MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
MAYORS CONFERENCE ROOM
NEW CITY HALL
FEBRUARY 19, 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: Fred Fitch; Keith Jackson; David Madigan; David Means; Ron Nance; Larry Neal; Ernie Sheppard (entered late), Doug Wells;
ABSENT: David Denham.
OTHERS PRESENT: Brooks Mitchell and Kristin Huntley, Financial Services; Richard Rogalski, Planning Department; Denise Ezell, City Clerk's Office.

INTRODUCTION OF GUESTS

There were no guests present.

BUSINESS ITEMS

1. Approve the minutes of December 18, 2014 and January 15, 2015.

Motion by Wells, **Second** by Means, to approve the minutes of December 18, 2014 and January 15, 2015. **Aye**: Fitch; Jackson; Madigan; Means; Nance; Neal; Wells. **Nay**: None. **Motion Passed**.

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

There were no items for payment.

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

Mitchell stated as we go through the financial I have attached a couple of supplemental pages we will also go through. Page 1 is the balance sheet. As of January 31, 2015 your current assets were $1,014,607.07. Now look at the third page of the packet. The balance on the balance sheet shows where you were as of January 31st and this page reflects where you are today. In account 33-8 we have made a couple of deposit for February and the balance today is $446,752.38. There were 2 deposits made in the TIF II account and we paid the December and January interest to CCIDA leaving a balance to date of $89,057.76. Moving back to page 1 the accrued interest payable is $514,822.38. Page 2 is the Profit and Loss statement. This is what was deposited and accrued as of January 2015. Hotel sales tax $22,688.65, property tax $4,818, sales/use tax $84,423.54 and the interest expense was $101,188.57. That is the accrual for BancFirst interest and professional fees to the Center of Economic Development. You have a small amount of interest in the amount of $88.83. The last page you see the hotel/motel tax for

TIF II. This is the amount that was collected and paid for the various months in 2014 for a total of $107,719.39. This money runs through the city and not LEDA so it doesn't show on your financial statement. I'll be happy to provide periodic updates on this amount.

Fitch stated this is the hotel/motel tax that is collected at 5% and the state matching is 4.5%. The matching funds will stay with LEDA. We will be filing for the matching funds for January 1, 2014 through June 30, 2014 and then for July 1, 2014 through December 31, 2014.

Motion by Neal, **Second** by Means, to accept the treasurer's report. **Aye**: Jackson; Madigan; Means; Nance; Neal; Sheppard; Wells; Fitch. **Nay**: None. **Motion Passed**.

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

Rogalski stated there hasn't been a lot of activity. There are 2 areas that have not opened. In terms of funding we have paid everything to the developer except for $67,000 in retainage. We will hold this until he rents the 2 spaces. We haven't heard anything about the out parcels. We have $950,000 in the line of credit designated for the out parcels. The developer is working on tenants but is being very quiet about it. The hotel is anxious to get a strong restaurant on the corner of 2nd & C and we are also. The hotel is actually doing very well in terms of the event center and the occupancy has done fairly well.

Fitch stated the occupancy rate is good but they had to get more competitive in their room rates.

Rogalski stated I know they are over 50% and I have always heard a hotel makes money if they are over 50%.

Fitch stated they are over 60% and this is good for CCIDA. If they average 1 year under 60% they get to defer their payment.

Rogalski stated the developer has mentioned Conn's on Phase II at the north end but I received a building permit for Conn's out on 82nd Street. I believe Conn's is coming to town but they are still wrestling with where. I have started monitoring 2 things and I'll email that out with the funding spreadsheet. There hasn't been a lot of activity except for a couple of payments to Batchelor. The new sheet basically tracks all the note financing, where it goes, where it is at and what is remaining. One of the issues is a $2.35 million that is still in the line of credit. The agreement is it has to be drawn when Phase I is fully occupied and they are not fully occupied. At any time the bank could say they are occupied enough and you need to draw the reserve down. At that point the money will be placed in a special account to make payments if the tax revenue comes up short. If we use any of this money we have to reimburse it within 11 months. We will start paying interest at the time it is drawn down. We hope not to use it. I'm also working on projecting our revenues and payments for the first year. This is so we can have a better view on where we are and meeting our expectations. It was mentioned at the last meeting that the tax revenues were almost right on from where our projections were and I want to give that to you for the future. I believe Jefferson is going to relocate. Anytime we give him money we want to make certain we are all under the same understanding. He is moving forward with a couple of request. The only thing that remains as an unknown is he has requested an addition to the building. We said no because an addition is a capital improvement and we are not responsible under HUD guidelines. The caveat is once the building is built LEDA could be responsible for certain specific improvements that are tied directly to making a shell structure into an embalming room. There could be some expenses that are a reasonable request to come before this body with. You are not obligated but there could be additional cost other than the $120,000.

Wells asked has he turned the utilities on in his name.

Rogalski stated I'm not certain. For the relocation rent he had to have the utilities in his name and he understood this. Since we haven't cut a check then he probably hasn't done so. He also had to show invoices for all the materials he wanted to purchase and he has to sign an agreement stating the money was to go towards the facility. This wasn't anything more than what was in the HUD guidelines and we felt it would be good to have that understanding. Those were the 2 things he was to get done and apparently he hasn't done either of them. I do know some of the invoices have come in.

Madigan stated what kind of feedback are you getting from the developer. Is he pleased overall with the project? What are his tenants saying? Is there any specific feed back there?

Rogalski stated I believe he is pleased with the project. He is 90% occupied and you can't get much better than that. I'm concerned you are not seeing more activity on the out parcels.

Sheppard stated there are 4 out parcels on 67th Street with the theatre and I heard that Red Robin was going to take one of those. Those will be competing with downtown.

Fitch stated we are discouraging a Red Robins or anything like that downtown. We want to see a little more upscale restaurant and so would Collett.

Rogalski stated at the last conference call I mentioned that Salas would be moving in down the street and they were happy about that. I have also heard a steak house will be going into the Fairmont. What we lack in the downtown area is the synergy like we have on Cache Road. Restaurants love that kind of synergy and we don't have that downtown. If we could get a few restaurants downtown it would make it easier to get some in the out parcels. We need those out parcels producing cash revenue and property taxes. We have a draw here because we have a ton of people that work downtown.

Sheppard asked what is the latest on the well.

Fitch stated Batchelor is doing the paperwork to take the well out of the agreement.

Rogalski stated LETA approved a contract with ZIA Corporation to do an investigation of the well. They will pull the old pump out and run a camera down to check it out.

Neal stated Great Plains Vo-Tech found water at 900' and it filled up the well. They said it would flow 1250 gallons a minute but cased it for 500 gallons.

Jackson asked what was the quality of the water.

Neal stated too much fluoride. It is fine for landscaping or to mix with potable water.

Fitch stated there is a big stream of aquifers all in the area. You could probably tap into it and pump it to the Waurika line by the casino, then to Ellsworth, then to Lawtonka and it would be diluted enough to bring it back through. That makes it potable. The well at Great Plains doesn't have anything to do with this aquifer.

Rogalski stated Lawton is on a large aquifer. The question is how far down do you have to drill and is there anything bad in the well.

Neal stated the well at the County Club is not deep and has unlimited water but it is high in chloride. They pump it into the pond to dilute it. The chloride settles and they irrigate off the top.

Wells stated as a city government we ought to be looking into banning the drilling of new wells until we get water for our citizens.

Sheppard stated that will be hard to do on private property.

Rogalski stated Oklahoma has different rules on water and the law sways towards the individual land owner.

Jackson stated we have a sizeable amount of money with Garver & Associates for research trying to answer these questions.

Sheppard asked what questions are we trying to answer.

Jackson stated to locate wells and reuse water.

Sheppard stated I wouldn't think there would be a question as to whether well water is valuable to the city or not.

Wells stated it will depend on whether or not it is treatable.

Jackson stated the State has to pass a law stating that we can use the reused water and I predict that will come pretty quick. A decision will have to be reached by Council on how we approach it.

Nance stated I'm sure you are aware that Bar-S has issues with reuse water. They have stated they will not be in a community that is involved with it.

Neal asked even if it is diluted into lakes.

Nance stated yes.

Means stated every community in Colorado has been using it for over 40 years.

Jackson stated we have all been to Lake Lawtonka and seen the quality of that water and the reuse water will be in better shape. Council is in motion trying to deal with the water situation. We will be coming forward in the near future with some possibilities.

Wells stated there will be an item on the Council meeting Tuesday night to add $1 to your water bill for 1 year for cloud seeding.

Sheppard asked has that proven to be affective.

Jackson stated this is the same company that did Wichita Falls and I was impressed. Supposedly when we did this before it broke the drought then. Science and technology has changed and today they keep in touch with their laptops and tablets. They can tell how much moisture is in the cloud and where the moisture is in the cloud. The airplane carries 2 different seeding. They can literally make it rain on our lakes rather than all over southwest Oklahoma.

Sheppard asked have we measured the cost verses the benefits.

Wells stated Wichita Falls did and they show they made money.

Jackson stated you never know what kind of clouds you will have. These guys swear they can pull water out if we get any clouds.

Wells stated they need to start April 1 and we just don't have the funds.

Jackson stated it is about $300,000 contract from April 1 to August 31st. We are going to run with it.

Wells stated Wichita Falls already has an osmoses filtration system and it is very expensive on both the front and back end. What is taken out you have to depose of as hazardous material and that is expensive. Their lake has such bad water they had to have an osmoses system. It cost $50 million just for the equipment and that doesn't include the deposal of the solids.

Sheppard asked where would that be placed.

Jackson stated until we get that report back we don't have a clue.

Wells stated Waurika will be billing us $6 to $12 million for work to increase the storage there and to allow us to get to water we can't get to.

Fitch stated this is basically silt that has built up.

Wells stated and to allow the pipe that pulls the water out to drop down into the lower level of the lake.

Neal stated right now it is 4' under the silt. They are going to pull the silt out and wanted to place it in a low spot but the government won't let them. They have to carry it over a mile away which triples the cost. This is an EPA ruling.

Sheppard asked when it goes down the pipe does it go into a pipe back to Lawton or does it go to the dam.

Neal stated back to the dam.

Sheppard stated then it goes through the dam and piped back here or downstream.

Neal stated it goes to where they put the raw water.

Sheppard asked why don't they run it down the creek until they got all the silt going through the pipe.

Rogalski stated silt is considered a pollutant and that is why you can't just put it into a hole.

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.

DISCUSSION ITEMS AND REPORTS

ADJOURNMENT

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

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