



## FORNEY ECONOMIC DEVELOPMENT CORPORATION

**MINUTES  
REGULAR MEETING  
101 EAST MAIN STREET  
FORNEY, TEXAS 75126  
FEBRUARY 9, 2017  
6:30 P.M.**

The Forney Economic Development Corporation (FEDC) of the City of Forney met on February 9, 2017 at 6:30 p.m. in the City Council Chambers. Board President Joe Dan McBeth, Vice President & Treasurer Scott Burrus, Secretary Kym Tayamen and Directors Jessica Browning, DeCarlo Coleman and Amanda Lewis were in attendance. FEDC Director Warren Ketteman and FEDC Coordinator Stewart McGregor were also in attendance. Board Director Fred Alexander was absent.

1. **Call to Order** at 6:30 p.m.
2. **Invocation** by Mr. McGregor.

At this time, Mr. McBeth introduced Amanda Lewis as a new board member. Mrs. Lewis is a 14 year resident of Forney and former Budget Director for Parkland Hospital. She was appointed to the board at the February 7, 2017 City Council meeting and received her oath of office prior to the February 9, 2017 EDC Board Meeting.

### 3. **Consent Items**

#### a. **Approval of the FEDC Minutes – January 12, 2017 Regular Board Meeting**

Mr. Tayamen made a motion to approve the minutes from the January 12, 2017 regular board meeting and Mr. Burrus seconded. The vote carried unanimously, with Mrs. Lewis abstaining due to her being a newly appointed board member.

#### b. **Financial Report**

Mr. Burrus gave the financial report. We are at 33.3% of the fiscal year, with revenues at 32.13% and expenditures at 26.83%.

#### c. **Executive Director's Report**

Mr. Ketteman gave the Executive Director's report. A complete copy is available in the Forney EDC office. He specifically mentioned meetings FEDC staff had with State Representative Gooden and Senator Hall, as well as continued progress on a business plan competition and a site visit scheduled for February 16, 2017 by state prospect lead "Project Robin Hood."

### 4. **Discussion/Action Items**

#### a. **Discussion and possible action concerning rescinding the incentive for MCL Construction, LLC and Guest & Gray, P.C. approved at last month's FEDC regular board meeting**

Mr. Ketteman explained to the board the \$20,000 renovation incentive they approved at last month's regular board meeting for MCL Construction and Guest & Gray had fallen through due to lease negotiations. Mr. Ketteman recommended the board rescind the incentive offer.

Mrs. Browning made a motion to rescind the incentive offer to MCL Construction, LLC and Guest & Gray, P.C. Mr. Burrus seconded and the vote carried unanimously.

#### b. **Discussion and possible action concerning a façade grant application for Ritter-Jones Real Estate**

Mr. McGregor explained to the board they received a façade grant application for the Riter-Jones Real Estate Office on Broad Street in Downtown. The anticipated total renovation costs were \$35,000, with the proposed application having the EDC match \$10,000 for exterior updates and \$3,000 for interior updates. Mr. McGregor explained to the board the façade grant allows for up to 50% or \$10,000 for the exterior façade and up to 20% or \$5,000 for interior work.

Mrs. Browning asked about the plans and what steps had been taken by Riter-Jones in the application process. Mr. McGregor explained they filled out the application and EDC staff were waiting on photos and construction information from the applicant. He said EDC staff would monitor to receive the photos and construction information and that the EDC Board could make the grant offer contingent upon receiving the needed information.

Mr. McBeth inquired about parking at the office. Mr. Ketteman said they currently have a driveway next to their building where people could park and any codes regarding parking would be enforced through the Community Development office. Mrs. Lewis inquired about the façade grant fund availability in the EDC Budget. Mr. Ketteman responded with a total of \$50,000 having been budgeted for the fiscal year. Mrs. Browning asked how much had been committed this fiscal year. Mr. McGregor responded with \$10,000 for the Touch Up Salon.

Mrs. Browning made a motion to approve the façade grant incentive request by Riter-Jones Real Estate, contingent upon them providing staff with interior/exterior cost proposals and working through all City approval channels with the Architecture Review Board, Planning & Zoning and any other department. Mr. Coleman seconded and the vote carried unanimously.

**c. Discussion and possible action concerning extending the termination date of a contractual agreement with LCG Highway 80, LLC (Leon Capital Group)**

Mr. Ketteman said this issue came up due to traffic concerns with the development of two fast food sites at the southeast corner of US Highway 80 and FM 548. He specified there is a reverter clause in the contract with Leon Capital, that if they don't have their permits, infrastructure, etc. to develop two restaurants by a certain date, the property would revert back to being owned by the EDC. He said at the April 14, 2016 FEDC Board meeting, the board approved to extend the contract expiration date from July 9, 2016 to March 9, 2017. Leon Capital is still working to locate one more fast food restaurant on the property. He recommended the contract expiration be extended to June 30, 2018.

Mr. Ketteman said the mayor is in favor of extending the deadline for 2 restaurant developments. He said the developer has two potential prospects for the property. Mr. Burrus specified the timeline hold up has, to much extent, been beyond the developer's control.

Mr. Coleman made a motion to extend the termination date of the contractual agreement with LCG Highway 80, LLC to June 30, 2018. Mr. Tayamen seconded and the vote carried unanimously.

**d. Discussion and possible action concerning amending the lease agreement for the Latham Bakery & Deli to include a right of first refusal in purchasing the property**

Mr. Ketteman said this issue was brought up by the tenant for the Latham Bakery, who expressed interest in having a right of first refusal to potentially purchase the FEDC-owned building at 106 E. Main St. Mr. Burrus inquired if this would involve obtaining an appraisal on the building prior to selling it. Mr. Ketteman said as an EDC, we are required by law to obtain an appraisal before selling a property. Mr. McBeth echoed they had to obtain an appraisal, but could set the price of the building at whatever price the board wanted.

Mr. Tayamen asked which appraiser the EDC uses. Mr. McGregor said Jackson Claborne Appraisal Company. Mr. Ketteman said Ernie Gatewood is the employee with Jackson Claborne he works with, who is based out of Plano and performs many appraisals throughout the DFW area. We recently obtained proposals from him on the FEDC-owned properties at 211 S. Bois D'Arc, 212 S. Bois D'Arc and

215 S. Bois D'Arc. This right of first refusal would stay current with the lease, similar to how Groovy's lease agreement language is written.

Mr. Coleman made a motion to approve language regarding a right of first refusal to be added to the lease agreement for the Latham Bakery at 106 E. Main St. Mr. Burrus seconded and the vote carried unanimously. Mr. Kettelman clarified this would be a right of first refusal during the length of the Latham Bakery's 3 year lease agreement.

**e. Discussion and possible action concerning economic development negotiations with current prospects**

Mr. Kettelman said these items would be discussed in executive session.

Engineering representatives from RaceTrac Gas Station were present at the meeting to discuss their plans for the approved site plan on 23 acres owned by a local developer on the southeast side of FM 548 and US Highway 80. Mr. Kettelman told the board there would be a conversation regarding RaceTrac's request in Executive Session, but there would be no action coming out of tonight's EDC meeting. He said he would speak at the next Council meeting in executive session regarding RaceTrac's request, receive direction and relay that information at next month's EDC Board Meeting during executive session.

Mr. McBeth recognized Drew Cunningham with RaceTrac, who spoke regarding the infrastructure development for the RaceTrac site and property. Mr. Cunningham said with RaceTrac being the first development on the 23 acre site, they plan to incur a high number of costs related to infrastructure, sewer development and adding a 4-way intersection, which will also service the rest of the future development on the property. Their anticipated costs include running new sewer lines across FM 548, road/access improvement and adding a 4-way intersection combined with anticipated infrastructure and impact fees are approximately \$618,000 plus site development costs. They said their annual sales tax revenue for the site would be \$3,348,000 on inside sales, making the public tax revenue on annual sales to be approximately \$34,000 going to the City and \$17,000 going to the EDC.

Mr. Burrus inquired as to how many the store would employ. Mr. Cunningham responded with approximately 25-30. Mr. McBeth asked them about easement needs. Mr. Cunningham responded that none are necessary due to it being in the right of way. Brad Williams with Winstead, P.C. said RaceTrac's main concern is getting infrastructure to the property so they are ready to develop their site, along with assisting with the rest of the development that will come to the property. Mr. Cunningham said RaceTrac engineering staff took into account their development with Broad Street and the surrounding neighborhood in regards to any traffic concerns. Mr. Tayamen asked Mr. Cunningham where the closest RaceTrac was currently located. He responded with Mesquite.

- i. Related to the potential lease of FEDC-owned property at 215 S. Bois D'Arc**
- ii. Related to incentive negotiations and agreements**

After executive session, Mr. McBeth said no action would be taken on RaceTrac's incentive request to assist with infrastructure expansion.

Mr. Tayamen made a motion to amend the incentive agreement with the Sophia Design Group made last month to change the address of the location for the company to 11484 Industrial Park with no other changes (job creation requirements and body of contract would stay the same). Mr. Burrus seconded and the vote carried unanimously.

Mr. Kettelman then told the board he would lay out the motion in which the board had discussed in executive session regarding the lease of the FEDC-owned property at 215 S. Bois D'Arc. He said it would be a five year lease agreement with the price as follows:

Year 1: \$3,500  
Year 2: \$3,650  
Year 3: \$3,800  
Year 4: \$3,950  
Year 5: \$4,100

EDC would pay taxes and insurance on the building (the EDC would be a secondary insurer) and the tenant would have the option of one, five year renewal, continuing to increase at a rate of \$150 per year. The tenant would be fully responsible for insurance and taxes in the lease renewal, similar to what is regarded as a "Triple Net" lease.

EDC would provide a \$100,000 reimbursable incentive, in which the tenant would need to provide proof of receipts. They could provide proof of receipts at any increment up to \$100,000. For example, if they spent \$25,000, they could turn in a set of receipts totaling that amount and the EDC would reimburse that set of the \$100,000.

EDC would also provide a no interest loan in a separate agreement in the amount of \$120,000, to be paid back over the course of 5 years at a stair step rate. The monthly repayment schedule would be tacked on their rent rate as follows:

Year 1: \$1,000  
Year 2: \$1,500  
Year 3: \$2,000  
Year 4: \$2,500  
Year 5: \$3,000

This amount would be tacked on either as part of their lease or paid monthly on the same schedule if they decided to purchase the building during the term. Mr. Kettelman then said the tenant would have a right of first refusal to purchase their property starting within a year of occupying their leased space. The purchase would include the building and back lot the FEDC purchased to insert a grease trap.

Eno's would also have a right of first refusal to buy the Groovy's building at 211 S. Bois D'Arc, if the owners of Groovy's, who currently have a right of first refusal decide to not purchase the building. Eno's must have purchased the property at 215 S. Bois D'Arc in order for them to exercise the option to purchase Groovy's building (in case Groovy's decides not to buy their building). Mr. Kettelman said there are no plans for Groovy's to move out and that this right of first refusal is by no means a way to push Groovy's out. He said Groovy's has been a great tenant and are currently trying to decide whether or not to purchase their building, but Eno's had previously expressed interest in potentially purchasing the property and keeping Groovy's next door.

Mr. Kettelman then specified the EDC would assist with property improvements behind the building for a gathering space. This would be accomplished through a \$25,000 matching redevelopment grant. Mr. Kettelman said he had talked to Eric Davis who owns a large portion of the back lot and is amenable to helping clean up and redevelop the lot.

Mr. Kettelman then said, outside of the motion, there are plans to shorten the length of the City easement of Elm Street at Bois D'Arc, which will help create a patio-style space for Eno's, should they choose to use it as part of their restaurant.

Returning to the motion, Mr. Kettelman said it had been recommended by an engineer for there to be four rooftop HVAC units on top of the building. Two were previously placed on the building to keep it warm and cool, but the EDC would pay for two more rooftop units on top of the building.

At this time, Mr. McBeth recognized Shane Spillers with Eno's to talk more on their business and plans for Forney. Mr. Spillers introduced his business partner and mother, Donna Spillers. He said the opening of their Forney store plans to be on the ninth anniversary of the opening of their original location in the Bishop Arts District in Dallas.

Mr. Spillers then said two challenges present themselves in order for the offer to work. First, construction will take a bit of work and they will need to start moving as soon as they can get permitted to begin construction on the building. The other is in needing a distance waiver to offer beer, wine and mixed beverages. The deal would be conditional on the distance waiver and announced they would apply for a distance waiver with the Community Development office the next day.

At this time, Mr. Burrus made a motion to approve the aforementioned motion by Mr. Ketterman for Eno's Pizza to locate at 215 S. Bois D'Arc St. Mr. Tayamen seconded and the vote carried unanimously.

Mr. McBeth then asked Mr. Ketterman regarding the downtown parking project. Mr. Ketterman said he is still working with utility providers in identifying their easements. He said Atmos may have a line across Bois D'Arc, and if so, they would try and start construction on Main Street first so they could fix the easement for Atmos.

#### 5. Public Communication

There was no public communication.

#### 6. Executive Session

- a. **The Forney EDC will hold a closed Executive Session meeting pursuant to the provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in: -§ 551.072 deliberations for the purchase, exchange, lease, or value of real property and/or -§ 551.087 deliberations regarding commercial or financial information that the EDC has received from a business prospect and/or deliberations regarding the offer of a financial or other incentive to a business prospect. (Related to Section 4.e.)**

Mr. Burrus made a motion to enter into executive session and Mrs. Browning seconded. The vote carried unanimously. The time was 7:04 p.m.

- b. **The Forney EDC will reconvene into Regular Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, to take any action regarding the above items.**

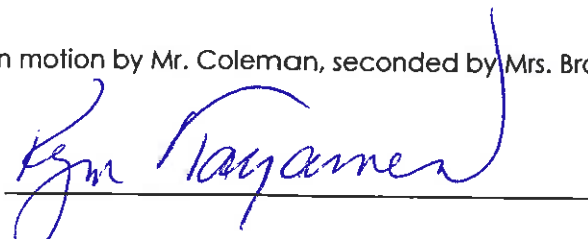
Mr. Tayamen made a motion to reenter into open session and Mrs. Browning seconded. The vote carried unanimously. The time was 8:09 p.m. At this time, Mr. McBeth returned to item 4.e.

#### 7. Future Agenda Items

Mr. McGregor mentioned ongoing work with ICSC, Kaufman County Day and the Business Plan Competition. Mr. Ketterman said staff would continue to work with Eno's on their incentive offer, which would work through the process needing Council approval. All permits will be completed by Eno's through the Community Development office.

- 8. **Adjournment** by unanimous approval at 8:27 p.m., on motion by Mr. Coleman, seconded by Mrs. Browning.

APPROVED: KYM TAYAMEN, SECRETARY



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APPROVED: JOE DAN McBETH, PRESIDENT  
DATE: MARCH 9, 2017



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