

ECONOMIC DEVELOPMENT GRANT AGREEMENT

This Economic Development Grant Agreement (“Agreement”) is entered into by and between the **CITY OF HARKER HEIGHTS, TEXAS** (“City”) and **GAMBIT SOCIAL HOUSE, INC.** (“Gambit”). The purpose of this Agreement is to set forth the terms under which the City will make certain economic development grants to Gambit.

The City is authorized by Chapter 380 of the Texas Local Government Code to establish and provide for the administration of one or more programs for making grants or loans of public money to promote economic development and stimulate business and commercial activities within the City. The grants described herein are made for that purpose.

The parties agree as follows:

I.

MAXIMUM GRANT LIMIT

1. The cumulative amount of grant payments to be made under this Agreement shall not exceed \$150,299.00. Once the cumulative amount of economic development grants (real property economic development grants plus sales related economic development grants) equals \$150,299.00, the City shall have no further obligation to pay grants under this Agreement and the Agreement will terminate.

II.

DESCRIPTION OF PROJECT – GAMBIT COMMITMENTS

1. Gambit agrees to construct taxable improvements as described herein on the tract of property located within the city limits of the City which is described on **Exhibit “A”** (“Premises”). The real property improvements and taxable personal property which are to be constructed, placed, and maintained on the Premises shall be referred to herein as the “Project Improvements.” These Project Improvements that Gambit agrees to construct shall include a 12,000 square foot entertainment venue which will house a beer tap room, restaurant, nine-hole miniature golf course, eight escape rooms and a 400 square foot event space. The Project Improvements that Gambit agrees to construct shall also include 3 outside axe throwing lanes, beach volleyball facilities, and other games and seating areas on the Premises. Gambit agrees to complete construction and placement of the Project Improvements having a value as described in Paragraph 2 below on or before October 31, 2022.

2. In consideration for the economic development grants provided for in this Agreement, Gambit agrees to make a minimum investment of \$2,000,000.00 in the Project Improvements, so as to add at least \$2,000,000.00 of appraised value (over the 2021 appraised value of the Premises), for ad valorem property tax purposes, as certified by the Bell County Appraisal District, to the City of Harker Heights ad valorem tax rolls beginning in the tax year 2022. Gambit agrees to provide the City with a description of the taxable improvements constructed or placed by Gambit on the Premises and to do so by the 15th day of January 2023.

Gambit further agrees to maintain taxable property of a total value of at least \$2,000,000.00 on the Premises for each of the five tax years (2022 through 2026) for which the City has agreed to provide grants under this Agreement.

3. Gambit further agrees to employ a staff described as follows beginning on or before October 31, 2022, and continuing through December 31, 2027:

- 35 servers;
- 15 bartenders;
- 6 hostesses;
- 15 cooks;
- 5 dishwashers;
- 25 event and game masters;
- 6 managers.

III.

ECONOMIC DEVELOPMENT GRANTS

1. The economic development grants to be made under this Agreement are based upon investments that Gambit agrees to make that will generate economic activity within the City and the sales activity occurring after the construction of such improvements. The City agrees to make certain economic development grants to Gambit to be calculated based upon a percentage of the ad valorem property taxes assessed by the City (and paid by Gambit) upon Project Improvements ("Property Taxes"). Further, as set forth below, the City agrees to make certain economic development grants to Gambit in amounts based upon a percentage of City sales tax revenues collected by Gambit, less any refunds by Gambit or required to be made by the City ("Sales Taxes"). Subject to the performance by Gambit of its obligations hereunder, and subject to the conditions of this Agreement, the City agrees to make the following economic development grants to Gambit:

A. GRANTS RELATING TO REAL PROPERTY IMPROVEMENTS (REAL PROPERTY ECONOMIC DEVELOPMENT GRANTS):

1. The City will make a real property economic development grant in an amount equal to 50% of the City Property Taxes timely paid by Gambit for the tax year 2022;

2. The City will make a real property economic development grant in an amount equal to 50% of the City Property Taxes timely paid by Gambit for the tax year 2023;

3. The City will make a real property economic development grant in an amount equal to 50% of the City Property Taxes timely paid by Gambit for the tax year 2024;

4. The City will make a real property economic development grant in an amount equal to 50% of the City Property Taxes timely paid by Gambit for the tax year 2025;

5. The City will make a real property economic development grant in an amount equal to 50% of the City Property Taxes timely paid by Gambit for the tax year 2026.

Grants payable hereunder shall be paid for each year of this Agreement within 45 days after Gambit has provided written notice to the City that it has made timely payment of the ad valorem property taxes assessed by the City for such year and a written request for payment of the real property economic development grant for such year. No grant payment shall be made for any year in which Gambit fails to make timely payment of property taxes and no grant shall be paid upon penalties or fees assessed because of a failure to timely pay taxes. No grant shall be paid before Gambit timely makes payment of City ad valorem property taxes.

B. GRANT CALCULATED BASED UPON SALES TAXES (SALES RELATED ECONOMIC DEVELOPMENT GRANTS):

“Gambit Net Sales Tax Revenues” as used in this Agreement shall mean City sales tax revenues collected by Gambit at its place of business in the City of Harker Heights that are remitted to and received by the City less any refunds by Gambit or refunds required to be made by the City.

1. The City will make a sales related economic development grant in an amount of 50% of the Gambit City Net Sales Tax Revenues for the year 2022;

2. The City will make a sales related economic development grant in an amount of 50% of the Gambit City Net Sales Tax Revenues for the year 2023;

3. The City will make a sales related economic development grant in an amount of 50% of the Gambit City Net Sales Tax Revenues for the year 2024;

4. The City will make a sales related economic development grant in an amount of 50% of the Gambit City Net Sales Tax Revenues for the year 2025;

5. The City will make a sales related economic development grant in an amount of 50% of the Gambit City Net Sales Tax Revenues for the year 2026.

To obtain payment of a sales related economic development grant for any year of this Agreement, Gambit shall provide notice to the City of the amount of Gambit Net Sales Tax Revenue collected by Gambit from the taxable retail sales of Gambit from the Premises in the previous calendar year and a request for payment of the sales related economic development grant. Within 30 days of receiving the request and notice, the City shall review such information and confirm the Net Sales Tax Revenue information. Gambit shall cooperate with the City to determine the amount of Net Sales Tax Revenue. The City shall make the sales related grant within 60 days after receiving Gambits’ notice and request.

IV.
REQUIREMENTS AND CONDITIONS FOR ECONOMIC DEVELOPMENT GRANTS

1. The economic development grants described herein are subject to the following requirements and conditions:

A. Project improvements with an appraised value of at least \$2,000,000.00 must be fully constructed and in place prior to October 31, 2022.

B. All construction of Project Improvements must be made in compliance with all City ordinances and state law.

C. Gambit must operate its retail business on the Premises for the entire term of this Agreement.

D. Gambit will maintain and repair all of the Project Improvements as necessary to keep the same in good working order for the entire term of this Agreement.

E. Gambit must pay all ad valorem and sales taxes prior to such taxes becoming delinquent. Gambit shall have the right to contest tax appraisals or taxes through the procedures provided by the Texas Tax Code. Gambit shall promptly pay, prior to their becoming delinquent all property taxes which it is not so contesting unless it is required by law to pay the contested taxes as a part of the contest procedure. Should Gambit contest tax appraisals or taxes, it shall notify the City of Harker Heights immediately of the contest and keep the City updated on status thereof. Such contest must be diligently pursued by Gambit. If Gambits' contest is unsuccessful, Gambit shall promptly pay any taxes and penalties/interest resulting therefrom.

F. Construction on the Project Improvements will be full completed and fully operational on or before the 31st day of October, 2022.

G. The employment requirements described in Paragraph I (3) above shall continue to be met for the entire term of this Agreement.

H. The cumulative amount of grant payments to be made under this Agreement shall not exceed \$150,299.00. Once the cumulative amount of economic development grants (real property economic development grants plus sales related economic development grants) equals \$150,299.00, the City shall have no further obligation to pay grants under this Agreement and the Agreement will terminate.

V.
COMPLIANCE

Gambit binds itself hereby to construct Project Improvements of the value and within the time frame required by this Agreement. Gambit acknowledges and agrees that the purpose of this Agreement is to encourage economic development in the City and Gambit covenants that all uses of the Premises shall be consistent with the general purpose of encouraging development within

the City during the period that this Agreement is in effect. Gambit shall comply with any reasonable request of the City for information relating to the improvements made by Gambit or compliance by Gambit of its obligations hereunder. Gambit shall cooperate in regard to any audit or inspection by the City to assure compliance by Gambit. Gambit shall also provide the City's designated employees or consultants with access to inspect the Premises to ensure that improvements as required herein are being maintained in accordance with the provisions of this Agreement. Such inspection shall not interfere with the business operations of Gambit and shall not occur more than twice per calendar year.

VI.
TERMINATION AND RECOUPMENT OF INCENTIVE

This Agreement terminates and is cancelled at the end of the contract term unless cancelled earlier as set forth below. In the event Gambit fails to maintain taxable property of a total value of at least \$2,000,000.00 as determined by the Bell County Appraisal District on the City of Harker Heights ad valorem tax rolls for any year for which the City has otherwise agreed to provide an economic development grant under this Agreement, this Agreement will terminate and be cancelled. Further, if Gambit fails to maintain the employment level for any of the positions described in paragraph II (3) above for a period of more than 30 consecutive days during the term of this Agreement, the Agreement will terminate and be cancelled. In the event this Agreement is terminated and cancelled because of the failure of Gambit maintain property values or employment levels as required by this Agreement, Gambit shall be obligated to repay and reimburse the City an amount equal to all grants which have been made pursuant to this Agreement.

VII.
TERM

Unless terminated earlier by the provisions hereof or by the parties, this Agreement shall terminate after the City has paid all economic development grants for the year 2027 as provided herein.

VIII.
ATTORNEY'S FEES

If, on account of any breach or default by Gambit on its obligations under the provisions of this Agreement, it shall be necessary for the City to employ an attorney or attorneys to enforce or defend any of its rights or remedies hereunder, should the City prevail, the City shall be entitled to all reasonable attorney's fees, costs and expenses it incurs in connection therewith.

IX.
VENUE AND CONTROLLING LAW

Texas law shall govern interpretation of this Agreement and all disputes hereunder. This Agreement is performable, and shall be performed, in Bell County, Texas. Venue to any dispute between the parties shall be in Bell County, Texas.

X.
AMENDMENT

No amendment, modification, or alterations of the terms hereof shall be binding unless the same be in writing, dated subsequent to the date of this Agreement and is duly executed by both parties.

XI.
SEVERABILITY

If any provision of this Agreement is held to be illegal, invalid, or unenforceable, such provision shall automatically be deleted from the Agreement and the legality, validity or enforceability of the remaining provisions shall not be affected.

XII.
PRIOR AGREEMENTS SUPERSEDED

This Agreement constitutes the sole and only agreement of the parties herein with respect to the subject matter hereof and supersedes any prior understanding or written or oral agreements between the parties respecting the subject matter hereof.

XIII.
NO WAIVER

No waiver by the City or Gambit of any event of default or breach of any covenant, condition or agreement herein contained shall be treated as a waiver of any subsequent default or breach of the same or any covenant, condition, or agreement.

XIV.
ASSIGNMENT

This Agreement may not be assigned by Gambit without prior written consent of the City of Harker Heights.

XV.
Notice

17. All notices provided hereunder shall be given by both email and certified mail, return receipt requested as follows:

To the City of Harker Heights

c/o David Mitchell, City Manager
City Hall
305 Millers Crossing
Harker Heights, TX 76548
Email: dmitchell@ci.harker-heights.tx.us

To Gambit Social House, Inc. c/o

Candy M Bell

512 S. 2nd St.
Killeen, TX 76541
Email: _____

EXECUTED on this the 25 day of May, 2022, 2021:



CITY OF HARKER HEIGHTS, TEXAS

By: David Mitchell
David Mitchell, City Manager

ATTEST:

Julie Stum
City Secretary

GAMBIT SOCIAL HOUSE, INC.

By: Candy M Bell
Print Name: CANDY M BELL
Title: CFO