

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 Monday, August 5, 2013 at 5:00 p.m. Rankin called the meeting to order at 4:58 p.m. with the following directors present: Spiegel, Janow, Cavanaugh, Damiano, and Cassady. A quorum was established.

Citizens in attendance: Connie Holubar/PR Outreach, Jack Thompson and Lance Reordan/Orasi ED, Gerry Boren/City Manager, Curtis Webster/City Council, Dennis Baade/City Council. Mayor Eaton arrived at 5:40 and Travis Tarlton arrived at 5:45.

Citizen's Comment: Connie Holubar asked for a moment of silence for Steve Webster.

Rankin said, "It's been a difficult week here with having to pick up everything and to keep going. We all have been grieving. We are at the end of a term and now we will have new board members. The old regime will be gone and the new regime will take on. I don't want anyone to think I'm coming in to make changes; it's just going to be a new set of people, a new set of ideas. I'm just here to guide us through this until we have the election."

Janow said, "As a senior member of this board, I'd like to start this meeting off with a deep sense of appreciation, energy and compassion to the EDC. We should all try to emulate our beloved past leader. Steve was a very unusual man, person, friend and neighbor. I'm sure we will all agree. I first met Steve six years ago at a party on Ocean Drive. I asked him to join the EDC, because of his charisma, business acumen to do it right. His answer remained the same for quite a while; retire, retire. I explained the same thing to Dennis Baade and they both joined. My work began to find an advertising guy who could tell the message we want to get out. Jim, Gary, and Pat, I'm sorry I didn't have a hand in getting you, but you folks stepped up to the plate before I got to you. I think we should be aware of standing rules and regulations. We should all be respectful of each other's work and pleasure. We are all volunteer board members. We need to focus more on the issue of EDC business and not bother with the rumor mill that's out of control in the city. The things we talk about in here have to stay in here. Before anything is undertaken it should have the boards sanction, but we should not go off half cocked. For a safeguard we should have two people on a project so we don't misconstrue the facts."

This is meant more as an endorsement statement to remind us so that at the end of the day we can say with pride and honesty we continue the legacy of Steve Webster's. We should conduct ourselves as adults, with professional courtesy where we are aware of what is going on, no deals, assignments, understanding equal as no was asked to join this organization to manage a particular function or manage when ideas or assignments are given out it should be done equitably and the willingness to go along. Rankin said some of those things could be addressed in item 7. Janow had a picture of Steve. Boren was thinking of dedicating a wall to Steve that would include Steve signing the RBEG contract. Rankin said that would come under item 8.

Item #1. Discuss and take action regarding a financial request from Parks Construction.

James Parks was requesting \$290,000 in financial assistance and additional incentives to purchase an adjoining lot, construction of new building, fencing and parking lot for the expansion of his home construction and remodeling business. Spiegel had met with Mr. Parks and associates and was very impressed with what they could do for Gun Barrel City and why he wanted to stay in Gun Barrel City. Mr. Parks said that he had been approached by Mabank in regards to moving his business there and the incentives they would provide. Spiegel asked him to put together a short presentation and bring it to the board at the next scheduled meeting. Parks is a major customer of Lowe's, but there would be no direct sales tax. Spiegel's questions were: could the loan of \$290,000 be spread out, would he take a lesser amount, what would the collateral be, how many jobs would he create? Parks Construction had a credit score of 457, his sales tax certificate was registered in Crandall, Texas. No records existed for Park's Construction at the Secretary of State. Spiegel asked if the EDC wanted to go forward because of his credit score, if it was accurate or continue and see what was in it for Gun Barrel City. Rankin read the complete credit report. Damiano comments where: couldn't decipher anything out of application, didn't know what he did, how long he had been in business, with two locations, paying himself \$40,000 a year, bumping it up to \$80,000 next year and current income was \$90,000. Does the EDC commit to the entire amount? Spiegel said he would not recommend it based on the credit information. Damiano said it was an awful lot of money and what else could the EDC be doing with this amount of money that would bring more benefit to the City? Janow expressed his lack of support, because of his experience involving

the POA and Park's work on the boat dock. Curtis Webster had suggested to Mr. Parks to come to the EDC. Webster also said he had a conflict of interest, because he had 20 acres listed for Mr. Parks, but Webster was pleased with his work performance. Webster also suggested the EDC get Mr. Parks approval in writing to talk to his two bankers, getting a personal credit report and a guarantee on the note. Spiegel made a motion to table Item 1 until the next meeting. Cassady seconded. All directors voted 'aye'. Motion carried.

Item #2. Discuss and take any action on Cinema Restructuring.

Rankin explained that word had gotten out on the internet by the providers of the film and she had three companies contact her today that are interested in reopening the theatre. One company was a spinoff of Cinemark, Alerion Service (Spotlight Theatres) and Showbiz. The owner of the Sear's building also called and is interested in developing the area. Rankin asked that this information be kept inside the office. Spiegel asked how this could be kept confidential. Boren cited an executive meeting statute that covered economic development. Reordan and Thompson had been on the phone with Rankin when they talked to the owners of the theatre. Thompson suggested getting the owner's permission to talk to the bank since the EDC had people willing to step in and talk to the interested companies to see what they were willing to do. It would speed up the process. Damiano asked if Rankin was referring the interested parties to the bank. Rankin said they wanted her to, but what she would have the list and the EDC would have checked them out a little bit more. She thought the EDC needed to take a look at who wanted to come here. Damiano said it would be up to the bank. Rankin said it was an opportunity for the EDC to see who where these people and what they bring to a community. Which one would do a better job of running the theatre? When that information was gathered she would send them to the bank. Reordan pointed out that if this goes to foreclosure, it will be a public process. Rankin said the bank would let the EDC know when they were through negotiating. Damiano thought the sooner the bank had other options to sell it to, the better. Rankin said she left a message about the information she had. No action was taken.

Item #3. Discuss and take action regarding a financial request from Huddle House.

The EDC had not received the application from Huddle House. There was no action on this item.

Item #4. Discuss and take action regarding GBC Music's default letter.

Rankin had met with Dino Perelli on August 2 to go over his month-to-month cash outlays. They had opened the doors in April and in July he had \$1,700 left and knew he would only go further in the hole if he remained open so he closed July 6th following the July 4th holiday weekend. Perelli was aware that the EDC contract had been broken and would receive a default letter. He is willing to do some trade outs with the EDC to help lessen his loan amount in the form of Videos, Website update, photography, and/or handling the City's entertainment at July fest or other events. He is running the GBC Music portion of the business from his studio next to his home. Spiegel estimated about \$5,000 to \$7,000 could be used for trade outs. The EDC would need to modify the performance agreement. Cassady made a motion to send out the default letter. Cavanaugh seconded. All directors voted 'aye'. Motion carried. Boren said a default letter was a way to communicate.

Item #5. Discuss and take action regarding Direct Tire/Michael Thompson's default letter.

Janow said Michael Thompson's dad had passed away and left him some insurance money. At the moment they were working with the insurance company to release the money. Thompson told Janow he would catch up on his payments when he received his money. Boren reported Thompson did not have a current sales tax number, no proper CO and no running water. The City was in the process of shutting him down. Spiegel made a motion to send the default letter. Cassady seconded. All directors voted 'aye'. Motion carried.

Item #6. Discuss EDC Fiscal Year 2013/2014 Budget.

Cavanaugh had asked for feedback at the July meeting. Some of these items were mentioned in July. Boren said the budget would increase by 1.7% CPI. Land owned by the EDC would be included in the income of the budget. The following items would be included in the budget: Boot to Business, RBEG \$99,950., Church Street-\$30,000., Parks-\$40,000 for parking lot and Heritage Cove. Also a laptop for the conference room-\$1,500, same amount for Orasi ED. No action taken.

Item #7. Discuss and take action on adding value to the EDC procedures.

Rankin said she received numerous emails on what the EDC might improve on. Everyone wanted to voice what needs to be done.

Suggestions:

Two people talk to a client

Expectations-number of jobs, what do you bring to GBC, objective, standard package?

Strategies

Credit score vs. loan int. %,

Check list with application; last two years tax return, criminal background check,

Collateral for loan,

Meets goals and objectives,

Strategic planning-priority-what is most important

Project assignments

Boots to Business application should reflect any change that's made to the EDC application.

Boren wanted the city involved at the beginning of projects.

Damiano wanted to see a better job of strategic planning.

Boren would check with his source for strategic planning; Orasi ED also provided that service.

Damiano asked for a workshop. Rankin said that would mean two meetings next month. The directors were okay with that.

No action taken.

Item #8. Discuss and take action regarding a memorial for Steve Webster.

Rankin said we've had suggestions on renaming a street or a ball field.

Spiegel asked if other people that had been honored in the past.

Boren suggested that the hall way of honor between the city and EDC could be used for honoring people.

Could a cove be named after him?

Spiegel thought a street made the most sense.

Steve Webster's Conference room

Proclamation of a day.

Boren said the Friday before Barbara's Memorial the city employees would meet in the conference room and reflect on what Steve did for the city.

Rankin reported that the Texas Economic Development Council will have their annual conference in October. They give out awards that range from \$1,000 to \$5,000 and \$5,000 to \$15,000. Linda had the award criteria that consisted of writing out the application (no more than 4 pages) that was centered on the accomplishments of the 92 acres. The application has to be in by August 17. It would be reviewed by the other directors for their comments. If he wins this award, they would come here and present it to his wife and city. The winners will stay on the Texas Economic Development Council website for a year.

Board of Director Comments.

Boren complimented Spiegel on the EDC's ad placed in Destination East Texas.

Rankin said the EDC had received one application for the vacant seat.

Rankin said there was a lot of discussion about a credit check at the workshop and she wanted to find a way for the councilman to see the credit check if they were adamant about it, but not let the information go out in public. It was questionable if it was public record. The attorney talked to Rankin about it and even sent her the ruling that says it can't go out. It would be an official misconduct so that pretty much puts that to rest. Boren said the councilman have a right to see it and take the contract into executive session. Boren questioned who would be present from the DC to go in executive session with the council. Reordan said it varies and Boren said it would be up to council.

Adjourn: 7:00 p.m.

Approved by:



Linda Rankin, Vice President

Attest by:



Pat Cassady, Secretary