

**MIDLAND CITY COUNCIL
MINUTES
June 24, 2014**

The City Council convened in a Special Session in the **Council Chamber**, City Hall, Midland, Texas, at ____ a.m. on June 24, 2014.

Council Members present: Mayor Jerry F. Morales, Council Member Scott Dufford (At-Large), Council Member Spencer Robnett (At-Large), Council Member Jeff Sparks (District 1), Mayor Pro Tem John Love (District 2), Council Member Sharla Hotchkiss (District 3), and Council Member J. Ross Lacy (District 4).

Council Members absent: None.

MISCELLANEOUS

1. Discuss and consider a motion related to a proposed Purchase and Sale Agreement between Energy Related Properties, LLC and the City of Midland, which was executed by the City Manager on March 18, 2013. Said Agreement relates to Block 55, Original Town Addition, City and County of Midland, Texas.

cto 9:01 a.m.

out of exec at 9:20 a.m.

Wendell "Scooter" Brown 3300 Durant, Midland. Been involved in trying to revitalize downtown past 20 years. Pst pres cur pres dmmd. privat einvestment group owns mgs 1M feet ind space in midland largest single in downtown midland. long dream for project to sig change downtown from 9-05 work place to 24/7 community of people that cna live, work and play downtown. excited about prospect of energy tower bcoming signature project. midland in unique position as center of oil production capital investment by intl and local o7g co. demand modern facilities for workers being recruited around world. shared mixed use project over 18 months ago to guage interest. after presenting show and tell suessions were encouraged by majority of groups. multi screen theatre restaraunt, hotel . during design period worked with arch to finalize specs for tower. worked out incentive program. Remember that according to ind econ resource generate over 1B in new economic activity for community. agmt allowed until Sept 1 of this with some ext to enter into dev agrmt with city to specify tech nterms to tear down old courthouse. have not asked for extention. after signed agreement cont to hear from some aout height of 58 story tower. held various discussions, after much debate decide height was becoming needless distraction. Spent additional money to redesign project to lower overall height. as result now have beautiful twin energy towers project that satisfies most people about scale. brought in contractors to assess demolition for asbestos soil and ground surveys. now proceeding to enter into final development agreement. dev grp believes that have agmt in place with city that requires them to deliver dev agmt for council approval. 2 proceeding in good faith to fulfill agreements to accept deed. 3 overall perception commuity is excited about project. 4 dev group with experience and financial ability to move forward with agmt and construction of energy towers. think that vote to allow energy towers continue to keep future tax increases at bay.

Mayor today for public understand where project is, we want transparency. Has been a lot of questions to Council as to the status. losing revenue at Midland Center and property owners and businesses downtown who are concerned where going.

Greg Williams 409 Breakaway Rd, world class capital do about \$400 M year in projects. 70% is acquisition. Very selective in choosing ground up projects. Own everything buy. Have not gone into sale mode in 7 years. Have public monies, private investors, very careful with what do. Job is to focus on development side. Rcent closed on kpmg downtown dalls bank sale. Will put \$34M in bringing 3 compnies fiarly large 37 story downtown office building. discussed proejects they are working on, many of which are public/private. Typically not a gift but aloan by it can be paid back more than amount of gift. Apologized for apperance of silence. That's what he's been doing for last 6 weeks. They have not stopped moving forward on project looking for what can actually deliver and what is best for community that would generate biggest impact for downtown. Important to set a precedence to see what the future is going to be of downtown Midland. Don't want to be arrogant but wants a community vision. Has 100% of support from CEO and this project can be done given the opportunity. Not asking for gift but asking for loan and will pay back 10 times. Love noted he appreciates his apology. Mayor asked when came on board. He came a couple of months ago through Turner.

Dan Moriarte, 3628 Eden Place, Indiana, over last 6 weeks took apart and put back together. Gregg is visionary and Dan is nuts and bolts guy. Plan talked about with Greg over last few weeks has focused on a couple of things one is park itself. previous plans wer encroaching on park more decided if can make project with park. Talked about na ampitheatre. Shared renderings of footprint of towers, parks and exhibit hall. there will be two levels of parking under midland center and 9 screen theatre. couple of things out of redesign is timing improviwed origianl delviery speeded up, scale improved, convention center with hotel is better improved. and park impact minimized. Lacy how many parking? Dan 1800. do ou think city part should stay at same level. 55,000 conv center lease. Mayor this is design that will see going forward? Greg this is where now but would like to integrate Council thoughts. want steering committee to have single consistant voice coming back to Council. Would like Council to be more engaged. Love original term sheet specific number of parking space city would own. based on this design what is thinking of what parking spots city would actually own. Greg don't think city should own any can work out agreements for conference center where spaces donated that is part of what needs to happen. this is community project even if they are paying for whole thing. Mayor based on initial agreement, parking space green space, green space owned by public and can't move that without a vote. greg would like to sponsor some cherettes to see what happens in that park. Mayor if put community people on steering community how far does it move project back. Park is seperate. Mayor what about on two buildings? Greg deconstructed in so many ways through 2-3 hours work session can come up with any integration can go any direction just need to discuss publically why they think this is best and explain how a change would financially impact or what not. Mayor seen design in magazines 3 times always something different. Appreciate tha tasking to come to table to they know before everyone else.

Mayor talk about courthouse. Greg main concern about courthouse is not going to hold project up. demo plans virtually done. if dev agreement approved end of dec can break ground immediately. title wise hav eto have 90-100 day ownership to clear title. not worried about courthouse coming down. Don't want false starts. Mayor tenant that

has 28% of space there is no issue on timeline? Gregg design team can move forward over next 6 to 8 weeks and can pull permits by time court house comes down. Mayor do you think once construction starts you have more tenants sign up. Greg yes as it become reality. Mayor when project first proposed look for outside companies coming into Midland. Greg same with this floor plate can go either way have offices or very open. Lacy would project move through without \$50M in tax abatements from City. Greg that is something would have to vet out. It's all negotiations at this time. Lacy asked Keith if agreement by September 30 immediately demolish courthouse. Keith would have to bid it and follow bidding statutes under state law they understand that.

Mayor overall 2 towers two new designs on towers. very open minded about having community begin participating in project. Didn't talk about Midland Center but agreement they would build Midland Center with hotel above. Greg need input from Council as to brand. Hotchkiss as you've looked and studies, logistically how deliver project but people to project. One question great concern is streets, can it handle that traffic? Greg it appear the building will absorb within the building during day everything is within structure and parking area. One thing saw last night looked downtown Midland there was no activity anywhere. Love think public concern is while being built what is going to happen. Greg one thing will work with Turner who is used to doing urban projects with limited access. Scheduling and logistics is something he is good at. Love to sum up have done projects not allowed to use street and can do this project with minimal impact to traffic flow to Midland. Greg part of what will do is talk about logistics and do complete logistics plan and let know when street does need to be closed so know weeks in advance. Hotchkiss who is Turner. Greg Turner is largest contract one of in the US net worth of 9B no debt and one of premier contractors in country. Mayor during construction would you begin construction both tower simultaneously. Greg would like to see viewed as single project but as drive through finish line will design everything at same time but let market drive which one start first. Two separate financing. thinking getting both started at same time even though 2 projects. Love what are heights of buildings? Greg office 22 stories hotel is about 20. office building is higher heights so difference in height of towers office will be taller than hotel. Hotchkiss when you say 22 stories does that include parking? Greg yes. the store is does not count below ground 22 above ground. Mayor development agreement is what will pull everything together.

Mayor thanked them for clarity. Council has been questioned as to how to move forward. Probably concern with other two Council Members need to hear this presentation. I can tell you with self coming on board maybe bring perspective haven't heard this helps a lot to bring business component in. Dufford lacked confidence in project mainly because haven't been directly involved. When asked if go forward he says he doubted it. Based on today's presentation has more confidence prefer that all of us make decisions on 3 items today to vote on. With that being said think good to get out to community but asked to defer all 3 items to meeting on 8th can listen to presentation and give confidence that project can work downtown. Greg does that mean I stop working on Development Agreement until after 8th. Love would say go ahead and move forward. Lacy term sheet null and void so need to work on something in development agreement. attached to term sheet is one tower and now different project. Mayor hearing yes continue working shows good faith on our part. Excited to have greta project brought to Midland dynamic opportunity that don't want to pass up but do represent community. Hotchkiss why do you want to come to Midland. Greg think it's a good opportunity not just about 07g like downtowns and like hotels and think it will

work. Love understand Lacy position see it different. the term agreement is a document to come to terms. We have not actually done that yet. Because not asking for extension assume going to come with developers agreement that will satiate Lacy concerns and others.

Council Member Dufford moved to defer to July 8 meeting; seconded by Council Member Hotchkiss.

Dufford need to continue to move forward. Greg what are thoughts about having steering committee? Can we move that? Jerry wholeheartedly interested in. Myaor organize on this end. Dufford reason is for whole Council to be here and give certainty to project.

Love doing one at time.

The motion carried by the following vote: AYE: Hotchkiss, Love, Morales, Dufford, Lacy. NAY: None. ABSTAIN: None. ABSENT: Sparks, Robnett.

2. Discuss and consider a motion regarding a Term Sheet between the City of Midland and Energy Tower, LLC which was executed by the City Manager on October 1, 2013. Said Term Sheet related to the proposed Energy Tower and proposed City Center with associated downtown parking garage and proposed City Convention Center.

Council Member Love moved to defer item to July 8 meeting; seconded by Council Member Dufford.

Keith they are going to go ahead and keep working on but will work on

The motion carried by the following vote: AYE: Hotchkiss, Love, Morales, Dufford. NAY: Lacy. ABSTAIN: None. ABSENT: Sparks, Robnett.

3. Discuss and consider a motion related to the First Amendment to Purchase and Sale Agreement between the City of Midland and Energy Tower LLC which was executed by the City Manager on November 6, 2013. Said Agreement related to Block 55, Original Town Addition, City and County of Midland, Texas and a portion of Loraine Street between Block 55 and Block 54, Original Town Addition, City and County of Midland, Texas.

Council Member Dufford moved to defer item to July 8 meeting; seconded by Council Member Love.

The motion carried by the following vote: AYE: Hotchkiss, Love, Morales, Dufford, Lacy. NAY: None. ABSTAIN: None. ABSENT: Sparks, Robnett.

adjourn meeting at 10:20 a.m.

EXECUTIVE SESSION

4. Pursuant to Texas Government Code §551.101, the Council will hold an Executive Session which is closed to the public to discuss the following matters as permitted under the following Texas Government Code Sections:

Mayor gave invocation - pledge of allegiance
executive session first adjourn at 9:04 a.m.

a. Section 551.072 Deliberation Regarding Real Property.

- a.1. Discuss the sale, exchange, lease or value of real property described as Block 55, Original Town Addition, City and County of Midland, Texas and a portion of Loraine Street between Block 55 and Block 54, Original Town Addition, City and County of Midland, Texas. Block 55 is the site of the former Midland County Courthouse, The Council will discuss the proposed sale, lease or exchange of said real property to Energy Related Properties, LLC and/or Energy Tower, LLC.

b. Section 551.087 Deliberate Economic Development Negotiations.

- b.1. Discuss business prospects that the City of Midland seeks to have, locate, stay, or expand in or near the City of Midland, Texas, and discuss possible incentives. The Council will discuss a proposed economic development agreement with Energy Related Properties, LLC and/or Energy Tower, LLC.

All of the business at hand having been completed, the meeting adjourned at _____ p.m.

PASSED AND APPROVED the ___ day of _____, _____.

Jerry F. Morales, Mayor

ATTEST:

Amy M. Turner, City Secretary