

TACO BELL CANTINA TEST

2000 Guadalupe Street

Austin, Texas

I. Concept Overview:

As part of the Taco Bell development strategy, Taco Bell is testing a new restaurant design in select urban markets that focuses on simplifying and modernizing the restaurant experience and bringing forward an experience as unique as the architecture of the community it serves. The flexible urban restaurant design has successfully been launched in Tokyo, Seoul and the UK. San Francisco and Wicker Park are the first cities in the U.S. to host the urban concept restaurants as these growing, vibrant communities fit the demographics of the brand. Austin has been identified as a desirable test city.

All of the urban concept restaurants have five things in common that differentiate them from standard Taco Bell restaurants; Décor, Localized Artwork, Open Kitchen Layout, Open Plating and Shareable Menus. In addition, urban Cantina restaurants also serve alcoholic beverages. Alcoholic beverages are specific to Cantina only and **will not be adopted** in traditional Taco Bell restaurants.

- Décor: Each new location highlights a design-centric approach to the space, using reclaimed elements of existing architecture.
- Localized touch: From local artwork to unique features, each restaurant will be as unique as the communities in which they serve.
- Open Kitchen Layout: An open kitchen design gives customers a look inside our quality ingredients and the making of our food.
- Open Plating: Much of the food served on premise will be served open face in baskets to showcase our ingredients.
- Shareable Menus: Our new urban restaurants will serve a tapas-style menu of shareable appetizers – like nachos, chicken fingers and rolled tacos – during designated hours each evening.

II. Menu & Alcohol Service:

- Beer, Wine & Mixed Alcohol Freezes (vodka, rum, and tequila)
 - Partnership with ServSafe Alcohol Program for responsible alcohol preparation and training
 - All staff TABC certified
 - Sales restricted to in-restaurant only
 - Customers ID's checked at register
 - Different color cups distinguishing alcoholic beverages
 - Secret shopper enforced policies – The BARS Program <http://www.barsprogram.com/>
 - Majority of alcohol consumption after 5PM and on weekends
 - Expectation for alcoholic beverages is less than one-third of menu items sold
- Offering Food for All
 - Taco Bell has options for every lifestyle
 - **Calorie Conscious:** Fresco Menu offers 6 items under 350 calories and 10 grams of fat
 - **Vegetarian:** Nearly everything can be made meatless with beans
 - **Protein:** Cantina Power combines high protein and big flavor
 - We're committed to simpler, high quality ingredients
 - Cut sodium on average by 15 percent across menu
 - Removal of all artificial colors and flavors, added trans fat, unsustainable palm oil and high fructose corn syrup
 - By end of 2016 serve 100% cage-free eggs in all US restaurants
 - By the end of 2017, remove artificial preservatives and additives where possible

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III. Support:

- Landlord is the St. Austin Catholic Parish; letter of support in Exhibit 1.
- Taco Bell Cantina, technically within 103' 6" of the St. Austin Catholica Church entrance, but outside of the pedestrian path; see Site Map in Exhibit 2.
- TABC licenses in the surrounding area has precedent. X number of TABC licensed establishments with x miles; see TABC Map in Exhibit 3.
- Taco Bell Cantina design is upscale, and environmentally friendly; see renderings in Exhibit 4.

IV. Design:

Taco Bell Cantina Restaurants are focused on five key elements: urbanization, digitization, localization, green, transparency.

- **Urbanization:** Millennials are more likely to live in urban settings compared to previous generations, so we're focused on providing them with restaurants where they live, work and play that can be easily accessed by foot, without drive-thrus.
- **Digitization:** We're working with our digital team to simplify and optimize every point of the customer's ordering journey through relevant technology – including digital menu boards, ordering kiosks, mobile app functionality and free wi-fi.
- **Localization:** We're removing the "one size fits all" development model of typical quick serve restaurants with a unique architectural approach as unique as the communities in which we serve.
- **Green:** We're making our restaurants more energy efficient with systems including LED lighting, heating and cooling and recycling in both the dining room and kitchen.
- **Transparency:** With an open kitchen design and serving food in open faced baskets, we're providing customers a look inside our quality ingredients and the making of our food.

V. Benefits:

- Provide affordable meals in metro Austin for students and UT campus employees.
- Improve curb appeal of site – exterior wall available for mural designed by local artist (potential feature for Art in Public Places).
- Zero Impact on Mobility - Pedestrian and bicycle traffic only. No drive-thru or parking available.
- Creates Jobs – Approximately 40 new opportunities for local Taco Bell team members.
- Positive Economic Impact – Will generate approximately \$125K in annual tax revenue to the City of Austin.
- Operated by Tacala Austin, a leading Taco Bell franchisee with 27 years of experience satisfying guests, providing growth and development for our employees, and investing in the communities where we do business. See Exhibit 5 for more information about Tacala.

LETTER FROM REV. CHARLES KULLMAN, PASTOR, ST. AUSTIN CATHOLIC CHURCH



November 23, 2015

City of Austin
201 East 2nd Street
Austin, TX 78701

Re: 2000 Guadalupe Street, Austin, Texas

Ladies and Gentlemen:

I am Rev. Charles Kullmann and I serve as the Pastor of St. Austin Catholic Church. I have been asked to write this letter to you on behalf of a prospective tenant for the above-referenced property, which is owned by the Catholic Church for the benefit of St. Austin Catholic Church.

The prospective tenant wishes to use the property for a small restaurant at which the tenant will also serve wine, beer, and other liquor. Despite the fact that the property is located within 300 feet of St. Austin Catholic Church and School, we do not have any objection to the prospective tenant serving alcohol on that property.

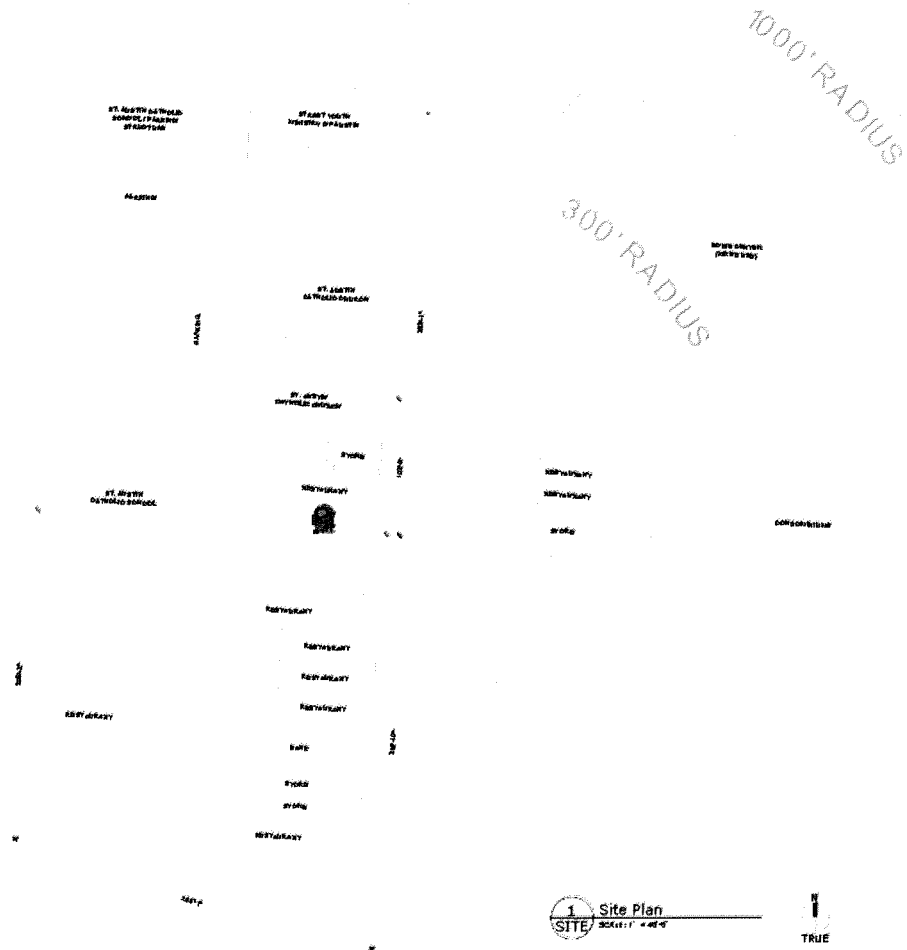
We reached this conclusion because the property is small, is a store front on Guadalupe Street, the alcohol will be consumed on site, and the receipts from the restaurant will, reportedly, be less than 40% of the restaurants total receipts.

Thank you.

Sincerely,

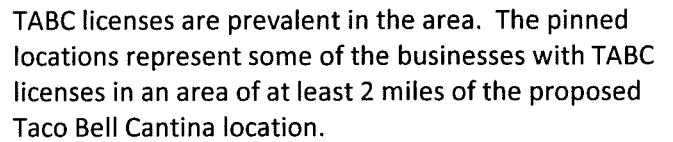
Revered Charles Kullmann, CSP
Pastor

Exhibit 2 SITE MAP



- Taco Bell Cantina within 103' 6" of Church entrance; however, parking structure is located in opposite direction so parishioners do not walk past the restaurant.
- Entrance to Street Youth Ministry is 323' 1" from Taco Bell Cantina Entrance.
- Walking route from St. Austin Catholic School is 855' 2" from entrance of Taco Bell Cantina.

MAP of TABC LICENSED LOCATIONS WITHIN TWO MILES OF 2000 GUADALUPE



The businesses on the map hold a current TABC liquor license and are comprised of:

- convenience Stores
- bars
- traditional Sit Down Restaurants
- liquor Stores

Exhibit 4
ARTIST RENDERINGS OF TACO BELL CANTINA CONCEPT
(Not Specific to Austin Location)

OPEN KITCHEN DESIGN SHOWCASES INGREDIENTS, TRANSPARENCY



DESIGN FEATURES LOCALIZED TOUCHES, RESTORED MATERIALS AND LOCAL ARTISTRY



EFFICIENT LED LIGHTING, A/C & HEATING PLUS RECYCLING

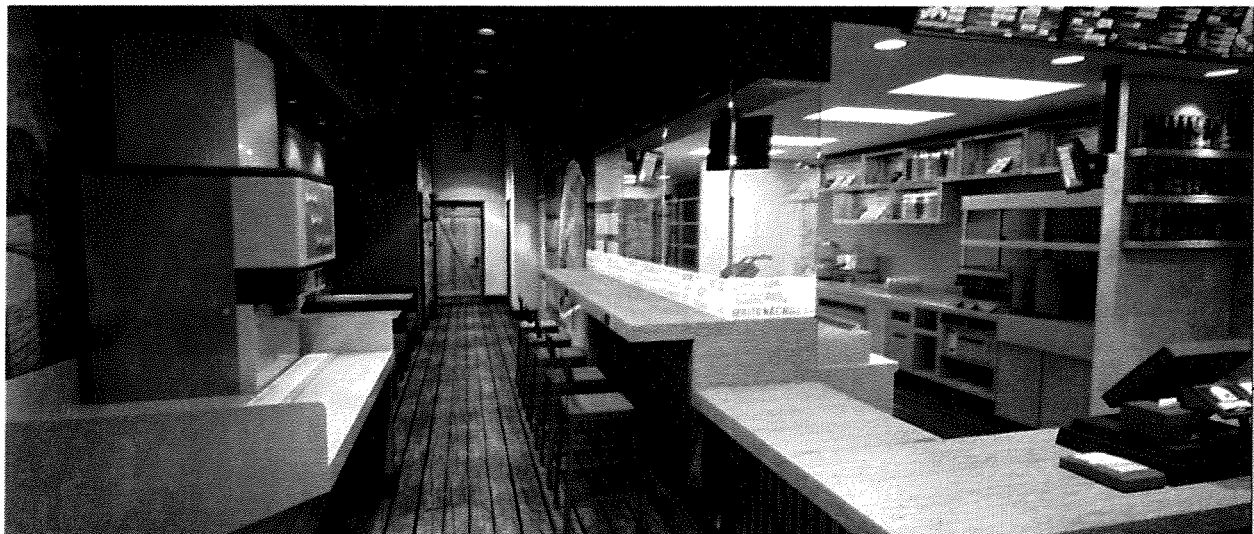


Exhibit 5
OVERVIEW OF TACALA

- Operates 22 “traditional” Taco Bell restaurants in the city of Austin.
- Prioritizes education for our team members through:
 - GED Certification Program – offering eligible employees who apply a free online program that provides all-inclusive resources for students to prepare, test and receive their GED credential. Tacala fully funds the program, up to \$300/employee.
 - Team Tacala Scholarships – available to eligible Tacala employees ages 17-20 for community and four year college, and vocational school. In 2014, our first year of the program, six Tacala Austin employees received \$15,750 in scholarships, and in 2015, 17 Tacala Austin employees received \$39,000 in scholarships.
 - Taco Bell Excelsior College Graduate College program - offering 40% discount on undergraduate tuition, waived application and enrollment fees, scholarship opportunities and college credit for Learning Zone (Taco Bell proprietary training) tracks completed.
- Invests in our communities through funding programs focused on empowering teens through education. Tacala has been recognized by the Taco Bell Foundation as a “Champion of Youth”.
 - Team Tacala Charities and the Taco Bell Foundation provided \$72,500 in grants in support of Graduate for Más programs and an additional \$5,000 scholarship in the 2015/2016 school year to Boys & Girls Clubs serving the Austin market including the Boys and Girls Clubs of the Austin Area, the Boys & Girls Clubs of Central Texas, and the Boys and Girls Clubs of South Central Texas received.
 - Team Tacala Charities has been the sole supporter of the Middle School Youth of the Year program at the Boys & Girls Clubs of the Austin Area for the past two years.
 - In collaboration with Get Schooled, Taco Bell Foundation launched a digital platform that encourages teens to make the promise to graduate and empowers them to follow their path to reach their personal, educational, and career goals. This curriculum is supported in local Middle and High Schools.
 - Taco Bell Foundation just rolled out Live Más Scholarships (\$1million in 2016) to young adults who have the passion to pursue their unique dreams which may not conform to traditional academic or athletic paths of achievement.