



**City of  
Mount Vernon**

*109 N. Kaufman St., Mount Vernon, TX 75457*

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**Application for  
Chapter 380 Assistance**

**APPLICATION MUST BE FILLED OUT AND RETURNED BEFORE THE PROJECT STARTS**

The following information is requested for all projects seeking assistance from the City of Mount Vernon. Please fill in all spaces on the application form. If the information requested is not applicable, enter "N/A" in the space. Incomplete applications will not be considered for assistance. Following receipt of the application, the City may require additional information to be submitted to indicate the financial abilities or other factors of the company.

<b>Applicant/Business Name</b>		<b>Business Ownership</b>	
Golden Chick Restaurant		G. C. Granbury - Hwy 377 2018. Ltd.	
<b>Business Type</b>			
Sole Proprietorship _____ Partnership <input checked="" type="checkbox"/> Corporation _____ Other (Please Explain and Provide Proof)			
<b>Date of Business Establishment</b>		May 2, 2018	
<b>Mailing Address (Business Headquarters)</b>			
1131 Rockingham Dr., #250			
<b>City</b>	<b>State</b>	<b>Zip Code</b>	
Richardson	TX	75080	
<b>Phone Number</b>		<b>Fax Number</b>	
972-831-0911			
<b>Applicant's Representative</b>		<b>Title</b>	

Michael Parmerlee		VP, GFC Leasing Corp, general partner	
Mailing Address (if different from above)			
City		State	Zip Code
Phone Number	Fax Number		Email Address

Additional Authorized Representative		Title	
Mailing Address (if different from above)			
City		State	Zip Code
Phone Number	Fax Number		Email Address

## Project Information

<b>Description of the Project</b>				
Conversion of a closed Burger King restaurant building to a Golden Chick restaurant.				
<b>NAICS Code</b>		<b>NAICS Code Description (if multiple please list all that apply)</b>		
722513		Limited-service restaurants		
<b>Property Address</b>			<b>Legal Description (attach if necessary)</b>	
410 W. I-30, Mount Vernon, TX 75457				
<b>Is this Project inside the City limits?</b>			Yes	No
			YES	
<b>Is this Project in the Historic District?</b>			Yes	No
				NO
<b>If Yes, does this Project require approval from the Landmark Commission?</b>			Yes	No
<b>Date of Landmark Commission Review</b>				
<b>Will this Project generate sales tax?</b>			Yes	No
			YES	
<b>What is your taxpayer ID?</b>			82-5427150	
<b>Anticipated Total Sales</b>				
Year 1	Year 2	Year 3	Year 4	Year 5
\$1,300,000	\$1,365,000	\$1,433,250	\$1,504,900	\$1,580,150
<b>Anticipated Total Taxable Sales (excludes items that are exempt from sales tax)</b>				
Year 1	Year 2	Year 3	Year 4	Year 5
\$1300,000	\$1,365,000	\$1,433,250	\$1,504,900	\$1,580,150

19,500

23,702

<b>Does this Project create or retain jobs?</b>		Yes YES	No	
<b>Jobs Created (new jobs that did not exist prior to this project)</b>				
Year 1 (Positions/FTEs)	Year 2 (Positions/FTEs)	Year 3 (Positions/FTEs)	Year 4 (Positions/FTEs)	Year 5 (Positions/FTEs)
10 Full Time Positions years 1-5: 1 General Manager, 3 Shift Leads, 6 Crew Members				
<b>Average Annual Salary</b>				
GM - \$55,000; Shift Leads, \$30,000; Crew Members \$20,000				
<b>Jobs Retained (jobs that would likely be lost without this project)</b>				
Year 1 (Positions/FTEs)	Year 2 (Positions/FTEs)	Year 3 (Positions/FTEs)	Year 4 (Positions/FTEs)	Year 5 (Positions/FTEs)
<b>Average Annual Salary</b>				
<b>Does the applicant own or lease the property associated with this Project?</b>		Own	Lease	Lease
<b>Property Owner Information, if leased</b>				
<b>Property Owner Name</b>		GFC Leasing Corp, LLC		
<b>Property Owner Phone Number</b>		972-831-0911		
<b>Property Owner Email</b>		michaelp@legaldepts.com		
<b>Property Owner Address</b>		1131 Rockingham Drive #25-		
<b>City</b>		<b>State</b>	<b>Zip Code</b>	
Richardson		TX	75080	
<b>Lease Amount</b>	\$117,000	<b>Period (Annually/Monthly)</b>	Annually	

**PROOF OF LEASE WILL BE REQUIRED**

<b>Current Appraised Value of Property</b>	As is \$590,000; as-complete \$1,820,000
<b>Are all Property Taxes Paid on this Property?</b>	Yes      YES      No
<b>If No, please explain</b>	
<b>Are Improvements being made to the Property?</b>	Yes      YES      No
<b>Estimated Cost of Improvements to be Made</b>	\$1,789,909
<b>Anticipated Construction Start Date</b>	November 7, 2022
<b>Anticipated Construction Completion Date</b>	February 1, 2023
<b>Description of Improvements to be Made</b>	
<p>Complete remodel of existing QSR restaurant to covert it to a Golden Chick restaurant, including all new fixtures, furniture, equipment, flooring, exterior signage, and landscaping.</p>	

**PLEASE PROVIDE WRITTEN BIDS OR COST ESTIMATES REGARDING ANY PROPOSED IMPROVEMENTS**

**Please indicate any of the following that you have consulted on this Project  
(check as many as apply)**

	Ark-Tex Council of Governments		Franklin County
	Franklin County Chamber of Commerce		Local Workforce Board
	North Texas Community College		Small Business Development Administration
	Texas Workforce Commission		

Other, Please specify below


Attachments That Will Be Required			
X	Plat/Map/Elevations of Project	X	Renderings/Plans for Improvements
X	Copies of Required Permits	X	Business Plan
	Financial Reports for previous years		IRS Reporting
	Tax Certificate	X	Proof of Property Ownership or Lease Agreement
X	Property Owner's Certification		Receipts for Work Performed Prior to Application Submission
<p>These items must be submitted with the initial application for consideration of the application. Additional documents may be requested as necessary.</p>			

Business Plans may be obtained through the Northeast Small Business Development Center in Mt. Pleasant, Texas. You may contact:

**Beverly Austin**

Business Development Specialist

Northeast Small Business Development Center

[www.northeasttxsbdc.org](http://www.northeasttxsbdc.org)

903-434-8237 Business

903-305-2277 Cell

903-645-5758 Fax

AFFIRMATION OF APPLICANT(S)

I (We) the undersigned do hereby acknowledge and/or certify, as the case may be, the following:

1. Prior to submission of this application, the included guidelines for all programs have been obtained, reviewed, and clearly understood by the applicant.
2. That the submission of this Application does not create any property, contract, or other legal rights in any person or entity to provide grant funding.
3. That if grant funding is approved, full compliance will be maintained with all the provisions of the provided guidelines, and/or special provisions attached as a part of the grant, and that failure to do so can be grounds for ineligibility to receive previously approved grant funding and / or sales tax recapture by the City of Mount Vernon.
4. That before application is to be reviewed by the City, a designee(s) of the City shall have the right to inspect the business and work to be considered.
5. That the City reserves unto itself its absolute right of discretion in deciding whether or not to approve a grant relative to this application, whether or not such discretion is deemed arbitrary or without basis in fact.
6. That the laws of the State of Texas shall govern the interpretation, validity, performance, and enforcement of the provided guidelines and this Application. If any provision or provisions of these should be held invalid or unenforceable, the validity and enforceability of the remaining provisions of these shall not be affected thereby.
8. That the information provided in this Application, and all that may have been affixed hereto, is true and correct, and that the City may rely on all of the information herein contained, and all that may have been affixed hereto, as being true and correct
9. Any criminal activities involving applicant, whether on or off site premises, will render this application and / or contract null and void.



10. Where approved incentives are reimbursement recipient must present paid invoices and/or cancelled checks to vendors. Certificate of Occupancy issued by City of Mount Vernon must be issued before any funds are expended.

11. Texas Government Code Section 2264.01 Certification

Company certifies that Company, or a branch, division, or department of Company, does not and will not knowingly employ an undocumented worker. If, after receiving a public subsidy, Company or a branch, division, or department of company is convicted of a violation under 8 U.S. C. Section 1324a(f), Company shall repay in full the amount of the public subsidy paid by the City to Company.

12. The City of Mount Vernon may exercise the right to reclaim any incentives should the recipient not fulfill any portion of its stated obligation as outlined in any incentive agreement resulting from this application submission.

13. Making application and complying with specific requirements does not guarantee that requested incentives will be granted by the City Council.

I, the undersigned, understand this process may take several months and attendance of several meeting. Filing an application with the City does not guarantee approval from the City Council. The city reserves the right to retain outside consultants to review this application, all data provided, and conduct an independent evaluation. Further, the applicant understands and agrees that this application and all data and communications may be considered a public record pursuant to the Texas Public Information Act."

Signed this 3rd day of November, 2022

Michael Parmerlee

(Print Authorized Representative Name)



(Applicant Signature)

Appendix A: Property Owner's Certification

Property Owner Name		GFC Leasing Corp, LLC	
Property Owner Phone Number		972-831-0911	
Property Owner Email		michaelp@legaldepts.com	
Property Address		410 W I-30	
City		State	Zip Code
Mount Vernon		TX	75457
Lease Amount	\$117,000	Period (Annually/Monthly)	Annually

Anticipated Construction Start Date	November 2, 2022
Anticipated Construction Completion Date	February 1, 2023
Description of Improvements to be Made	
<p>Complete remodel of existing QSR restaurant to convert it to a Golden Chick restaurant, including all new fixtures, furniture, equipment, flooring, exterior signage, and landscaping.</p>	

I have reviewed all information above and certify that it is true and correct. Further, I certify that I have reviewed and approved all improvements to be made to the property as described above.

  
 \_\_\_\_\_  
 Owner Signature

11/3/2022  
 \_\_\_\_\_  
 Date

### Chapter 380 Agreements

Chapter 380 Agreements will be completed through the City of Mount Vernon rather than through the MVEDC, but the application will provide the necessary information for crafting, reviewing, and approving such an agreement.

Chapter 380 is a reference to chapter 380 of the Texas Local Government Code. This chapter of the Texas Local Government Code authorizes Texas municipalities, both home-rule and general law municipalities to provide assistance for economic development. Texas cities may provide monies, loans, city personnel, and city services for promotion and encouragement of economic development.

The Texas Constitutional requires all expenditures of municipal funds serve a "public purpose." Accordingly, expenditures pursuant to chapter 380 programs must also serve a public purpose.

While Chapter 380 Agreements may be used to abate or refund taxes, it may not be used to abate a taxpayer's delinquent taxes.

A program providing for checks and balances on a business's use of Chapter 380 money is required by law. Examples of these checks and balances might be performance agreements tying grant money to the creation of a certain number of jobs, or requiring the business to stay in the city for a certain length of time.

The City of Mount Vernon upon receipt of a fully completed application may consider all legal grants of monies or services as authorized by Chapter 380 including, but not limited to, sales tax rebated, property tax grants, reduction of local fees, personnel and services, and loans. These grants of public monies and services may be considered by the City Council on a case-by-case basis and, any such approval, shall be within the sole discretion of the City Council.

ADDRESS/LOCATION: \_\_\_\_\_  
GENERAL CONTRACTOR: TBD  
PROPERTY OWNER: Golden Chick  
TAS #: \_\_\_\_\_ - THIRD PARTY ENERGY INSP.: \_\_\_\_\_  
DESCRIPTION OF WORK: new restaurant  
IS THIS PROJECT:  NEW CONSTRUCTION  REMODEL/ADD

WILL YOU BE REQUIRING ANY OF THE FOLLOWING TYPES OF WORK?  
 ELECTRIC  PLUMBING  DEVELOPM  
 GAS  MECHANICAL  NFPA 13R F

(DEMOLITION ONLY): I HEREBY CERTIFY THAT AN ASBESTOS SURVEY HAS BEEN PERFORMED TO MEET TEXAS ASBESTOS EMISSION STANDARDS FOR HAZARDOUS AIR POLLUTANTS (NESHAP) FOR ANY STRUCTURE TO BE DEMOLISHED. IF ASBESTOS IS PRESENT AN ABATEMENT LETTER MUST BE PROVIDED.

LEGAL DESCRIPTION: LOT \_\_\_\_\_ BLOCK \_\_\_\_\_ SUBDIVISION \_\_\_\_\_  
-OR- TRACT \_\_\_\_\_ SECTION \_\_\_\_\_ SURVEY \_\_\_\_\_

FOUNDATION TYPE:  PIER/BEAM  SLAB existing

ROOFING MATERIALS:  COMP  WOOD  TILE  BUILT

ROOF DESIGN:  TRUSS  CONVENTIONAL

RETAINING WALL: HEIGHT: \_\_\_\_\_ CONCRETE: \_\_\_\_\_ KEYSTONE: \_\_\_\_\_

EXISTING SQ. FOOTAGE UNDER ROOF : 3030 SQ. FOOTAGE OF PRC

*Affirmation: I certify that expansive or collapsible soil conditions do not exist for this building. I have installed a gutter system that complies with IBC 2015. By signing this application you are verifying the accuracy of the information provided.*

SIGNATURE: \_\_\_\_\_ DATE: 8/16/202

PHONE NUMBER: 214-675-9175 FAX NUMBER: \_\_\_\_\_

EMAIL: daniel@dp-designs.co

*City of Mount Vernon*  
109 N. Kaufman \* P.O. Box 597 \* Mount Vernon, TX 75457 \* 903 537 225  
www.comvtx.com

*Will Tedrick@bluestonebuild.com*

... Visa Credit Card  
ENTRY MODE: CHIP

AMOUNT USD\$ 2,421.00

EMV DETAILS:

AC: FBB5B6F19867E6AD

AID: A0000000031010

ATC: 000F

ClientTxnId: bdc0a3de-c3a9-4b55-  
de4ba45

TSI: E800

TVR: 0000008000

Workstation: 001

TRAN: 419.0000 BUILDING PERMIT

405 W. I-30

REMODEL

BUILDING PERMITS 2,42

TENDERED: 2,421.00 CREDI

APPLIED: 2,421.00-

CHANGE: 0.00

**GOLDEN CHICK RESTAURANT  
MOUNT VERNON, TEXAS**

**AT**

**405 W. I-30, MOUNT VERNON, TX 75457**



*Note: Photo is a representation of a typical ground-up construction Golden Chick restaurant.*

**G.C. GRANBURY - HWY-377 2018, LTD.**

**Business plan and analysis prepared by:**

Michael Parmerlee  
Vice President  
GFC Leasing Corp., LLC  
General Partner of G.C. Granbury – Hwy-377 2018, Ltd.

## EXECUTIVE SUMMARY

<b>Partnership</b>	G.C. Granbury – Hwy-377 2018, Ltd. (the “Partnership”) is a Texas limited partnership formed on May 2, 2018. The Partnership was originally formed by GFC Leasing Corp., LLC (the “General Partner”) to acquire, develop, construct, and operating a Golden Chick quick-service restaurant in Granbury, Texas.
<b>Description of Project</b>	The Partnership is undertaking the operation of another Golden Chick® restaurant (the “Project”) located at 405 W. I-30, Mount Vernon, Texas 75457 (the “Restaurant”) to improve its profitability. The Restaurant will be a converted existing freestanding building of 2,831± square feet and will have approximately 54 seats. The Restaurant will be developed and constructed by the General Partner and leased to the Partnership under a 20-year lease agreement. The Restaurant will be open year-round except for certain major holidays from 10:30 am to 10:00 pm Sunday to Saturday. The Partnership will develop and operate the franchise restaurant pursuant to a franchise agreement with Golden Franchising Corporation (“Franchisor”), and will be operated according to Golden Chick brand standards. As of January 2, 2022, Golden Chick had 207 restaurants in operation across the Southeastern United States, primarily in Texas and Oklahoma with locations in Louisiana and Florida according to the Franchisor’s 2022 Franchise Disclosure Document. Complete information is available in Section 1.0 “Description of Project.”
<b>Structure &amp; Management</b>	The General Partner will develop and construct the Restaurant. An affiliate of the General Partner, Golden Operating Corporation (“Manager”), will operate the Restaurant under a Restaurant Management Services Agreement. Detailed information is available in Section 2.0 “Structure and Management.”
<b>Project Status &amp; Development Schedule</b>	The target opening for the Restaurant is February 2023. The General Partner has acquired the property on which the Restaurant will be located. Construction will take approximately 100 days and is scheduled to begin in November 2022. A complete schedule for the Project is available in Section 3.0 “Status and Schedule.”
<b>Market Analysis</b>	The proposed Restaurant is feasible based on analysis of trends in the restaurant industry and the Golden Chick system, consideration of local demographics, demand drivers, and comparison with competitors. The area surrounding the Restaurant location meets or exceeds Golden Chick’s real estate demographic requirements. Based on the surrounding population and daytime employment population, the restaurant is estimated to produce consistent flow of customers for quality operations of the Restaurant. Complete demographic information along with a complete analysis of the trade area is available in Section 4.0 “Market Analysis.”
<b>Project Costs &amp; Capitalization</b>	The total cost for development and construction of the Restaurant by the General Partner is estimated at \$1,789,909. The Project’s capitalization includes equity in the amount of \$489,909 (27.37%) from the General Partner, and \$1,300,000 (72.63% LTC) of debt financing contributions. The General Partner will cover all costs related to constructing and developing the Restaurant, including furniture, fixtures, and equipment. The Project’s operations will be funded by cash from operations of the Project and the Partnership’s original Granbury, Texas restaurant. A complete description of the capitalization and the sources & uses of funds are available in Section 5.2 “Sources of Funds” and Section 5.3 “Uses of Funds”.

<b>Financial Projections</b>	The Partnership estimates total Restaurant sales in the first year of \$1.3 million, with 5% annual increases thereafter. The Partnership estimates Restaurant operating EBITDA starting at \$7,408 and EBITDAR starting at \$124,408 in the first year. <sup>1</sup>
<b>Employment &amp; Staffing</b>	This Project will create a minimum of 10 full-time jobs. Staffing levels of the Project are compared against Golden Chick staffing guidelines provided by the Franchisor and used by Manager in its operation of Golden Chick restaurants.

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<sup>1</sup> EBITDA and EBITDAR calculations do not add back amounts paid to affiliates of the Partnership, including royalties and national and regional advertising co-operative fees paid to Franchisor, and administrative and management fees paid to Manager.



## 1.0 DESCRIPTION OF PROJECT

### 1.1 Objective

G.C. Granbury - Hwy-377 2018, Ltd. (the “Partnership”) has been organized to operate as an investment and operational partnership by GFC Leasing Corp., LLC (the “General Partner”) to acquire, develop, construct, and operate Golden Chick quick-service restaurants. The Partnership has developed and operates a Golden Chick restaurant situated at 1152 E. Highway 377, Granbury, Texas 76048. To improve the profitability of its restaurant operations, the Partnership is undertaking the operation of another Golden Chick restaurant (the “Project”) located at 405 W. I-30, Mount Vernon, Texas 75457 (the “Restaurant”).

### 1.2 Business Description and Products

**Service:** The Project will be a Golden Chick franchise quick-service restaurant, characterized by fast-food cuisine, minimal table service, and take-out options. The Restaurant will have front counter service, drive-thru service, delivery, and catering.

**Hours:** The Restaurant will be open for business seven days a week, fifty-two weeks a year. It may elect to close on certain holidays. Its initial opening hours are anticipated to be 10:30 am to 10:00 pm Sunday through Saturday. However, the opening hours may be expanded if the Partnership and the Franchisor determine that offering the optional breakfast menu at the Restaurant would be profitable.



**Menu:** Golden Chick franchise restaurants provide high-quality, rapidly prepared menu offerings at reasonable prices. The Golden Chick menu consists largely of fried chicken tenderloins and bone-in chicken prepared with proprietary batter and marinade mixes formulated by the Franchisor or through Franchisor’s direction. Additional menu items include chicken, fried catfish, sandwiches, yeast rolls, a variety of side items, soft drinks, tea, and various other food products. Golden Chick franchise restaurant menus consist of certain required food items and a variety of optional menus that vary by restaurant, including an optional breakfast menu. The company has introduced, and expects to continue to introduce, new menu offerings, which will complement its core products.

### 1.3 Restaurant Facility

#### 1.3.1 Location

The Restaurant will be located at 405 W. I-30, Mount Vernon, Texas 75457 on the south side of IH 30. The site is a former Burger King restaurant adjacent to a CEFCO gas station with a convenience store and Huddle House restaurant to its, and a Super 8 directly to its east. IH 30 is a major traffic corridor through Mount Vernon, particularly with respect to traffic coming from the Dallas–Fort Worth Metroplex to Lake Bob Sandlin.

Figure 1-1. Maps of Subject Property

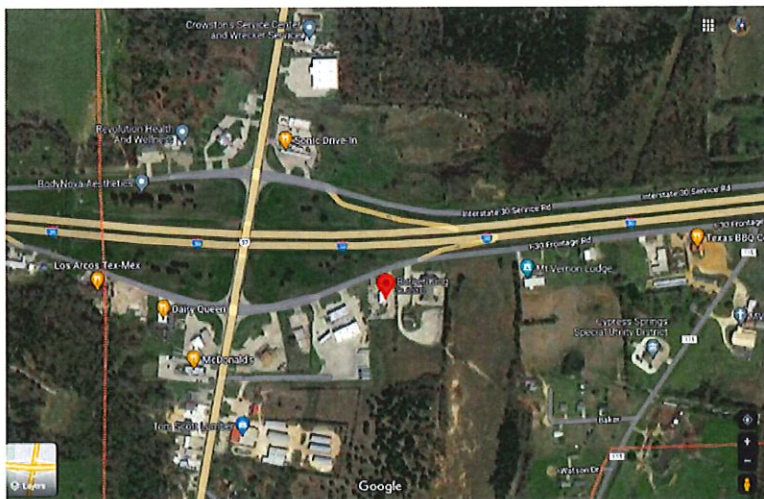
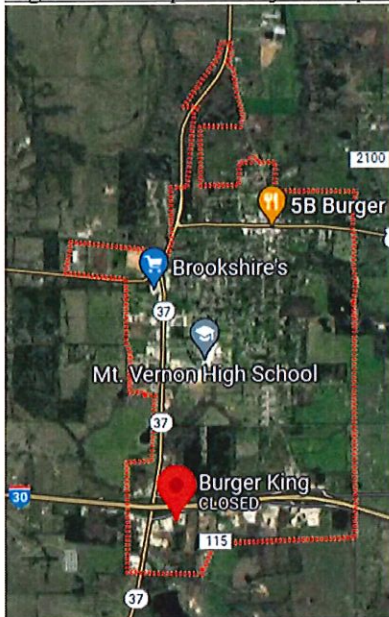


Figure 1-2. 2022 Google Street view image of the restaurant before conversion



### 1.3.2 Site Control and Zoning

The General Partner acquired the Project real estate in October 2022. Zoning and platting are not needed for the Project since the site is already zoned for commercial use and platted.

### 1.3.3 Facility Design and Operation Standards

The General Partner will construct and equip the Project for the Partnership according to the Franchisor's System. The Franchisor's format and system includes the Franchisor's:

- Distinctive exterior and interior design, décor, and color scheme
- Furnishings
- Proprietary ordering procedures
- Special recipes and menu items
- Proprietary food preparation techniques and presentation standards
- Community and social networking presence and protocols
- Specifications, policies, and procedures for operations; quality and uniformity of the products and services offered
- Procedures for inventory, management, and financial control
- Training and assistance
- Advertising and promotional programs
- Other standards, specifications, techniques, and procedures designated by the Franchisor for developing, operating, and managing a Golden Chick restaurant.

The Partnership will operate the Project in accordance with brand standards established by the Franchisor. Golden Chick brand standards include uniform operating standards and specifications relating to selection of menu items, maintenance and cleanliness of the premises, and employee operational training.

Figure 1-3. Building Elevations

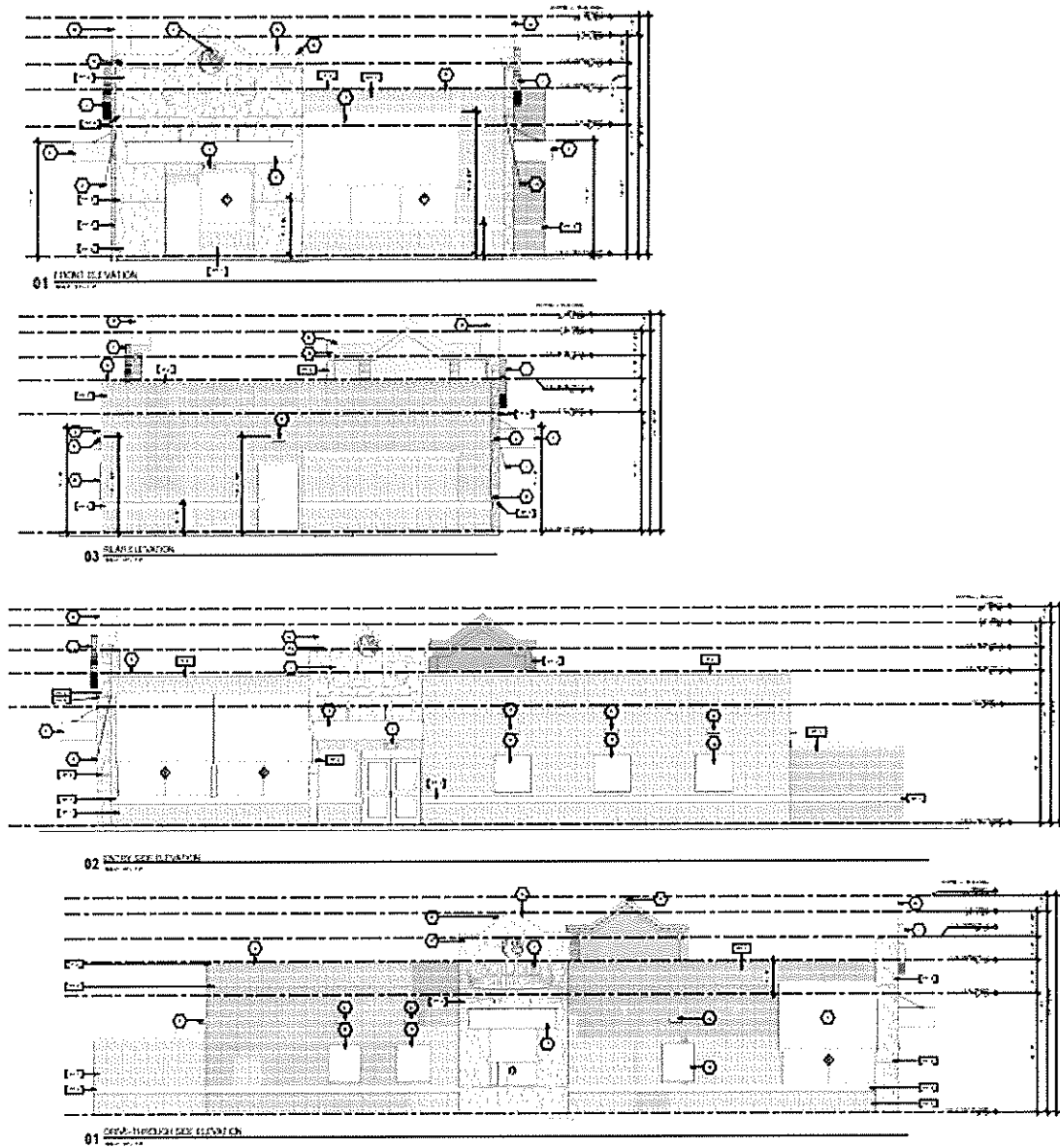


Figure 1-4. Golden Chick Building Layout

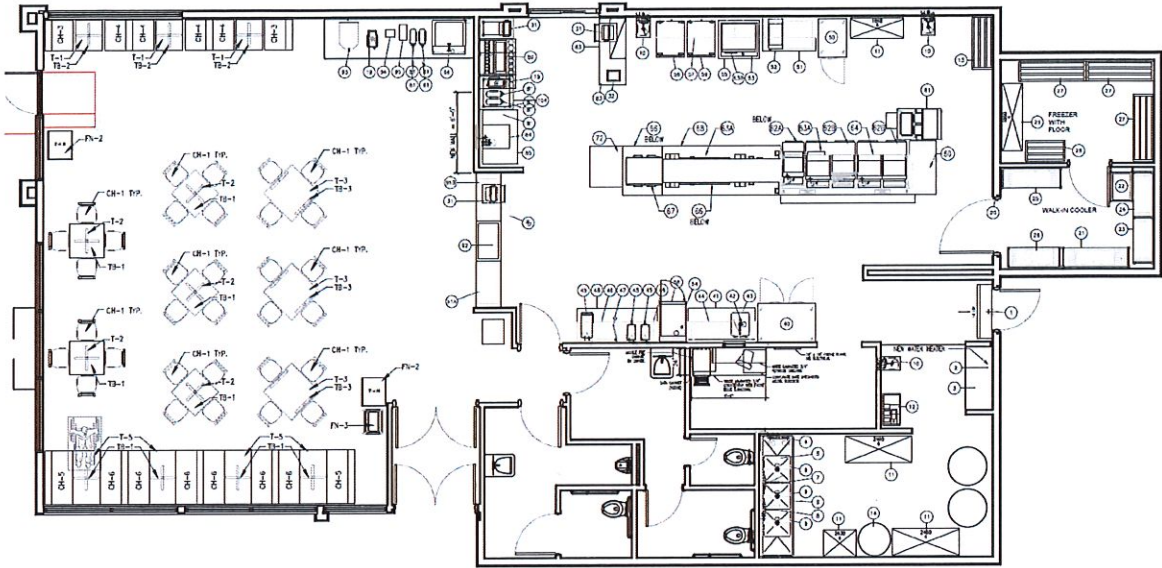
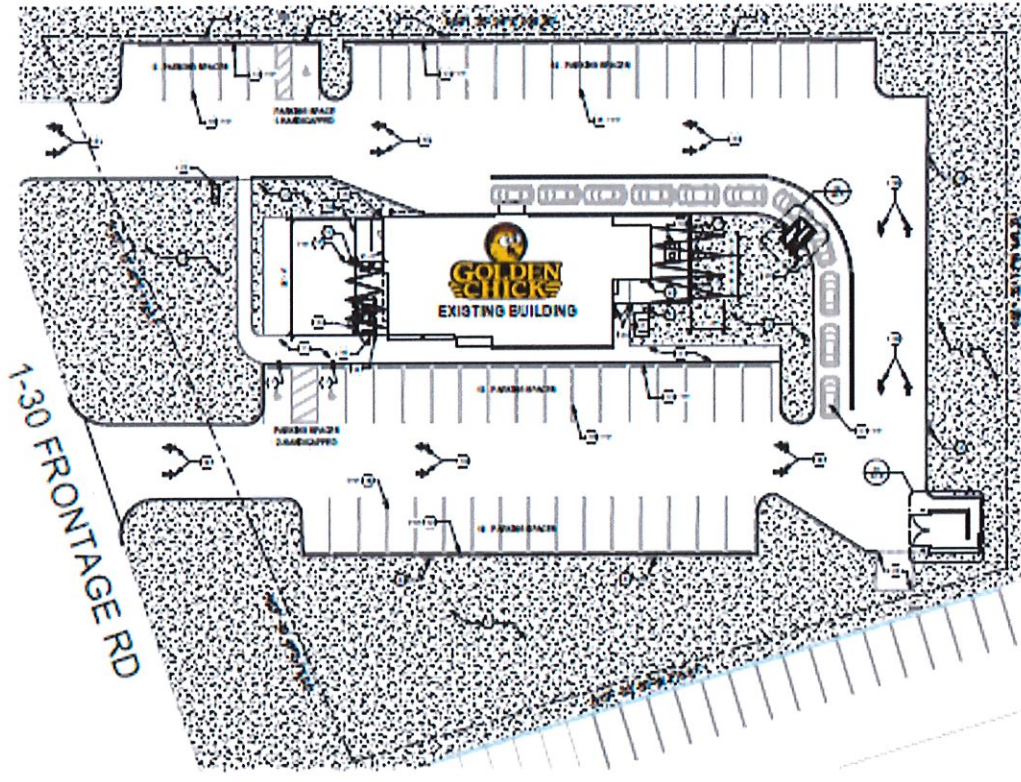


Figure 1-5. Project Site Plan



04 SITE PLAN

## **1.4 Restaurant Operations**

### 1.4.1 Franchise

The Project will be operated by the Partnership under a standard franchise agreement with Golden Franchising Corporation (“Franchisor”). The Franchisor grants franchise rights to operate quick-service restaurants using its trademarks and trade names, a recognized design, certain standards and procedures of operation, and specified quality and consistency standards for products and services offered.

### 1.4.2 Supply Sources

As a Golden Chick franchisee, the Partnership will utilize supply sources for operations as negotiated by the Franchisor on behalf of all franchisees. The Franchisor negotiates the price of goods and services supplied by Golden Chick-approved suppliers and distributors to Golden Chick franchisees but does not charge a mark-up for these items. Vendor rebates either are passed on to the franchisees or are used toward marketing and/or other activities that benefit the franchisees. Using approved vendors and products allows franchisees to leverage the purchasing power of the entire chain of restaurants and keep food costs more predictable. The Partnership will source its food supplies from the Franchisor’s approved supplier Performance Food Group (“PFG”).

### 1.4.3 Licenses and Permits

Construction permits have already been obtained. The Partnership will apply for the following licenses and permits before opening: Worker’s Compensation Registration, Food Service Establishment Permit, and Health Permit. A Certificate of Occupancy will be received once construction is complete and inspected by local government authorities and will be received before opening of the Restaurant.

[This space intentionally left blank.]

## **2.0 STATUS AND SCHEDULE**

### **2.1 Project Development Timeline**

The Restaurant is expected to begin construction during November 2022 with a target opening of February 2023. Table 3-1 is built upon the construction start of November 2022. Construction will take approximately 100 days on average, but can be longer due to site work required for any given site needs.

Table 2-1. Project Milestones Accomplished and Timeframe for Project Completion

<b>Milestone Accomplished</b>	<b>Timeframe</b>	<b>Note</b>
Closing on bank financing	November 2022	
Construction begins	November 2022	100± day period
Manager hiring/training begins	November 2022	11 Weeks Before Opening
Crew hiring/training begins	January 2023	4 Weeks Before Opening
Facility construction complete	February 2023	2 Weeks Before Opening
Receive Certificate of Occupancy	February 2023	2 Weeks Before Opening
Receive Health Inspection Approval	February 2023	1 Week Before Opening
Pre-Opening of Restaurant	February 2023	3 Days Before Opening
Grand Opening of Restaurant	February 2023	
Stabilized operations	August 2023	3-6 months after Opening

Certain permits and approvals such as health inspection approvals are not available at the time of this business plan. This documentation will be available as outlined in the timeline above either immediately before start of construction or immediately before opening of the restaurant.

[This space intentionally left blank.]

### 3.0 MARKET ANALYSIS

#### 3.1 Executive Summary

The following summary is an overview of market information for the U.S. Restaurant Industry and the Mount Vernon, Texas area:

<p><b><u>Restaurant Industry Overview</u></b> (Source: National Restaurant Association, Restaurant Business Online, Restaurant365)</p>	<ul style="list-style-type: none"> <li>• The U.S. restaurant industry is forecasted to reach annual revenue of more than \$898 billion in 2022.</li> <li>• The restaurant industry is forecasted to employ 14.9 million people by the end of 2022.</li> <li>• 2022 nationwide average sales for quick service restaurants (QSRs) are \$1,091,525 and profit margins run about 6-9% of sales.</li> <li>• The restaurant industry has low barriers to entry, making it an attractive new business option for many entrepreneurs.</li> </ul>
<p><b><u>Market Feasibility (4.7-mile radius)<sup>2</sup></u></b> (Source: Forum Analytics)</p>	<ul style="list-style-type: none"> <li>• Residential Population – 4,932</li> <li>• Workplace Population – 5,223</li> <li>• Average Household Income – \$74,818</li> <li>• Per Capita Average Annual Restaurant Spending – \$1,200</li> <li>• Projected Annual Sales (Year 1) – \$1,300,000</li> <li>• Projected EBITDA (Year 1) – \$7,408</li> <li>• Projected EBITDAR (Year 1) – \$124,408</li> </ul>
<p><b><u>SWOT Analysis</u></b></p>	<ul style="list-style-type: none"> <li>• <u>Strengths</u> include above-average income and workplace population relative to residential population in the target market, interstate and highway traffic around the Restaurant to generate customers, and the General Partner and Manager are well experienced in restaurant operations.</li> <li>• <u>Weaknesses</u> include lower overall population in the target market, difficulties finding employees and contractor in a rural market, supply chain issues that will delay and increase the costs of opening.</li> <li>• <u>Opportunities</u> include appealing to consumers with higher average incomes than those typical of Golden Chick markets and a lack of competition from national chains and chicken competitors.</li> <li>• <u>Threats</u> include higher inflation and a fragile economy that could curtail discretionary spending earmarked for dining out, lower unemployment rates that may increase wages and decrease supply of available workers, entry of competitors to the market, and change in growth patterns in Mount Vernon and the surrounding area that may direct traffic away from the Restaurant.</li> </ul>
<p><b><u>Conclusion</u></b></p>	<p>The Partnership predicts that the Restaurant will be successful because:</p> <ul style="list-style-type: none"> <li>• Although the residential and workplace population are low relative to the chain average, relative parity between residential and workplace population show a stable customer base for all projected dayparts.</li> <li>• Residents in the area spend money at restaurants comparable to the chain average.</li> <li>• The average income of residents exceeds the chain average.</li> <li>• There is a general lack of competition from national chains and other chicken competitors.</li> </ul>

<sup>2</sup> Projections are based on comparable Golden Chick restaurants owned and/or operated by Manager in the State of Texas.



### **3.2 Due Diligence Process**

The Franchisor and its affiliates complete thorough due diligence on sites and markets for new restaurants utilizing a refined system of demographics analysis and consumer spending patterns to determine if the local population around a potential site has a population that includes substantial number of core customers within a specific distance of the potential site.

### **3.3 Market Selection**

Franchisor has decided to prioritize the expansion of the Golden Chick brand east from its home base in the Dallas–Fort Worth Designated Market Area (“DMA”) across the Southeast, primarily along Interstate Highways 10, 20, and 30. The Project’s location directly on I-30 makes it an ideal location for a restaurant, particularly as a “billboard location” to raise awareness of the Golden Chick brand. Accordingly, Franchisor and its affiliates General Partner and Manager are familiar with the market and have a particular interest in ensuring the success of the Project.

The Project is located in the Tyler–Longview DMA. The Tyler–Longview DMA is the DMA immediately east of the Dallas–Fort Worth DMA and represents an area ripe for expansion of the Golden Chick brand. There are currently 3 Golden Chick restaurants in the Tyler–Longview DMA. Franchisor has also entered into a development agreement with a third-party franchisee to develop 5 more restaurants (not including the Restaurant) in the Tyler–Longview DMA within the next 5 years, one of which recently received a building permit and is scheduled to open in the first half of 2023. The increasing number of restaurants in this DMA generates higher marketing fees to be paid to the DMA’s advertising cooperative. This increases the awareness of the Golden Chick brand in the DMA, which leads to higher sales for all restaurants in the DMA.

The Franchisor is also targeting the Shreveport–Texarkana DMA for growth. This DMA is immediately east of the Tyler–Longview DMA. There are 3 Golden Chick restaurants in the Shreveport–Texarkana DMA, 2 of which are operated by Manager as corporate stores. Franchisor, General Partner, and their affiliates have acquired 3 pieces of property in the Shreveport–Texarkana DMA to develop as Golden Chick restaurants and are evaluating more sites within that DMA. The expansion of Golden Chick in this DMA will increase the awareness of the brand, creating direct and indirect benefits to the Project.

### **3.4 Site Selection**

After the initial market selection, the Franchisor and its affiliates proceed to review the market and submarket areas based on the demographic requirements, which are analyzed in more detail in Section 3.6. These criteria will be fluid, and in some markets other criteria will apply to determine the most suitable submarket in which a restaurant will be developed.

### **3.5 Site Location**

The General Partner’s management team has selected a site located at 405 W. I-30, Mount Vernon, Texas 75457. The parcel of land is approximately 1.211± acres and has been purchased by the General Partner. On the land is a former Burger King restaurant that will be converted by the General Partner. The purchase price of the property was \$584,000.

### **3.6 Market Area Economic and Demographic Characteristics**

A thorough demographic summary was completed determining how many people are within specific distances of the proposed restaurant location. Normally, a recommended benchmark of approximately

32,000 people must live within a 4.7-mile radius of a new restaurant for rural locations like the Project to produce a more consistent customer flow. In the case of the Project, the Franchisor projects the local residential population of 4,932 people in the 4.7-mile radius will be the primary demand driver for eating out in the immediate area. Secondary demand drivers will be employees of local businesses during lunch-time hours. Franchisor projects that the workplace population (see below) will provide a steady demand for eating out in the lunch daypart, thereby ensuring consistent sales throughout the day. Although both population figures are below the system benchmarks, the relative equality of the populations should make up for any overall lag in demand by ensuring steady demand throughout the day. Furthermore, the population counts do not account for traffic passing through the area, including but not limited to Interstate 30, which will provide added demand for the Restaurant.

### 3.6.1 Income

According to the Franchisor's demographic data, the Golden Chick system benchmark median household income is \$57,757 compared to \$58,154 within a 4.7-mile radius of the Project. Furthermore, the average household income (\$74,818) and per capita income (\$28,614) within the 4.7-mile radius of the Project exceed the system benchmarks (\$71,259 and \$26,819, respectively). This shows the area around the project has ample income to support eating at restaurants.

### 3.6.2 Spending on Food Away from Home

Within a 4.7-mile radius of the Project, residents spent an average of \$1,200 per person annually on meals at restaurants. The system benchmark for Golden Chick restaurants is \$1,254 per person annually. The average per capita annual spend on lunch at fast-food restaurant (\$210) and dinner at fast-food restaurants (\$221) are both similarly close to their system benchmarks (\$220 and \$232, respectively). These figures show that the higher incomes near the Project translate into purchases by residents and workers at restaurants like the Project.

### 3.6.3 Employment and Businesses

According to Franchisor's demographics reports, within a 4.7-mile radius of the Project, there are an estimated 5,223 people employed by approximately 151 businesses. Although these figures are both below the system benchmarks of 11,269 people employed and 662 businesses, the total number of businesses within the 4.7-mile radius grew by 2.2% in the last 12 months, compared with a system benchmark of 0.6%. This shows ample opportunities for daytime and evening population growth to help increase sales at the Restaurant.

### 3.6.4 Traffic Counts – Vehicles Per Day

Franchisor has an average daily traffic count across the Golden Chick system of 32,145 cars per day within ¼ mile of a restaurant. The daily traffic count within ¼ mile of the Project is 37,670, showing sufficient exposure to potential customers to support sales.

## **3.7 Competitor Analysis – Primary Competitors Within the Market (4.7-mile Radius)**

Within the area surrounding the proposed restaurant location there are very few competitors, which include various restaurant concepts that focus on chicken food products and other restaurants that focus on other genres of food acting as secondary competitors. Primary national competitors include KFC, Boston Market, Chick-Fil-A, Chicken Express, Wingstop, Grandy's, Popeye's Fried Chicken, Church's Fried Chicken, Raising Cane's, and Williams Chicken as well as non-chicken concepts including McDonalds and Sonic. Inside the 4.7-mile radius there are 2 national competitor locations and 2 local competitor locations.

Table 3-1. All Competitors Within 4.7-Mile Radius

<b>Competitor Name</b>	<b>Address</b>	<b>City</b>	<b>Distance (mi)</b>	<b>Annual Sales (\$)</b>
McDonald's-TR	906 TX Hwy 37	Mt. Vernon	0.2	1,974,000
Sonic Drive-In	512 I-30 W	Mt. Vernon	0.2	<500,000 (est.)
Los Arcos	615 I-30 W	Mt. Vernon	0.3	<500,000 (est.)
Texas BBQ Corral	201 I-30 W	Mt. Vernon	0.4	<500,000 (est.)

### **3.8 Comparable Restaurant Projections and Estimates**

Franchisor utilizes proprietary demographics and psychographics tools to determine potential revenues for each new restaurant location underwritten for development. The data presented in the previous sections, among other data, is used to generate various estimates of the Restaurant's potential first year sales. The General Partner estimates the Restaurant will generate an annual revenue of approximately \$1.3 million in gross sales during year one of operations.

### **3.9 Conclusion**

The Mount Vernon market area, particularly around the Project, is a positive growth market for a quick-service restaurant such as a Golden Chick® restaurant. Site analysis estimates the location would be able to operate in an effective manner to sustain significant sales and new job creation.

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## 4.0 FINANCIAL ANALYSIS

### 4.1 Overview

The General Partner has projected the following with regards to the development of the Restaurant to be undertaken: (i) the Restaurant is projected to be profitable; and (ii) the General Partner will generate sufficient rent income to cover debt service on the Project. The financial analysis is based on hard data or approximations derived from information obtained through the Franchisor's Disclosure Document and other sources including the General Partner and the Manager.

### 4.2 Sources of Funds

The General Partner will be financing the entire financial requirement for the Project. The General Partner will be required to contribute \$489,909.00 as equity from its ongoing operations and cash proceeds from the sale of other properties owned by the General Partner. The remaining \$1,300,000.00 of budgeted costs will be funded through debt financing obtained through the General Partner from Texas Brand Bank. The financing terms from the General Partner, which are equivalent to standard senior financing terms are listed below:

- \$1,300,000.00 draw note loan limit for purchase of land and construction of the Restaurant.
- Term: 3 years (36 months).
- Payments: Interest only for 18 months; principal and interest payments for remaining months based on a 25-year amortization with balloon payment of all amounts outstanding at the maturity of the loan.
- Rate: 6.25% for the term of the loan.
- 1% origination fee.

For the Project, an approximate total investment of \$1,789,909 is required. The final investment amount is calculated by totaling all hard costs, soft costs, site acquisition costs, and pre-opening costs. The sources of the proceeds for this Project are as follows:

Table 4-1. Sources of Funds

Source of Funds	Amount (\$)	Percentage
Equity	\$489,909	27.37%
Debt	\$1,300,000	72.63%
<b>Total Capital</b>	<b>\$1,789,909</b>	<b>100.00%</b>

### 4.3 Use of Funds

The funds will be utilized by the General Partner to complete construction and all associated costs of the Project. All construction costs are summarized in Table 7-2.

Table 4-2. Summary Development Budget Breakdown of Costs

Use of Funds	Amount (\$)	Percentage
Land Acquisition	\$584,000	32.63%
Soft Costs	\$160,340	8.96%
FF&E	\$413,409	23.09%
General Contractor	\$632,160	35.32%
<b>Total Uses of Funds</b>	<b>\$1,789,909</b>	<b>100.00%</b>

Construction hard costs for the Project are approximate and consistent with the Franchise Disclosure Document's average investment costs disclosures.

#### **4.4 Financial Pro Forma**

Partnership projects that the Restaurant will generate positive cash flow for the Partnership. The projections are derived from due-diligence work performed by the General Partner and its affiliates and actual financial figures for all stores operated by Manager in Texas compared with Manager's closest store to the Project, located in Marshall, Texas.

##### 4.4.1 Revenues (Food / Beverage Sales)

Restaurant revenues will be generated through the sale of food and beverages to its customers, comprised of the local population as well as daytime employment populations and travelers through the market area. The revenue or gross total of sales for the Restaurant is projected to be \$25,000 in gross revenues per week, or \$1,300,000 gross revenues in year one of operations. Partnership estimates that revenue will increase by 5% every year after the first year.

##### 4.4.2 Operations Expenses

The Restaurant's cash flows are projected to be positive after stabilization within the first 3-6 months of operations. Any initial shortfalls will be covered by operations from the Partnership's existing restaurant or capital contributions from the General Partner. Revenues from food and beverage sales at the Restaurant will continue to sustain its operations after the first month of operation.

As a franchise of the Golden Chick chain of restaurants, the Restaurant is required to use approved suppliers based on vendor lists of the Franchisor. Accordingly, food and related expenses are predictable. The Restaurant's projections for food costs are 36.0% of revenues per year.

The Restaurant will have 10 full-time employees working a minimum of 35 hours a week. The full-time employees will be one general manager, three shift leads, and six crew members. The general manager will make \$55,000 per year, each shift lead will make \$30,000 per year, and other crew members will make \$20,000 per year. Positions will potentially be added or subtracted (if needed) after initial restaurant stabilization to ensure that the proper staffing and budgetary needs are maintained. Partnership and Manager project that labor expenses will total 28.8% of revenues per year.

Other expenses of the Restaurant include controllable expenses (items that can be managed for cost efficiency but can change depending on demand of services and expiration of contracts), and administrative and general expenses (advertising, credit card fees, licenses and permits, professional services, bank charges, and other expenses associated with maintaining operations of the Restaurant). Partnership and Manager project that other expenses will total 21.6% of revenues per year.

Finally, Partnership will pay certain expenses to affiliates of Partnership under the agreements required to operate the Restaurant. Partnership will pay to Franchisor 4% of its revenues for royalties and 3% for national and regional marketing fees. Partnership will also pay to Manager 5% of its revenues for managing the restaurant.

#### 4.5 Financial Summary and Analysis

Table 4-3 summarizes the financial information for the Project for the first year.

Table 4-3. Proforma

	Pro-forma	
	GC - Mt. Vernon	
	Operating Proforma	
	Amount	% of Sales
Sales		
Sales	\$ 1,300,000	100.0%
Other Income (Interest)		0.0%
Total Revenue	1,300,000	100.0%
Cost of Goods Sold		
Food	467,935	36.0%
Labor	374,075	28.8%
Total Prime Costs	842,010	64.8%
Other Operating Expenses	177,582	13.7%
EBITDAR Before Royalties and Fees	280,408	21.6%
Royalties	52,000	4.0%
Marketing Fees	39,000	3.0%
Administrative Fees	65,000	5.0%
Total Fees Paid to Affiliates	156,000	12.0%
EBITDAR	124,408	9.6%
Rent	117,000	9.0%
EBITDA	7,408	0.6%

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#### **4.6 Franchisor Disclaimer and Cautionary Statements Regarding Projections**

##### **Franchisor Disclaimer**

THE FRANCHISOR AND ITS AFFILIATES HAVE IN NO WAY ENDORSED THE CONCLUSIONS AS TO COSTS AND EXPENSES, REVENUES OR THE LIKELIHOOD OF SUCCESS AND PROFITABILITY OR OTHERWISE APPROVED THIS BUSINESS PLAN FOR THE PROJECT.

##### **Cautionary Statements Regarding Projections**

The forward-looking statements included herein are also based on certain current budgeting considerations, and other assumptions relating to the ability of the Partnership and the General Partner to obtain returns for the investors in the Project, successfully market its services, procure sufficient capital to expand operations, and maintain strict regulatory procedures while conducting business. Assumptions relating to the proceeding and foregoing information involve judgments by the Partnership and General Partner and affiliates that are difficult to predict accurately and are subject to numerous factors that may materially affect the Partnership's and General Partner's results.

Budgeting, investment, and other managerial decisions are subjective and are thus susceptible to interpretations and periodic revisions based on actual experience and business developments. The impact of such revisions may cause the Partnership and General Partner to alter budgets and amend strategies, any or all of which may materially affect the Partnership's results.

The foregoing considerations, as well as a variety of other factors not set forth herein, could cause the actual results and experience of the Partnership and General Partner to differ widely or materially from the anticipated results or other expectations in the forward-looking statements.

The Partnership, General Partner, and their affiliates have prepared projections regarding the anticipated financial performance of the Project. The projections are future based, therefore hypothetical, but educated projections and may be based on certain assumptions that may prove to be inaccurate and that are subject to future conditions that may be beyond the control of the Partnership, General Partner, and/or their affiliates, such as the general industry conditions. The Project may experience unanticipated costs or lower revenues than forecasted. There are no assurances that the results shown in the projections would in fact be realized by the Project. The projections have been prepared by the General Partner in consultation with experts in the field and its affiliates. However, since the projections are based upon numerous assumptions and market indicators, which may or may not prove to be true, neither the independent experts nor counsel to the General Partner can provide any level of assurance with respect to any of them.

Many of these risks are described in the Project documentation and supporting information provided by the Franchisor and such statements are incorporated herein by reference.

For all of the foregoing reasons, actual results may vary materially from the forward-looking statements and there are no assurances that the assumptions used are necessarily the most likely to occur. Additionally, when used in this memorandum, the words "believes," "anticipates," "intends," "expects," "plans," "projects," "estimates," as well as similar words are intended to identify forward-looking statements. All such statements are based on the General Partner's expectations and are subject to a number of risks and uncertainties, many of which are beyond the General Partner's control. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained herein will in fact occur. Neither the General Partner, Manager,

the Franchisor, Partnership, or any affiliated parties with the Project, undertakes any obligation to publicly release the results of any revisions to these forward- looking statements that may be made to reflect any future events or circumstances.