Treatments Sea Wall – Bracing and Decorative Façade

Notes/Questions to Address:

- Time to Reimburse EDC
 - Interest rate to charge on EDC loan – 2.5%?
- Discuss Sea Wall Needs and Budget – Limited Funds to Address
 - Potential resistance from interior PID landowners to significant repair work

Potential Difficulty in Landowners supporting PID long-term at high (\$.40) rate

PID Board may look to decrease assessment after EDC repayment or other key points.

Adjourned: 6:25 p.m.

Approved by: _____

Steve Webster, President

Attest by: _____

Pat Cassady, Secretary

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