MINUTES
LAWTON URBAN RENEWAL AUTHORITY

Minutes of the Lawton Urban Renewal Authority meeting held November 22, 2022, in the 2nd Floor Conference Room, City Hall, 212 SW 9th Street, Lawton, Oklahoma.

The meeting was called to order at 1:30 p.m. by Chairman Ernest Sheppard.

Notice of the meeting and agenda were posted on the City Hall bulletin board on November 7, 2022 at 4:40 P.M. by Tammy Branstetter, as required by State law.

ROLL CALL

MEMBERS PRESENT: Jessie Cross
Jacob Brox
John Purcell, Jr.
Ernest Sheppard

MEMBERS ABSENT: Joe Abshere

OTHERS PRESENT: Charlotte Brown, Interim Planning and Community Services Director
Greg Gibson, Assistant City Attorney
Cindy Augustine, Real Property Admin
Kameron Good, Planner I
Denise Ezell, Recording Secretary

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2. Verify posting of meeting according to The Open Meeting Act (Title 25, Okla. Statutes 301-314).

Recommended Action: Verify the posting of the meeting.

Posted on November 7, 2022 at 4:40 p.m. by Tammy Branstetter.

3. Establish Quorum.

Recommended Action: Establish that a quorum is present.

Four (4) of the five (5) members present.

4. Approval of Minutes.

Recommended Action: Motion to approve minutes from the September 20, 2022, meeting.

Motion by Purcell, **Second** by Cross, to approve the minutes of September 20, 2022 as written. **Aye**: Brox, Cross, Purcell, Sheppard. **Nay**: None. **Motion Passed.**

5. Receive the Financial Report-Susan Schlecht, Finance Department-City of Lawton.

Recommended Action: Accept the Financial Report for September and October 2022.

Schlecht stated starting with the September Balance Sheet. You see there are very few changes on the next two (2) months. Notice the earnest money is no longer there. It has been put into the main line. Since it is non-refundable it doesn't need to be separated. The change from last month is our account decreased by $1.20 from the previous month due to bank fees and interest. On the Profit and Loss Statement you see income of .11¢ for interest and the bank service charges of $1.31. This leaves us with a net loss of $1.20. That is all for September.

Cross asked are there any outstanding checks for grass cutting.

Schlecht stated no sir. Are there any other questions? If not, let's move to October. Again, the only change is the checking account went down by $1.25 due to bank fees and interest. Our balance is $13,320.63. Later we will be talking about the long-term liabilities payable to the City of Lawton. Moving to the Profit and Loss you see the interest income of .11¢ and bank service charge of $1.36 giving us a net loss of $1.25 for the month of October.

Motion by Purcell, **Second** by Brox, to accept the financial reports for September and October. **Aye**: Cross, Purcell, Sheppard, Brox. **Nay**: None. **Motion Passed**.

6. Consider approving the expenditures for the months of September and October, 2022.

Recommended Action: Approve the expenditures for September and October, 2022.

Schlecht stated there are no expenses for either month.

Motion by Brox, **Second** by Cross, to approve the expenditures for the months of September and October, 2022. **Aye**: Purcell, Sheppard, Brox, Cross. **Nay**: None. **Motion Passed**.

BUSINESS

7. Consider approving a Memorandum of Understanding between LEDA, The City of Lawton, and LURA regarding the transfer of two tracts of land located at 910 SW B Avenue and 909 SW C Avenue owned by LEDA, to the City of Lawton, in exchange for waiver of an obligation of LURA for landfill fees incurred on behalf of LEDA, and authorize the Chairman and Secretary to execute all necessary documents for the transfer of property.

Recommended Action: Approve a Memorandum of Understanding between LEDA, The City of Lawton, and LURA regarding the transfer of two tracts of land located at 910 SW B Avenue and 909 SW C Avenue owned by LEDA, to the City of Lawton, in exchange for waiver of an obligation of LURA for landfill fees incurred on behalf of LEDA, and authorize the Chairman and Secretary to execute all necessary documents for the transfer of property.

Augustine stated LEDA owned the two (2) lots at the west end of the parking lot of City Hall. When we started the project, the engineer needed the lots to be in the city's name. LEDA agreed to transfer the lots if the city would agree to waive LURA's landfill fees in the amount of $102,000. This is a Memorandum of Understanding between the three (3) entities.

Sheppard stated the other part of that is LEDA no longer owes LURA $102,000. This was a three (3) way deal. Does everyone understand what is happening.

Purcell asked if we approve this, we will no longer have a liability.

Sheppard stated correct.

Turner stated it will reduce the receivables. The $508,000 will now be reduced by the $102,000.

Sheppard stated correct. We get rid of a liability and an asset.

Brox stated the liability outweighs the asset.

Sheppard stated it is the only way that we can get rid of the liability. We can't pay it off, but we can trade.

Motion by Cross, **Second** by Purcell.

Purcell stated the asset still exceeds the liability. This just reduces our receivable.

Sheppard asked any further discussion. Roll call please.

Aye: Sheppard, Brox, Cross, Purcell. **Nay**: None. **Motion Passed.**

8. Consider accepting the annual audit report of the financial statements of the Lawton Urban Renewal Authority for fiscal year ending June 30, 2021, prepared by Robert D. Turner, CPA, and authorize payment for services.

Recommended Action: Accept the annual audit report of the financial statements of the Lawton Urban Renewal Authority for fiscal year ending June 30, 2021, prepared by Robert D. Turner, CPA, and authorize payment for services.

Turner stated this is a brand-new report with the opinion on top. It used to be buried in the back of the report. The opinion stated the financial statements are according to the general accounting principles of the United States of America. Below that it talks about the basis for the opinion. We have expanded some of these discussions. I believe there is an expectation gap in what people think we do and what we do. The new report falls along those lines, and you will see that later. Our basis for an opinion is we conduct an audit in accordance with the auditing standards. Based upon that audit and relevant work we did have a basis for an audit opinion. Then we talk about the responsibility of management. The responsibility is to make sure you have proper procedures so that the internal controls are significant enough they will allow your financial statements to be free from material error whether it be fraud or error. To be free from material mistakes whether it be through fraud or error. To fit that responsibility, you have to have separation of duties. In your case you have a separate accounting department that keeps your books and authorization of transactions come from a different area. You have a good separation of duties. There is not a lot of activity here but regardless we have to look at the same things whether it is a $40,000,000 company or a small one. That is the disadvantage and the reason for the higher cost for audits. You can't downsize for a smaller audit. I feel like you have met your responsibilities. The auditor's responsibility talks about what we do. We assess risk and based upon that risk we do testing, look at statements, intentional error, misrepresentations, and disclosing footnotes that reflects the actual notice. This is the biggest expansion in the report. We exercise professional judgment, maintain professional skepticism, identify, and assess risk of material misstatements, and obtain an understanding of your internal control. We don't obtain enough to issue a report. We don't issue an official report on internal control. We evaluate the appropriateness of accounting policies and estimates. We included whether in our judgment there is an ongoing concern/issue. LURA is borderline. Is the City going to bail you out if you run out of money? It looks like you have enough money for one (1) maybe two (2) years. Eventually you will run out of money, and we will have to address going concern. The other matters talks about management discussion and analysis. Normally this is a part of the financial statement. On smaller organizations we don't provide those. It does not change the audit report. The last paragraph on page three (3) talks about having to issue a report on compliance with certain provisions of laws, regulations, contracts, and grant agreements. Your internal control is what we don't express an opinion on. There is a little bit of a difference. Page four (4) starts your numbers. Not much different and you talking about reducing your liability. I thought that was going away without reducing the receivable. That is what I understood from Richard. Is there any indication you will receive anything from LEDA?

Schlecht stated no, not for a while.

Sheppard stated not until LEDA starts having excess cash flow.

Turner stated okay, LEDA is your biggest asset, and you have land. Total assets of $826,093 and one (1) liability. You have a breakdown in your net position between capital assets and unrestricted net position. That gives you a total net position of $723,827. The next page is a Statement of Revenues, Expenses, and Changes in Net Position. It is actually a profit and loss. I sent a new one. We had reversed professional fees and mowing. The digital copy is correct. Since it was a non-refundable escrow, we included it as revenue. Normally earnest money is an asset until you sell the property. Mowing is your largest expense and audit fees the next. Total expenses are $12,669. If you add that to last years net position it lowers you to $723,827. Next is the cash flow statement. This show where the cash came in and went out. It follows your profit and loss statements but there are some adjustments. On the notes to financial statements some required and some additional. There is nothing that is unusual or hasn't been in prior years. If you go to page twelve (12) this is the report required under the governmental standards to issue. We have laws and regulations, internal control and anything brought to our attention during our investigation that is either an internal control issue or a non-compliance. We don't have anything. It is pretty straight forward. Any questions.

Purcell asked was the land asset reduced this year.

Turner stated no.

Purcell asked we didn't sell anything this year.

Sheppard asked once we complete the sale of the sixty-one (61) lots how much of the $244,000 will remain as an asset. What have we not sold?

Brown stated they made an offer on 2nd and C of $40,000. I don't have a signed copy of a contract.

Sheppard stated and we have the lots at Railroad and B. Is that all?

Augustine stated yes.

Purcell stated it won't be $40,000 that comes off this. It is selling for that, but we don't know what it went on for.

Brown stated we will have to go back and see what we purchased it for.

Turner stated we have a bases for all the properties. Do you remember what the lots are that LEDA has? Is it $500?

Schlecht stated it changed on the spreadsheet. The spreadsheet was created to help us remove it from the total. I think it was more than that. It was more like $1,600 if I recall correctly.

Sheppard stated so when we sell that we are going to have a loss.

Schlecht stated yes.

Sheppard asked how will it be reflected.

Turner stated on the profit and loss it will reduce the net position. I don't know what the difference is right now.

Sheppard stated okay, I just wondered.

Purcell stated I thought we sold a few lots last year.

Turner stated no, you had a contract. That is where the $6,000 came from.

Purcell stated no, I'm talking about some other lots.

Brown stated the church was done the year before.

Schlecht stated that was donated.

Sheppard asked are you talking about the ones we donated to the Housing Authority.

Brown stated yes.

Purcell stated even if you donated it that would reduce the amount.

Turner stated that would have been in the previous year.

Purcell stated okay, where in this report to you go to find that this is a clean audit.

Turner stated that was one of the improvements. At the top of the first page is the opinion. We say it is in accordance with general accepted accounting principles. That is a good report. All we are saying is it is in compliance.

Sheppard asked are there any other questions.

Motion by Brox, **Second** by Purcell, to accept the annual audit report of the financial statements of the Lawton Urban Renewal Authority for fiscal year ending June 30, 2021, prepared by Robert D. Turner, CPA, and authorize payment for services in the amount of $3800. **Aye**: Brox, Cross, Purcell, Sheppard. **Nay**: None. **Motion Passed**.

Turner stated thank you. I would like to thank Susan and Denise. Going through an audit is not easy and I'm constantly pestering them. I do appreciate it.

Sheppard asked do you know what is left on your contract.

Turner stated one (1) year.

Sheppard stated okay.

9. Consider the meeting dates and time for the 2023 calendar year and direct Staff as necessary.

Recommended Action: Approve the meeting dates and time for 2023 calendar year and direct Staff as necessary.

Brown stated this is the meeting dates for next year.

Purcell asked are we bringing back where we are the deciding factor for DLARC.

Brown stated you talking about the resolution. We can discuss that during the DLARC meeting.

Motion by Cross, **Second** by Purcell, to approve the meeting dates and time for the 2023 calendar year. **Aye**: Cross, Purcell, Sheppard, Brox. **Nay**: None. **Motion Passed**.

10. Commissioner's Reports or Comments.

Sheppard asked where do we stand with the land that we gave to the Lawton Housing Authority.

Brown stated I believe we have two (2) more years before it reverts back. I don't believe they have started anything. I believe it had a five (5) year clause.

Sheppard stated I was wondering how long they had.

Augustine stated I have seen a preliminary plan, but I don't think they have submitted anything.

Brown stated they have not submitted anything.

Sheppard stated I'm wondering since we have an active buyer on that area if we should have a conservation with the Housing Authority to see if they have plans on using it or whether we can sell it to our current investors. I would like for staff to pursue that.

Brown stated okay.

11. Secretary's Report.

None

12. Comments from the Public.

None

13. Adjournment.

There being no further business the meeting adjourned at 1:56 p.m.

Motion by Brox, **Second** by Cross, to adjourn. **Aye**: Purcell, Sheppard, Brox, Cross. **Nay**: None. **Motion Passed**.