MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
SPECIAL MEETING
2ND FLOOR CONFERENCE CENTER
NEW CITY HALL
MAY 13, 2011, AT 11:00 A.M.

Fred Fitch, Chairman, called the meeting to order at 11:12 a.m. in the New City Hall 2nd Floor Conference Room. Meeting notice and agenda were posted on the City Hall bulletin board as required by State Law.

ROLL CALL:

PRESENT:	Denham, David; Fitch, Fred; Madigan, David; Means, David; Nance, Ron; Neal, Larry; Sheppard, Ernie; Wells, Doug; Zarle, Richard.
ABSENT:	None
OTHERS PRESENT:	Donna Gibson, City Clerks Office, Steven Greb, City Attorneys Office.

INTRODUCTION OF GUEST

Fitch stated today we have Steve Robinson with the Lawton Constitution, Doug Meier with BancFirst, Dan Batchelor our legal counsel from Oklahoma City, Steve Scott with Ruhl and Ruhl, Jerry Ambrose and his fiancé Christy.

BUSINESS ITEMS:

1. Approve the minutes of April 28, 2011.

Means stated it wasn't noted that Batchelor attended this meeting.

Motion by Denham, **Second** by Means**,** to approve the minutes with stated corrections. **Aye**: Fitch; Madigan; Means; Nance; Neal; Sheppard; Wells; Denham. **Nay**: None. **Abstained**: Zarle. **Motion Carried**.

2. Consider ratifying the action of the Chairman by approving invoices, requisitions, and all other submitted materials for payment and take action as deemed necessary.

Mitchell stated there are no invoices today.

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 transfer of property and financing with respect to the purchase of parcels within the Lawton Downtown Redevelopment Project, for the hotel-conference center and the mixed-use commercial retail establishments and take appropriate action, if necessary, in open session.

Batchelor stated the motion to convene into executive session needs to be in two parts. First is for the purpose of economic development financing pursuant to C10 and second is for land disposition pursuant to D3. Economic development financing will allow the developer and those confidentially involved in the financing matters to be present for the discussion. Part two will be limited to members of the authority, staff and attorneys.

Motion by Means, **Second** by Neal**,** to convene into executive session consisting of two parts. First to deal with the economic development and confidential financing and second to deal with the real estate disposition. **Aye**: Madigan; Means; Nance; Neal; Sheppard; Wells; Zarle; Denham; Fitch. **Nay**: None. **Motion Carried**.

The Authority convened in executive session at 11:17 a.m. and reconvened in open session at 1:02 p.m. Roll call reflected Means; Nance; Neal; Sheppard; Wells; Zarle; Denham; Fitch; Madigan.

Fitch stated the Authority convened into Executive Session Pursuant to Section 307B3 and C10, Title 25, Oklahoma Statutes, for the purposes of conferring on matters pertaining to economic development, including the transfer of property and financing with respect to the purchase of parcels within the Lawton Downtown Redevelopment Project, for the hotel-conference center and the mixed-use commercial retail establishments with no action taken.

ADDENDUM

1. Discussion and possible action to adopt a resolution approving Phase I Implementation Supplement to amended redevelopment agreement for the Lawton Downtown Redevelopment Project.

Batchelor stated at the present time the project is postured in a manner that the pieces have been assembled provided there is sufficient financing from the redeveloper such that the development of Kohl's can go forward if they can provide a site Kohl's can take title and if Kohl's can be assured of the supporting site improvements. It would be desirable for the site improvements to be made for access and support for the further development by the hotel/conference center. The challenge that is present is when you recruit an anchor store they understand that the presence of their store acts as a magnet for the others stores and their customers. Therefore you must make an exceptionally attractive arrangement to bring that department store into the project. Kohl's is now ready to go, but other portions of the retail project are not ready to commit. To go forward with the obligations of the redeveloper will require financing entirely from equity. The redeveloper does not make a profit or any kind of return from the presence of Kohl's. They must provide site improvements to support Kohl's and provide the property at no net cost to Kohl's. The presence of Kohl's creates a lost leader for the project, but a critical piece to the project. Based on our evaluation of the situation we have drafted a Phase I Supplement to the Amended Redevelopment Agreement that would provide the first retail phase to be split so you could commence immediately with the Kohl's portion of the project and the site improvements necessary to support Kohl's and the hotel/conference center. To go forward it requires complete financing of all the site improvements by the redeveloper

subject to the Authorities approval and availability of financing. It would also require that the redeveloper give up the Tax Increment Notes that would have been issued in the amount of the reduction of the land price. The net economic value change to the Authority is zero. The value of doing this, since you have nothing that is financeable or mortageable from the redevelopers perspective, means it can proceed as long as the redeveloper can provide 100% of the cost of all the site improvements necessary for Kohl's and the access and service to the balance of the project specifically the hotel/conference center. In our opinion this is a desirable step. You have the right to say this is not proceeding in the order of the phases and arrangements we previously thought we were going to utilize. You also have the right to say this is a desirable step for the project and you will do these things. This will get the project moving, it will lay the predicate for the near term commencement of the hotel/ conference center, and will generate the actual investment of $1.5 million in site improvements with a significant portion on the property which this Authority retains title to and will be paid later when the next retail phase of the development occurs. This is a re-arrangement of the way in which we are doing the project and splitting one of the retail development phases into multiple components. This would enable the Authority and redeveloper to begin the first phase, get financing under construction, and enable Kohl's to move forward. If you move forward and the redeveloper has the financing in place it will take about three months of site improvements and then be ready for delivery to Kohl's. We estimate the site would be available for title transfer and commence construction in August. Once that occurs you have a major anchor of the project and you will also have placed the ingredients to enable the hotel/conference center to go forward.

Means stated this agreement has no legal description. Has anyone started styling the descriptions?

Batchelor stated we have a preliminary legal on the Kohl's tract. Some of these arrangements require movement of a utility easement and as documents are executed you in effect will approve the title descriptions.

Means asked does this project go before CPC.

Mitchell stated no.

Sheppard asked you mentioned the purchase price, but you didn't mention the non-issuance.

Batchelor stated it is in the middle of Section 2.2. Under this section if the redeveloper had to provide the property to the anchor store at less than the original price, $4.32 per square foot, we would issue TIF notes in the amount of that cost differential. What we said here is according to the conveyance of the anchor store title tract it shall not create a cost differential pursuant to 4.2. That means there is no obligation to issue the TIF notes.

Sheppard asked section 4.2 covers the TIF notes.

Batchelor stated yes the TIF notes for that reduction in price would occur anyway.

Motion by Wells, **Second** by Nance**,** adopt a resolution approving Phase I Implementation Supplement to amended redevelopment agreement for the Lawton Downtown Redevelopment Project. **Aye**: Nance; Neal; Sheppard; Wells; Zarle; Denham; Fitch; Means. **Abstained**: Madigan. **Nay**: None. **Motion Carried**.

DISCUSSION ITEMS AND REPORTS

ADJOURNMENT

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