MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
MAYORS CONFERENCE ROOM
NEW CITY HALL
MAY 21, 2015, AT 2:00 P.M.

Fred Fitch, Chair, called the meeting to order at 2:00 p.m. in the Mayor's Conference Room. Meeting notice and agenda were posted on the City Hall bulletin board as required by State Law.

ROLL CALL:
PRESENT: David Denham; Fred Fitch; David Madigan; Larry Neal; Ernie Sheppard (entered late), Doug Wells;
ABSENT: Keith Jackson; David Means; Ron Nance.
OTHERS PRESENT: Kristin Huntley, Financial Services; Richard Rogalski, Planning Department; Denise Ezell, City Clerk's Office.

INTRODUCTION OF GUESTS

Fitch stated I would like to introduce Gregg Massey. He is a Civil Engineer on the McDonalds project and Chris Fullerton. She is with McDonald in their real estate department.

BUSINESS ITEMS

1. Approve the minutes of February 19, 2015.

Motion by Wells, **Second** by Neal, to approve the minutes of February 19, 2015. **Aye**: Fitch; Madigan; Neal; Wells; Denham. **Nay**: None. **Motion Passed**.

2. Consider approving invoices, requisitions, and all other submitted materials for payment and take action as deemed necessary.

Huntley stated we have none at this time.

3. Receive Financial Report and take action as deemed necessary.

Huntley stated looking at the balance sheet you will notice the TIF II account has a negative .80¢. This was an error on my part. We paid the CCIDA interest checks for the months of February and March before we got the hotel sales tax check. I did a transfer from TIF I to TIF II to cover the checks but IBC charged us a service fee which left us in the negative. I'm trying to get the fee waived but I don't know if I'll be successful. As of today there is $5,776.00 in that account. We have a total of $592,873.37 in all our accounts. The interest payment in March was taken from several different accounts. $446,000 was taken from the apportionment account, $85,536.63 from the economic development account and $88,000 from the TIF II account. The accrued interest for the BancFirst loan is $209,570. The next page is the profit and loss for February thru April. The hotel sales are up to $27,169.79 for October thru January. We have deposited February's tax check this month and could possibility deposit March's by the end of the month.

Wells asked is that the sales tax.

Huntley stated yes.

Wells asked does the match stay with LEDA.

Fitch stated yes.

Huntley stated then you see the property and sales and use tax for 3 months. The bank service charges are due to a stop payment and overdraft fee. The interest expense is for the BancFirst note and CCIDA. Mowing and debris removal was for the landfill fee and professional fees was a bill from Pinnacle and Center of Economic Law for 3 months. Are there any questions.

Madigan asked are we just looking at the period of February to April.

Huntley stated this is from the last time you met until now.

Denham asked would it be better to have it monthly.

Madigan stated yes. I understand what you are trying to do but it would be helpful if we saw the full picture. How hard would it be to add another column to show the same period this time last year?

Huntley stated I can do that.

Denham asked do you have the data.

Huntley stated I can get it.

4. Report on project activities, issues and programs including discussion and possible action on implementation and coordination.

Fitch stated they have engaged Johnny Owens for leasing some of the spaces and are trying to get more tenants.

Wells asked which building is T-Mobile going into.

Fitch stated probably one of the out parcels.

Denham asked is the Fort Sill news holding everything off.

Fitch stated that is what they are hearing.

Rogalski stated as long as it is looming out there money is tight.

Denham asked is the developer of the movie theater having any luck on his out parcels.

Rogalski stated he hasn't submitted anything hard but he isn't the kind of guy that is going to tell us one way or another.

Sheppard stated I heard that Dave & Buster's was going in out there.

Neal asked are there any restaurants that will be going around the theater.

Rogalski stated not that I'm aware of. In the downtown project they are looking for a sit down restaurant to go on the corner.

Fitch stated they talked with Salas but was unable to work anything out. At least they are moving close and the hotel believes that is a positive.

Rogalski stated every time you get a restaurant in an area it will seed more. I want to say we are having an "Open Streets" on June 6^{th}. The purpose is to get people downtown to an activity based event.

Neal asked is that in the corner of the mall.

Fitch stated it is from 2^{nd} to 5^{th} on C Avenue.

Neal stated they will be hosting the farmers market there that day. This idea is hot as a pistol in Oklahoma City.

Rogalski stated there will be all sorts of events. We have invited the foods truck and hope it is a really big event.

Denham asked if we want work/live/play on the 2^{nd} Street development we need a grocery store. The Market Street in Wichita Falls is amazing. This town is desperate for a grocery store.

Fitch stated there is a group talking with Crest in Oklahoma City.

Denham stated if we could give some incentives to be downtown that would be great. Then you would see the live part start to take place.

Rogalski stated you can offer something due to the TIF District. We would love to have it on the north end of the project.

5. Consider approving retainer agreement for professional services between LEDA and Mark Garrett of the Garrett Group, LLC to perform certain audit and utility cost consulting services with regard to the Lawton Town Center electric utility relocation.

Fitch stated Mark Garrett is an expert in utility audits. He is auditing the PSO work that was done on 2nd Street. It will be very worthwhile to keep him on retainer. We will probably end up before the Corporation Commission on this.

Rogalski stated the original agreement was specific to Mark Garrett. He does have an assistant and she has worked on the project. She needs to be added to the agreement. I don't know her dollar amount but it is less than Mark's.

Denham stated is there any kind of cap or is it an open ended item.

Fitch stated it will be open ended.

Rogalski stated we are being judicious as we are trying to use these services. This is a big ticket item so we need to use whatever horses we can to pony up on this one. He has some good experience with the Corporation Commission and a background in utility service. I would say this is a very valuable service.

Motion by Madigan**, Second** by Denham, to approve a retainer agreement for professional services between LEDA and Mark Garrett of the Garrett Group, LLC to perform certain audit and utility cost consulting services with regard to the Lawton Town, with the addition of Heather Garrett. **Aye**: Madigan; Neal; Sheppard; Wells; Denham; Fitch**.** **Nay**: None. **Motion Passed**.

6. Consider approving retainer agreement for professional and legal services between LEDA and the Center for Economic Development Law.

Fitch stated this is an extension of the professional service agreement with Dan Batchelor.

Ezell stated the only difference is some rate changes. Jeff Sabin went from $185 to $200, Emily Pomarode went from $200 to $225, Mark Lester was removed and they added John McMurray at the same hourly rate.

Motion by Neal, **Second** by Sheppard, to approve a retainer agreement for professional and legal services between LEDA and the Center for Economic Development Law. **Aye**: Madigan; Neal, Sheppard, Wells, Denham, Fitch. **Nay**: None. **Motion Passed.**

7. Consider entering into a contract for mowing and debris removal on LEDA owned property within the Lawton Town Center Development.

Rogalski stated in the past LEDA has used LURA's contract for their mowing and debris removal. This time we felt it would be beneficial for LEDA to have their own contract. The rate is $22 per hour and obviously you need someone to do the work.

Madigan asked do we verify insurance liability.

Rogalski stated yes.

Motion by Wells, **Second** by Sheppard, to approve entering into a contract for mowing and debris removal on LEDA owned property within the Lawton Town Center Development. **Aye**: Neal, Sheppard, Wells, Denham, Fitch; Madigan. **Nay**: None. **Motion Passed.**

EXECUTIVE SESSION

1. Pursuant to Section 307B3 and C10, Title 25, Oklahoma Statutes, consider convening in executive session for the purposes of conferring on matters pertaining to economic development, including the purchase/transfer of property, incentive proposals, redevelopment rights, and financing in connection with the Lawton Downtown Redevelopment Project, and take appropriate action in open session as necessary.

ADDENDUM

BUSINESS ITEMS:

1. Consider approving the release of Lawton Town Center, LLC's obligations to complete construction of the building shells for the commercial retail shopping center in the Lawton Town Center Development. [Note that action on this item does not approve disbursement of the Authority Retainage for the remaining shop space or of the Outparcel Completion Holdback, which are triggered by the issuance of certificates of occupancy for the space.]

Rogalski stated the developer had an obligation to build what he said he was going to build and they are asking that we release the obligation. The retainage is based on Certificate of Occupancy and that is why we are holding a percentage of retainage.

Sheppard asked if he has built the buildings what are we releasing.

Rogalski stated the obligation to build.

Sheppard stated he has already built them.

Rogalski stated this is a financial obligation.

Sheppard asked if it has been satisfied why do we have to release it.

Wells asked are we withholding any money.

Rogalski stated no. His credit is being held back.

Sheppard asked if he has contractually filled that obligation why do we have to release him from that obligation.

Rogalski stated it is like a bond. You hold the bond until the work is done then you release the bond.

Sheppard asked did we do this on the rest of the building.

Rogalski stated no.

Denham asked is this the Kohl's building and the out parcel.

Rogalski stated no just the 3 buildings.

Neal asked did he ask for this.

Rogalski stated yes. His accountant is asking of it.

Sheppard stated I don't understand why he needs a release if the contract has been fulfilled.

Rogalski stated he is not being released from the contract. He is being released from the financial obligation.

Sheppard asked if we are not refunding any money what is the financial obligation.

Madigan asked is his accountant carrying it on his books.

Fitch stated yes. This impacts his future borrowing.

Madigan stated it might be educational for us to understand how the accountant is documenting it. That might clear it up for us.

Sheppard stated I can see giving him a Certificate of Completion.

Rogalski stated in essence that is what this is.

Sheppard asked what note are we releasing.

Rogalski stated the document is called the Redeveloper Note and Completion Guarantee.

Madigan asked has Jensen or anyone looked at what you are calling a note or guarantee.

Rogalski stated Batchelor has and he is recommending the release.

Denham stated it would be nice to know where we stand on all of their other deliverables.

Rogalski stated I don't believe they have any obligation to Phase III and I think their only deliverable is the out parcels.

Wells asked are we holding money on the out parcels.

Rogalski stated we have an incentive of $950,000 in the note. He has to do the out parcels to receive the incentive.

Wells stated the incentive is the only thing we have to bind him to build. Originally wasn't he going to buy the property on the north end? Does he have an obligation on that?

Rogalski stated we have an agreement for him to be the developer but I don't know how binding the agreement is.

Denham stated that is what I'm saying. Originally when this began we had a timeframe and we have had several delays.

Fitch stated a lot of that has to do with what is going to happen at Fort Sill. As soon as we know what is going to happen it will change a lot of things in this community.

Denham stated I understand but do we need to be familiar with the documents.

Rogalski stated I believe that is a good idea. It is probably a good time to refresh us on where we are. I will get with Batchelor and work up a report on where we are on agreements.

Sheppard asked is there a timeframe where we say we are going to open it up to anybody.

Denham stated we need to look at that but on the flipside we don't want to get to demanding not knowing what is going to happen with Fort Sill.

Fitch stated Fort Sill is the problem he is having with some of the restaurants he is talking with. He has been committed to finishing the north end. There is a $950,000 incentive available to him for finishing. If he decides not to finish the incentive goes away and would be available for someone else to use.

Sheppard asked you think we should hear something on Fort Sill by June or July and once we hear Collett will say I'm in or out.

Fitch stated I don't think that necessarily.

Sheppard asked you think Fort Sill is going to affect the people that want to lease.

Fitch stated yes. He doesn't want to relinquish because he needs the incentive and square footage to make this truly profitable.

Sheppard asked so he is still our best bet.

Fitch stated yes.

Denham stated we are seeing all sorts of development going up all over town.

Rogalski stated our downtown doesn't look right to these guys. They place a bubble around where they are looking at going and see what the income is around that bubble. Downtown has a lot of empty space. We don't have the density of higher income. Downtown will always be a sale and that is why we have the TIF District to provide incentives. Once it gets moving then we can sit back and be picky. Right now they are afraid of whether it will work in this location. The first thing we need to do is build a very strong lunch crowd. There are people here during the day. If we can get a lunch energy maybe we can get a dinner restaurant. This is a hard sale.

Fitch stated what you see coming in are fast foods and they all want to be together.

Denham asked who is marketing the incentives that we can offer them.

Rogalski stated Collett.

Denham asked is he being forthcoming with the incentives.

Rogalski stated he has to be to get them here for him to be profitable.

Fitch stated I know he is working on it and it seems that Fort Sill is the big holdup. Fast food and sit down dinning are different. Other than Ted's and Toby Keith's it has all been fast foods.

Denham stated we also have the House of Cool.

Wells stated when Mooyah first opened it was packed all the time. You drive by there now and you are lucky to see 3 or 4 cars. Same thing with S & B Burgers.

Rogalski stated and Jack in the Box.

Denham stated the product has to survive and I have never heard anyone say they got a good burger at Mooyah.

Rogalski stated I think it just normalizes and in that area look at how many options you have for a burger.

Motion by Sheppard, **Second** by Denham, to approve releasing of Lawton Town Center, LLC's obligations to complete construction of the building shells for the commercial retail shopping center in the Lawton Town Center Development. **Aye**: Neal, Sheppard, Wells, Denham, Fitch; Madigan. **Nay**: None. **Motion Passed.**

DISCUSSION ITEMS AND REPORTS

Fitch stated I will recommend that Batchelor comes down to give us an overview and bring us up to date on PSO.

Madigan stated I also like the idea of a summary for all the deliverables.

ADJOURNMENT

There being no further business the meeting adjourned at 2:41 p.m.

Motion by Wells, **Second** by Madigan, to adjourn. **Aye**: Neal; Sheppard; Wells; Denham; Fitch; Madigan. **Nay**: None. **Motion Passed**.