

STATE OF TEXAS  
COUNTIES OF POTTER  
AND RANDALL  
CITY OF AMARILLO

On the 16<sup>th</sup> day of May 2012, the Amarillo Local Government Corporation Board of Directors met at 11:30 a.m. on the Third Floor, Room 306, City Hall, 509 E. 7th Avenue, with the following members present:

Gary Pitner	President
Richard Brown	Vice President
Ron Boyd	Board Member
Brian Eades	City Commissioner and Board Member
Jim Simms	City Commissioner and Board Member
Les Simpson	Board Member
Jarrett Atkinson	City Manager
Melissa Dailey	Ex-Officio Member
Marcus Norris	City Attorney
Donna DeRight	City Secretary and Secretary of the Board

Absent was Glen Parkey, Board Member. Also in attendance were David Wallace and Joe Esch, Wallace Bajjali Development Partners, L.P.

ITEM 1: The meeting was called to order by Mr. Pitner.

ITEM 2: The minutes of the regular meeting held on March 21, 2012 were presented. Motion was made by Mr. Boyd, seconded by Commissioner Simms, and carried unanimously.

Mr. Pitner advised that Item 7, Closed Session, would be moved to this point in the meeting.

ITEM 7: Mr. Pitner advised at 11:35 a.m. that the Board would convene in Closed Session to discuss the potential purchase, sell, or lease of downtown property, together with (i) economic incentives that may be available for a prospective or existing business and (ii) attorney-client communication and advice regarding same and, per Texas Government Code sections 551.071, .072 and .087, as relates to proposed projects for downtown redevelopment.

Mr. Pitner announced the Closed Session was adjourned at 12:16 p.m. and no action would be taken in regard to the Closed Session. Mr. Pitner reconvened the Regular Meeting.

ITEM 3: Mr. Brown, a member of the Document Development and Review Committee, presented the major highlights of the Downtown Convention Center Hotel and Parking Garage Lease and Development Agreement. He stated that this Agreement is between Wallace Bajjali Development Partners (WB) and the Amarillo Local Government Corporation (LGC) and it will define the necessary terms, conditions and requirements for the construction and operation of the hotel and parking garage. He noted some of the key elements contained in the document.

- Term is 80 years with no renewals or options.
- LGC is obligated to provide construction-ready sites for the hotel and garage.
- WB will build the hotel (270 to 300 rooms, 4 diamond) with private funds that it obtains and, will operate it.
- WB will build the parking garage (841 spaces), which is funded 100% by City. Ground level will eventually have retail around the perimeter. WB retains all rents from the retail and City retains all parking fee revenue.
- WB will contribute \$2.24 million for Multi-Purpose Event Venue (MPEV) sinking fund and \$360,000 per year (to debt service on publicly funded MPEV).
- Prior to construction commencing: WB must obtain LGC approval of the project's final budget, schematics/specs/drawings; and the private financing arrangements.
- Prior to construction, LGC and City must have obtained agreement with Coke for MPEV site and executed a LDA for the MPEV; and cause economic incentive agreements to be executed.
- WB may contest property tax assessment and LGC/City will not oppose their effort, and may be joined in that effort only if legally required.
- Noncompete clause: for 20 years, LGC, City, TIRZ cannot provide incentives to a "comparable hotel" within downtown area as defined on the exhibits.
- First refusal: WB has first right to privately develop City-owned land downtown per the original Master Developer Agreement. If WB exercises the right, then it has 60 months to develop. (Master Developer Agreement)

Mr. Brown stated that the hotel and parking garage will be developed on land owned by the City of Amarillo. He stated that the City will lease it to the Local Government Corporation for a term of 80 years and will waive any associated fees.

It was stated that funding for the streetscape will be provided by Center City, Inc. in the amount of \$400,000 and by TIRZ No. 1 in the amount of \$2.7 million. There will be a property tax rebate agreement between Wallace Bajjali and TIRZ No. 1. An agreement for a rebate of the hotel occupancy tax and sales tax will be made with Wallace Bajjali, the City of Amarillo and the State of Texas.

Motion was made by Mr. Brown to authorize the Board President to execute the Lease and Development Agreement for the Downtown Convention Center Hotel and Parking Garage upon the Document Development and Review Committee confirming the final changes received this morning are consistent with negotiations previously completed. Mr. Boyd seconded the motion. Mr. Pitner advised that the motion would be called with Item No. 4. He asked for discussion regarding Item 3.

Robert Goodrich asked if the documents would be available for public review before the Board acted on it. Mr. Pitner advised that it is the pleasure of the Board to act on it today. He stated that the City Commission gave the Board authority to act on documents such as this one. George Schwarz appeared concerning another hotel being built in the downtown area and the incentives that would be available for another one. It was stated that the agreement contains a noncompete clause that prevents public incentives from being provided to a comparable hotel for 20 years.

ITEM 4: Mr. Pitner stated that there is a motion on the floor. Mr. Brown restated his motion. The motion was made to authorize the Board President to execute the Lease and Development Agreement for the Downtown Convention Center Hotel and Parking Garage upon the Document Development and Review Committee confirming the final changes received this morning are consistent with negotiations previously completed. The motion was seconded by Mr. Boyd and unanimously carried.

ITEM 5: Mr. Pitner asked Mr. Wallace and Mr. Esch to give the Board an update on the Downtown Redevelopment Projects and the estimated project timelines. Mr. Wallace commented that discussions between the public private partnerships will be able to move forward with the approval of the Lease and Development Agreement. Mr. Esch provided a draft schedule with the timeline for the hotel and parking garage. He stated that they will continue securing the financing for the projects and negotiating the other necessary agreements and contracts.

ITEM 6: Mr. Pitner opened the Public Forum for comments from interested citizens on matters directly pertaining to policies, programs or activities of the Amarillo Local Government Corporation. Robert Goodrich asked if this body would be interested in receiving a proposal that might be a refinement of that which has been consider through the contracts reviewed today. Mr. Pitner stated this body has taken action on the agreements before them today but he is welcome as a property owner of downtown property to pursue whatever avenues he thinks are appropriate. He advised him that the Local Government Corporation cannot provide incentives. There were no further comments.

ITEM 8: Mr. Pitner stated that the next board meeting will be held on Wednesday, June 6, 2012 at 11:30 a.m. at City Hall, Third Floor, Room 306.

ITEM 9: Mr. Pitner announced the meeting was adjourned.

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Gary Pitner, President

ATTEST:

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Donna DeRight, City Secretary