

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

The Gun Barrel City Economic Development Corporation met in a regular Board meeting at the office located at 1831 West Main Street, Gun Barrel City, Texas, 75156 on Tuesday, October 18th, 2011 at 6:00 p.m. Webster called the meeting to order at 6:00 p.m. with the following directors present: Baade, Cassady, Janow and Rankin. Larry Spiegel was absent. A quorum was established.

Citizens in attendance: Laurie Fleiner, Director of Community Development/Orasi Development and Deanna

Citizen's Comment: Main Street Grill owner, Deanna spoke to the board concerning the issues with keeping her business open and the struggles that she had encountered in the last year with the lake being down and the foot traffic being down. She had to replace all of the major equipment at her own expense. She was in the process of upgrading the appearance and had expansion plans for the business.

Item #1. Discuss and take action to approve the EDC board minutes of September 20th and October 4th.

Baade made a motion to accept the minutes of September 20th and October 4th. Janow seconded. All directors voted 'aye'. Motion carried.

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

Baade reported a normal month; rates were holding steady. There were a few small overages on the budget. The city was in the process of hiring a firm to look into the sales tax collected from local businesses. The EDC was down about thirty-four hundred dollars for the year. Cassady made a motion to accept the September financials. Rankin seconded. All directors voted 'aye'. Motion carried.

Item #3 Remove from table, discuss and take action on presentation from Tip Top Auto.

Janow made a motion to remove item from table, Baade seconded. All voted 'aye'. Motion carried. Janow was working with Mike Huskisson, the owner of Tip Top Auto on an expansion plan for his business. At this time Mike wanted to wait until the summer of 2012 to present his plan to the EDC. No action was taken.

Item #4. Remove from table, discuss and take action on Country Place Assisted Living Project.

Cassady made a motion to remove Country Place Assisted Living Project from the table. Baade seconded. All directors voted 'aye'. Motion carried.

Rankin had looked in Country Place Living and found that they were owned by Lone Star Companies of Dallas and was the umbrella for a lot of investments. Country Place Living would go out and buy land and then sell it to a franchisee or to whomever they wanted to sell. There had been a few complaints by the people that had purchased the franchise. Lone Star Companies and Country Place Living had done this same thing in a lot of states and really put themselves out in the United States by purchasing land and finding investors. Whenever they find an investor they are asking for a million dollar investment and you don't know who the investor will be. One thing that has become a common place in their investments is the EB5-Immigration Investors. Webster and Baade said they were both aware of the procedure and said they targeted mostly oriental investors who, if they invested a half-million dollars in the United States, would receive a life time VISA. They go to the foreign markets and target high income individuals who want a life time VISA to come into the U.S. That's where they get most of their money. Rankin questioned the lack of guidelines in the contract that would require certain procedures to be followed. Baade said the city ordinances; building and health codes would be the guideline for future development. Once the property was sold it would no longer be EDC land and they could set on the property as long as they wanted and sell to whomever they wanted. The contract stated that Country Place living would buy two acres for \$115,000.00 and pay one-third of the road, sewer and retention pond cost. They had one hundred twenty days for a feasibility study and could ask for an addition one hundred twenty day extension. The EDC will pay for any roll back taxes, because Country Place living did not want to deal with that. The EDC would get

the earnest money of ten thousand dollars if they back out of the sale after a hundred and twenty days. Rankin suggested changing the start of utilities from one day, as stated in the contract, to a reasonable amount of time. Baade was unsure if the EDC would have to wait for sixty days to sell the land. Baade made a motion to approve the real estate contract with Country Place Living with the change of 'start of utilities' would be changed from one day to a reasonable amount of time after the sale of the property.

Janow seconded. All directors voted 'aye'. Motion carried.

The MOU (see attached) written by Steve Webster would need to be approved by the directors and then the City Council. With the sale of land the EDC would gain enough money to take care of the EDC's portion of the road in its entirety from Municipal Drive out to Bar H Estates. Rankin asked if the EDC could spend the money on the roads. Webster said infrastructure was allowed by EDC's. All the engineers involved would get together. Current owners would be charged if they wanted access to the roads. Webster called for a basic approval, subject to any changes that need to be done by the city. Cassady made a motion to accept the preliminary Memorandum of Understanding. Baade seconded. All directors voted 'aye'. Motion carried. Rankin asked if the board could be updated from time to time on the cost of this project.

Item #5. Remove from table, discuss and take action on Silverleaf Senior Living Project.

Rankin made a motion to remove item 5 from the table. Cassady seconded. All directors voted 'aye'. Motion carried. Webster informed the directors that the credits issued by the Department of Agriculture had been rescinded, because the property was not zoned properly in time for the timing of his presentation. Sugrue has made an appeal, but the appeal has been rejected. It will be brought before the Department of Agriculture board on November 10th. Since then Planning and Zoning has met and has recommended the zoning. The City Council still has to approve the zoning, which is scheduled for next week. If that happens, Gerry, Mike and Webster will go before the Department of Agriculture and plead the case. Hopefully that will keep the project together, because Mike Sugrue has invested a lot of money into this project. In October 2010 and October 2011 the project was explained to the council and Webster felt the council had a fair understanding of the project. If the Department of Ag does not except the appeal, the project will be dead. No action was taken.

Item #6. Remove from table, discuss and take action to approve Fiscal Year 2010-2011 audit.

Rankin made a motion to remove item 6 from the table. Baade seconded. All directors voted 'aye'. Motion carried.

Baade had reviewed the audit and spoke with the auditors throughout the day. The ninety-two acre land purchase was classified as property purchased for resale. Evans said she had emailed the minutes from July 2010 to Traci and asked that two items concerning two old projects be removed that was stated on Page 17, but the items were not removed. There was nothing unusual in the audit and no recommendations. Rankin made a motion to approve and accept the audit. Baade seconded. All directors voted 'aye'. Motion carried.

Item #7. Website Update:

Cassady was still working with John South on the website. The city has opened a Go Daddy account. We are waiting for Hypersite to make the transfer of ownership of the domain name. Cassady felt that the majority of the big issues were behind her. She would continue to make contact with John South until the website issues were resolved.

Item #8. Discuss and take action on EDC marketing.

Laurie, Justin and Jack had been down and toured the area for industrial parks. Most of what they saw was metal buildings and a few with a brick façade. Laurie had looked into boardwalks that was an ongoing discussion of the board. Rankin suggested that they look at Lake Whitney, because they had a boardwalk. Heritage Cove property had been sold to a guy in Ennis, Texas. The property had not been closed on and there were no immediate plans for the property. The demographics were being updated and working on the workforce analysis. No action was taken.

Item #9. Discuss and take action to seat new officers for 2011-2012.

Rankin made a motion to seat: Steve Webster as President, Baade seconded.

Janow made a motion to seat: Linda Rankin at Vice President, Baade seconded.

Rankin made a motion to seat: Dennis Baade as Treasurer, Cassady seconded.

Rankin made a motion to seat: Pat Cassady at Secretary, Janow seconded.

Webster call for a vote of the officers. Rankin seconded. All directors voted 'aye'. Motion carried.

Once Jim Cavanaugh is seated he would learn the finances.

Adjourned: 7: 35 p.m.

Board of Directors comments:

Baade reported that he and Mike Sugre was disappointed with the City's lack of planning on the Silverleaf project and the way planning and zoning had been handled on the project. Janow had been working with Dan Leonard on the sale of his property. Janow had talked to a company in Houston about the cost of a boardwalk, which was very expensive. Janow had been working with different people with hopes of bringing in a hospital. He was told that the city didn't have the ability to fund a hospital at this time. Rankin and Janow would work with Deanna.

Approved by: _____
Steve Webster, President

Attest by: _____
Pat Cassady, Secretary