MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
MAYORS CONFERENCE ROOM
NEW CITY HALL
JANUARY 15, 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 (entered late); Fred Fitch; Keith Jackson; David Madigan; David Means (entered late); Ron Nance; Larry Neal; Ernie Sheppard, Doug Wells;
ABSENT: None
OTHERS PRESENT: Brooks Mitchell and Kristin Huntley, Financial Services; Richard Rogalski, Planning Department; Frank Jensen, City Attorney's Office; Denise Ezell, City Clerk's Office.

INTRODUCTION OF GUESTS

Fitch stated we don't have any guest in attendance today.

BUSINESS ITEMS

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

Fitch stated there are no invoices for payment.

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

Mitchell stated you see there isn't a lot of change. Between the various accounts we have a total of just over a million. The 2 main accounts are the TIF I account with $309,828.44 and the TIF II account with $67,432.32.

Fitch stated the $67,432 is used for CCIDA and we are current on interest through November. We pay this monthly and will look to paying against the principal in June.

Wells asked in what months do we pay Bank of Oklahoma.

Fitch stated interest is due in March and the payment starts…

Wells stated we have already made some payment.

Fitch stated we made an interest payment in September.

Wells asked is the $309,828.44, the $226,483. 37 and $404,724.90 available for the next payment.

Mitchell stated yes.

Rogalski stated some of the funds have to be used for certain purposes and the TIF I funds are available for a number of purposes within the TIF I District.

Fitch stated sales tax on the retail, matching sales tax from the state, ad valorem tax on the retail and hotel all goes to BOK. Sales tax on the hotel comes to LEDA and then to CCIDA. Matching sales tax on the hotel comes to LEDA to use for anything. The hotel/tax goes to the convention center and the matching hotel/motel tax comes to LEDA to be used for anything. Batchelor is filing the matching funds for January through June 2014 in the amount of $198,028. The match from the retail will go to BOK and the match from the hotel to LEDA.

Wells stated we are to receive property taxes for everything above the base value.

Fitch stated correct. I believe the sales tax and ad valorem for the 12 block area was $186,000. Can you image the value now?

Wells stated I'm curious about TIF I because it is show $404.

Ezell stated that is an accumulation over the past several years.

Sheppard asked what is the County's total assessed value now.

Fitch stated TIF I was $23 million and I don't know the value now.

Wells stated Strickland indicated that property values around the city were dropping.

Mitchell stated page 2 is the Profit and Loss. Income for sales tax and property tax is pretty consistent. Your expenses were $12,000 in construction expenses, $604,800 developer retainer, and $129,987.71 interest expense on the BancFirst note and CCIDA. The third page is year to date Profit and Loss. At the last meeting you wanted more detail on where the money was going. Looking at the other handout the first group of number is the retail sales and use tax that has been collected in this fiscal year. Then go across and get a total and subtract out the hotel portion and you have the adjusted total. It shows the date it was deposited and which account it was deposited into. This all goes to Bank of Oklahoma. The second group of numbers is for the hotel sales tax. It shows the amount and date deposited into TIF II account at IBC. We did find where we had made deposits into the wrong account and we are in the process of correcting it. The bottom is the matching funds and those are deposited into the TIF II account at IBC.

Rogalski asked can you add the occupancy tax to this.

Fitch stated we have those numbers but it isn't mingled in with this.

Wells stated we have to be careful showing hotel motel tax.

Rogalski stated I wanted it shown so we could see where it was going.

Wells stated you have to be careful because you will have the other hotels saying "This is hurting us". It is like the sales tax we collect we don't show an amount for each individual store.

Fitch stated only certain people within the city are allowed to see those figures broken down and we don't have that security.

Means stated you can get that number for the individual hotels.

Wells asked where at.

Means stated from the city. That is public record.

Wells stated they don't publish that by individual hotels.

Means stated yes they do.

Wells stated I thought that was handled just like the sales tax.

Jensen stated no it is different. That is our own ordinance and collection.

Madigan asked do we have enough historical data on revenues to overlay where we are to the original projected budget. I think we know the answer but I would like to see it on paper as how we are faring.

Mitchell stated I will have to pull the original projections but I would be happy to present that at the next meeting.

Rogalski stated I can tell you. The sales tax revenue expected for 2014 was $370,498 and we show through October it was $250,000. That leaves November and December to make up the difference. It looks like we are right on. The 2015 estimate was $532,000. The question for 2015 is we may or may not bring the second phase on line.

Madigan stated that would be helpful going forward to know that information. We have certain obligations to meet that are based on the anticipated cash flow and we need to monitor how and where we are.

Fitch stated exactly. Are there any other questions.

Motion by Wells, **Second** by Means, to accept the financial report. **Aye**: Fitch; Madigan, Means, Nance, Neal, Sheppard, Wells, Denham. **Nay**: None. **Motion Passed**.

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

Rogalski stated there isn't a lot going on right now. The last conference call with the retailers they still have a number of people on but nobody ready to sign. I believe some of it has to do with falling gas prices. Barry Albrecht and I are putting together a packet with all the good things that has happened in the last year.

Fitch stated the hotel has been given recognition for being in the top 10% of all Hilton Garden Inns worldwide through the November timeframe. They are very satisfied.

Nance asked are they getting new conventions coming in.

Fitch stated yes. There is a historical group from Tulsa coming and they are bringing about 60 people.

Madigan asked are we capturing and touting that we are bringing in these new groups.

Fitch stated Tanna Vu and the Chamber are compiling this data.

Madigan stated somehow we need to market and PR that we are bringing in new conventions and things of this nature.

Neal asked doesn't the Chamber do that.

Fitch stated I think so. We see it in their report to Council every month.

Denham stated there should be a quarterly report from the Chamber.

Fitch stated I think the Chamber reports that through their website.

Denham stated it would be nice to see a report.

Jensen stated there is a requirement in their contract to report to LEDA and the City.

Neal stated they need to put it in their Monday Minutes.

Denham stated I would think it would be in the Hilton's best interest to report it also.

Fitch asked is there anything else.

Rogalski stated we are continuing to look into Main Street Oklahoma. They have submitted an application but we are working out the details. I have a meeting with the Chamber of Commerce to get a sense of whether we have grounds to file the application. It is a really thin application. I believe it could work but it needs more ground work with the business owners in the area. There is a lot of work to do. Debra Welch was on the Main Street program in Duncan and she stated it is a lot of work.

4. Consider approving payments to Jefferson Funeral Home associated with the relocation to the replacement structure located at 715 SW B Avenue in accordance with the estimate of relocation expenses approved by LEDA on August 28, 2014.

Rogalski stated you pre-approved a list of estimated cost for the Jefferson Funeral Home. It appears Jefferson has worked out all the details and is ready to move forward with the relocation. He has submitted a request for payment on the increase cost of operation for the first 2 years. This is based on the difference in rent between the 2 properties. There are 3 things you have to have before receiving funding. You must have a signed lease and he does with Calvin Hale. He has to show he has paid the rent for the first month and we have a cancelled check. And last he has to show that he occupies the structure. The prepared motion states if you approve the $25,000 he would have to show occupancy by virtue of getting the utilities turned on in his name. I believe that is reasonable and easy to certify. The original request was for $30,000 and the lease shows it is only $25,920. This is less than what you approved. This is a valid cost that was part of your preapproval. The next request is for $30,811 for the actual modifications you approved. The rules say that payment is due after the work is done unless you can show that you have an economic hardship. Then you can advance the cost of materials if he shows the actual bills for the materials. The check for the first item will be made payable to Calvin Hale and Larry Jefferson and both will have to endorse it. The check for the materials will be made to Larry Jefferson and Faith Roofing and before receiving the money they will have to show the receipt for every item. We researched these and they are legitimate cost. I believe he is set on opening his new business and is ready to go.

Fitch stated we know we owe him a certain amount for relocation and Rogalski has structured this in a manner it is as binding as we can make it.

Rogalski stated we are trying to be very careful because we want to make certain the job gets done.

Denham asked what happens if he goes out of business within the 24 months. Will the excess be reimbursed back to us?

Means asked how long is the lease.

Rogalski stated 24 months.

Means stated he will be obligated to pay the lease and we won't get anything back.

Motion by Wells, **Second** by Denham, to approve a payment of $25,920.00 for the increased cost of operation at the replacement structure located at 715 SW B Avenue, with the condition that prior to any such payment, the applicant demonstrate proof of occupancy by showing that he has transferred/established the utility accounts in the name of Jefferson Funeral Home; and to approve a payment of $30,811.00 for the cost of materials to be used in the modifications to the replacement structure located at 715 SW B Avenue, with the condition that prior to any such payment; the construction agreement be fully executed by Faith Roofing; a City of Lawton building permit, as required for the requested work, has been applied for and issued, Faith Roofing renew their General Contractors License with the City of Lawton; Faith Roofing submit receipts, invoices, or purchase orders for the materials for which payment has been requested; and Jefferson Funeral Home has executed the Advance Payment for Modification to Replacement Property agreement. **Aye**: Madigan; Means; Nance; Neal; Sheppard; Wells; Denham; Fitch. **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.

   Fitch stated we have nothing to convene into executive session.

DISCUSSION ITEMS AND REPORTS

Jensen asked are there any questions in regards to the 2 letters you received in your packet regarding the inspection audit with PSO. At one point they were hurry up and now they are in slow motion.

Denham asked is there any reason why they couldn't meet you here in Lawton instead of Tulsa.

Jensen stated most of the records are in Tulsa. We thought about Oklahoma City but we thought we would be better off going to Tulsa in case we ask for something and it was in Tulsa.

Nance asked how much is in dispute.

Jensen stated a little over $600,000. We think most of that is in the distribution side of the equation and not the transmission side. That is our position and not theirs.

ADJOURNMENT

There being no further business the meeting adjourned at 2:40 p.m.

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