

MIDLAND DEVELOPMENT CORPORATION

MINUTES

December 09, 2019

The Board of Directors of the Midland Development Corporation convened in regular session at the Midland City Hall Council Chamber, 300 North Loraine Street, Midland, Texas, at 10:00 a.m. on December 09, 2019.

Board Members present: Chairman Brent Hilliard, Director Wesley Bownds, Director Stephen Lowery, Director Chase Gardaphe and Director Berry Simpson

Board Members absent: None

Staff Members present: Assistant City Manager Morris Williams, Assistant City Attorney Nicholas Toulet-Crump, Interim Finance Director Jennifer Fung and Deputy City Secretary SueAnn Reyes

Council Member(s) present: Scott Dufford (District 1), John B. Love III (District 2), and Sharla Hotchkiss (District 3)

MDC Staff Members present: Executive Director John Trischitti, Director of Operations Sara Harris, Director of Business Development Tim Danielson, Director of Project Development Gary Law, Marketing Coordinator Kori Wooten

1. Call meeting to order.

Chairman Hilliard called the meeting to order at 10:01 a.m.

2. Consider a resolution approving a location incentives agreement between the Midland Development Corporation and the Texas Tech University Health Sciences Center; said agreement providing for the expansion of the physician assistant studies program in the city of Midland, Texas; and authorizing payment therefor.

Christina Robohm-Leavitt, Director, Master of Physician Assistant Studies Program at Texas Tech Health Sciences Center in Midland, thanked the board and noted the importance of the expansion. She stated the facility would be state of the art and would accommodate more students from the area, increasing the number of physicians practicing in the region.

Representative Tom Craddick thanked the board, saying that the Texas Legislature had dedicated \$20 million for the facility, to which MDC's funds will be added. The facility will be located on the campus of Midland College.

Director Simpson moved to approve a resolution approving a location incentives agreement between the Midland Development Corporation and the Texas Tech University Health Sciences Center; said agreement providing for the expansion of the physician assistant studies program in the city of Midland, Texas; and authorizing payment therefor; seconded by Director Gardaphe. The motion carried by the following vote: AYE: Bownds, Gardaphe, Hilliard, Lowery, Simpson. NAY: None. ABSTAIN: None. ABSENT: None

CONSENT AGENDA

Director Gardaphe moved to approve Consent Agenda items 4, 5, and 6; seconded by Director Simpson. The motion carried by the following vote: AYE: Bownds, Gardaphe, Hilliard, Lowery, Simpson. NAY: None. ABSTAIN: None. ABSENT: None.

3. Consider a motion approving the minutes of the November 4, 2019, meeting of the Midland Development Corporation.

Director Lowery moved to amend the minutes of November 4, 2019 to include the following:

Director of Project Development Gary Law gave an overview of the proposed professional service agreements for multiple infrastructure projects including a contract with Kimley Horn for the SH 158/Briarwood Intersection (Briarwood Phase II), and the SH 158/Wadley Intersection; a contract with Freese and Nichols for the West Wadley Extension and Select Drainage Projects; and a list of projects and a list of projects with Parkhill, Smith and Cooper to include a Regional Drainage Study associated with southwest Midland, and Avalon Drive Extension and possibly a Thomason Drive Extension, Select Drainage Projects, Space Port Business Park Improvement (MDC), and David Mims Parkway (MDC); seconded by Director Bownds. The motion carried by the following vote: AYE: Bownds, Gardaphe, Hilliard, Lowery, Simpson. NAY: None. ABSTAIN: None. ABSENT: None.

4. Consider a resolution adopting rules relating to the public's right to address the Board of Directors regarding an item on an agenda for an open meeting in accordance with Texas Government Code § 551.007.
5. Consider a resolution authorizing the execution of a right-of-way license between the Midland Development Corporation and Fasken Oil and Ranch, LTD., regarding real property described as Section 33, Block 40, Township 1 South, T&P RR Co. Survey, Midland County, Texas.
6. Consider a resolution establishing the dates of the regular meetings of the Midland Development Corporation Board of Directors to be held during the period of February 2020 to January 2021.

PRESENTATIONS

7. Receive a presentation from Rod Ponton of Big Bend Law regarding a proposed study to assess the prospect of Mexico as a potential export destination for Permian Basin energy products.

Mr. Rod Ponton gave a presentation regarding a Mexico potential export destination for Permian Basin energy products. Mr. Ponton stated he was proposing that the MDC help fund a study to be carried out by The Perryman Group for a potential export pipeline to Mexico. He stated the study could attract billions of dollars to the Permian basin if natural gas was shipped through Mexico starting off in Presidio and Ojinaga. He stated Mexico was consuming more energy thorough natural gas. Mr. Ponton explained how the oil and gas was shipped to Houston and Corpus Christi and then shipped to Mexico on ships, which is an inefficient method.

Director Bownds asked if he had talked to any other group about funding the study as well. He also expressed his concern on whether the MDC should be funding the study. Mr. Ponton said he had talked to the City of Presidio but that they have very little money and that he would be happy to talk to other groups.

Chairman Hilliard asked about the business plan and who would champion the efforts. He also stated he did not understand why the industry could not fund this themselves. Mr. Ponton stated he thought the industry could fund but in that case the study would be governed by self-interest.

Director Bownds stated again he did not think the MDC was the funding source for the study, and certainly not the entirety of it. He stated he would be happy to work to find a champion but at this point he did not think it was something the MDC should fund.

Councilman Dufford asked if he has talked to Apache as they were in the area now.

Mr. Ponton asked again if they would consider it even partially that it would be good for Midland.

Councilman Love stated they had been talking about this for a long time and that there was a need for it. He stated when he spoke to Mr. Ponton he thought it was a good idea. Originally they wanted to work with Odessa, but then he presented it to Chairman Hilliard who thought perhaps the MDC could play a role. He stated he felt that a lot of things don't get done with a government perspective without a study and felt this was something that could kick off some private industry involvement.

Chairman Hilliard opened the public hearing at 10:38 a.m. With no one wishing to speak Chairman Hilliard closed the public hearing at 10:38 a.m.

8. Receive a presentation from Midway Companies regarding a proposed downtown hotel development.

Don Quigly, representing Midway Companies, gave a company overview, noting their purpose was to create enduring investments and remarkable places that enrich people's lives. He stated they have been in business for over 51 years, primarily in Texas, with 31 different investments. Mr. Quigly talked about projects and successes, including several hotels in the Houston area. He stated the Western United Life Building would be transformed into an upscale 200-room hotel where people could gather, with a full service restaurant, state of the art meeting space, large ballroom space, bar, and first class fitness facility. Mr. Quigly also showed renderings of the hotel and its design inspiration.

Chairman Hilliard asked if there was any intention of a roof top experience. Mr. Quigly stated they were looking at the lower building for the roof top experience.

Chairman Hilliard opened the public hearing at 10:59 a.m.

Chairman Hilliard stated there had been a thorough examination of every aspect of the decision about the investment. He stated when the MDC purchased the building, they did so at the request of City Council and that they have honored the commitment to make sure the building was fulfilled with a good business plan.

Councilman Dufford stated they had two choices: tear it down or repurpose it, and they chose to repurpose.

Discussion ensued regarding the decision making to invest in the project.

Mr. James Bedell, 1904 N. Midland Drive, Apt. #4 asked if the MDC was concerned at all about potential protest from residents of Midland and if that would put a stop to the project. Director Lowery stated they would have to defer to Council.

Director Gardaphe stated he thought that anyone who put the time and effort to look at the numbers would see it was hard to protest. He said the product and need downtown all melded perfectly together and it would be a huge asset to downtown.

With no one else wishing to speak, Chairman Hilliard closed the public hearing at 11:17 a.m.

9. Consider a resolution authorizing the execution of a master development agreement between the Midland Development Corporation, the City of Midland, and Colorado Street Hotel Development, LLC, regarding the development of Lots Five (5), Six (6), Seven (7), and Eight (8), Block Thirty-Five (35), Original Town Addition, City and County of Midland, Texas.

Director Bownds moved to approve a resolution authorizing the execution of a master development agreement between the Midland Development Corporation, the City of Midland, and Colorado Street Hotel Development, LLC, regarding the development of Lots Five (5), Six (6), Seven (7), and Eight (8), Block Thirty-Five (35), Original Town Addition, City and County of Midland, Texas; seconded by Director Lowery. The

motion carried by the following vote: AYE: Bownds, Gardaphe, Lowery, Simpson. NAY: None. ABSTAIN: Hilliard. ABSENT: None

10. Consider a resolution authorizing the execution of a consultant services agreement with The Perryman Group in an amount not to exceed \$250,000.00 for the purpose of assessing the prospect of Mexico as a potential export destination for Permian Basin energy products.

Director Bownds moved to table a resolution authorizing the execution of a consultant services agreement with The Perryman Group in an amount not to exceed \$250,000.00 for the purpose of assessing the prospect of Mexico as a potential export destination for Permian Basin energy products until there was a specific champion/organization that is formed and there was participation from other groups; seconded by Director Simpson. The motion carried by the following vote: AYE: Bownds, Gardaphe, Lowery, Simpson. NAY: None. ABSTAIN: Hilliard. ABSENT: None

Chairman Hilliard stated the board would still be available to work with them.

11. Receive and discuss the November 2019 monthly expenses from the Midland Development Corporation.

Sara Harris pointed out two significant economic development expenditures: a donation agreement with TXDOT for Loop 250 and CR 1140, and the conclusion of the workforce training agreement with Midland College to expand their transportation training program. She mentioned that representatives from Midland College would be presenting the success of the initiative to the MDC board at the January board meeting.

12. Receive and discuss a presentation regarding the Priority Midland Initiative.

Gary Law stated the steering committee had transitioned to community leaders and the frequency of meetings had been reduced from twice a month to one a month. He also stated the working groups had also transitioned. Logistical support was being provided by MDC, Midland Health, the Midland Chamber of Commerce, and Midland Shared Spaces. He stated an operations manual is being created and distributed to each group and that the briefing book is available on the Priority Midland website. Version five of the briefing book will be created and posted by the end of the year, and strategic framework fact sheets were being developed and published to the website.

13. Receive and discuss the monthly economic development activity report from the Midland Development Corporation staff.

Sara Harris reported a slight increase in workforce numbers in October. Gary Law stated that plant maintenance at the Spaceport Business Park by the landscaping contractor and will continue through spring and summer. He stated that plans for the David Mims Parkway were complete and had been reviewed and approved for

development with City staff. He reported ongoing negotiation of task orders for Avalon Drive Extension, SH 150 intersection and Wadley Avenue Extension.

The Board excused observers at 11:39 a.m. and recessed into executive session.

EXECUTIVE SESSION

14. Pursuant to Texas Government Code §551.101, the Board of Directors will hold an executive session that is closed to the public to discuss the following matters as permitted under the following Texas Government Code Sections:

a. Section 551.087 Deliberation Regarding Economic Development Negotiations

- i. Discuss business prospects that the Midland Development Corporation seeks to have, locate, stay, or expand in or near the City of Midland, Texas, and discuss possible incentives, and discuss contract compliance on the part of businesses.

The Board reconvened into regular session at 12:05 pm.

All the business at hand having been completed, Chairman Hillard adjourned the meeting at 12:05 pm.

Respectfully submitted,

SueAnn Reyes, Deputy City Secretary

PASSED AND APPROVED the 6th Day of January 2020.

Chase Gardaphe, Secretary