MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
MAYORS CONFERENCE ROOM
NEW CITY HALL
MAY 15, 2014, AT 2:00 P.M.

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

ROLL CALL:

PRESENT:	David Denham; Fred Fitch; Keith Jackson; David Madigan (entered late); Ron Nance; Larry Neal; Ernest Sheppard; Doug Wells.
ABSENT:	David Means.
OTHERS PRESENT:	Kristin Duggins, Financial Services; Denise Ezell, City Clerk's Office.

INTRODUCTION OF GUESTS

Fitch stated we don't have any guest with us today.

BUSINESS ITEMS

1. Consider approving minutes of February 20, 2014.

Motion by Wells, **Second** by Denham, to approve the minutes as written for February 20, 2014. **Aye**: Fitch; Jackson; Nance; Neal; Sheppard; Wells; Denham. **Nay**: None. **Motion Passed**.

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

Fitch stated I'll pass these around for everyone to review. First is a payment to Center of Economic Law and second is the typical draw down to Wells Fargo. You can see with all the backup paperwork we are able to make a good audit of the taxes. We also have an invoice for the trustee fees to Bank of Oklahoma.

Denham stated Batchelor's bill show an outstanding balance. Is there an outstanding balance?

Ezell stated no. There is a wiring fee to transfer funds from BancFirst to Bank of Oklahoma so they hold the requisitions until they have several thousands to pay. The transfer probably wasn't made before this billing.

3. Receive Treasurer's Report and take action as deemed necessary.

Duggins stated this report does not include the line of credit. This is just the TIF 1 account and is very generic until we have everything set up in QuickBooks. As of April 30th the

balance was $423,586.31. There is an account at BancFirst with $13,000 that hasn't had any activity since April 2011

Fitch asked do we know where the money came from.

Duggins stated this account was used for the first line of credit. When money was drawn down it was placed into this account. We don't know if at some point to much was drawn down or exactly what happened.

Fitch stated contact Doug Meier and get the history on this account.

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

Fitch stated Rogalski is out of town and I don't know of anything to report. Do you have any questions?

Wells stated Bed Bath & Beyond and Petco have both opened.

Fitch stated we generated $32,000 in sales tax for January and $47,000 or $42,000 in February. Some of that was construction. We also generated $32,000 for the west side project in January.

Sheppard asked are they tracking by zip code.

Fitch stated yes.

Sheppard stated I'm anxious to see what the spread is.

Fitch stated I'm excited to see a dollar amount associated with the area. Academy Sports stated they have 9 or 10 different zip codes.

Wells stated please don't repeat the numbers of the individual stores.

Fitch stated we will never see those numbers. We will only know what the project brings in. It is against the law for anyone who is not authorized by the Tax Commission to see those numbers. The Governor has signed HB 1875 which reduces the fees we are paying from 1% to .5%. Also HB 3143 is on the Governor's desk for her signature. I would ask that everyone send a short email to the Governor encouraging her to sign the bill. This will allow sales tax to be placed on the privatization factor at Fort Sill. If this law had been effect the City of Lawton would have received $400,000 plus. The state and county receive their portion of sales tax but

not the city. If you show a military ID you will not be charged taxes but if you don't have a military ID you will be charged.

Wells stated this doesn't just affect Fort Sill but all military bases within the State of Oklahoma.

Fitch stated Altus, Midwest City and Enid were shocked. They didn't realize this was happening. Just send a message to the Governor asking her to sign the bill.

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 in our agreement with PSO we have the right to have an audit done on their billing. We agreed to $5 million with PSO paying $1.6 million and we would play $3.4 million. We budgeted $3.3 but the final figure is $1.11 million above that. We have notified PSO that we are exercising our rights to an audit. This firm will perform that audit. They will audit everything from the cost of nuts, bolts, poles, wire, trenches and man hours for that particular job. Their cost will probably be around $2000 or $3000. We had the estimate for $5 million sent to a company in Houston that they stated the cost for the materials were good but questioned the cost of the labor. They also stated it was normal for the labor to be estimated high. Normally if the estimate is $5 million the final cost will be around $4.1 or $4.2. It is unusual that it would be $1.11 million above their estimate.

Sheppard asked we agreed to $3.4.

Fitch stated yes.

Sheppard asked and they billed us for a million more than that.

Fitch stated yes.

Sheppard asked according to the agreement why do we have to pay it.

Wells stated the agreement states we are responsible for anything over the $3.4 million.

Fitch stated they weren't going to sign the contract in case of cost overruns.

Sheppard asked what is the total.

Fitch stated $6.1.

Sheppard stated and they paid $1.6.

Fitch stated yes. We may end up in court and if we do so be it.

Wells stated if it ends up in court it is because we have good data to support it.

Motion by Wells, **Second** by Jackson.

Madigan asked will you give us feedback. When you say $2000 or $3000 is that for 10 or 15 hours worth of work.

Fitch stated yes. They will go through all the invoices. They have seen the project so they know how many poles we are talking about.

Denham asked does this include the underground routing down 4th Street.

Fitch stated yes. The big stickler is the improvements. They believe they haven't improved anything. They went from at $1000 pole to a $100,000 pole and we want the $1000 pole back. We were on a deadline so Kohl's could start construction. This was the most miserable discussions I have ever been involved with.

Sheppard asked if this firms finds we should have spent $3.4 million is that a negotiating point or what will we do when the report comes in.

Fitch stated the report will go to the Corporation Commission. PSO is in the middle of a rate increase and they don't need any more exposure. We will definitely fight it.

Wells asked do we need to put a cap on the agreement.

Fitch stated if there is a finding where we would need to recommend litigation they will bring in another team and that is when we will come back to you. If you want to put a cap on it we can.

Madigan stated I was trying to get an idea of the scope that would be involved and the value proposition. Hopefully they can give us a value so we can go fight it.

Vote on Motion. 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 Center electric utility relocation. **Aye**: Jackson; Madigan; Nance; Neal; Sheppard; Wells; Denham; Fitch. **Nay**: None. **Motion Passed**.

6. Authorize the payment of $149,454.00 from the TIF 1 account to Lawton Town Center, LLC, for LEDA's portion of the cost to construct the shared public utilities within the First Street and Bell Avenue alignments per Section 4 of the Amended Retail Redevelopment Agreement.

Fitch stated this is for the roadwork that was associated with the Northrop property. Had this property sold it would have been the responsibility of the developer. Since we own the property we had to do the street project and pay for it. I would think we would make these improvements a part of the sale when we sale the property.

Motion by Wells, **Second** by Sheppard, to authorize the payment of $149,454.00 from the TIF 1 account to Lawton Town Center, LLC, for LEDA's portion of the cost to construct the shared public utilities within the First Street and Bell Avenue alignments per Section 4 of the Amended Retail Redevelopment Agreement. **Aye**: Madigan; Nance; Neal; Sheppard; Wells; Denham; Fitch; Jackson. **Nay**: None. **Motion Passed**.

7. Authorize the payment of $471.67 from the TIF 1 Account to the City of Lawton for LEDA's 1/3 share of the cost of the QuickBooks program to be used by Finance Division staff for tracking and managing LEDA's TIF accounts.

Fitch stated we have discontinued the services of Kimberly Furrh and the financials have been brought in-house. For finance to do the services they had to purchase this software program. We are sharing the cost with LETA and LURA. One-third of the cost is $471.67. We will save money and have more accurate records by bring this in-house.

Motion by Nance, **Second** by Nance, to authorize the payment of $471.67 from the TIF 1 Account to the City of Lawton for LEDA's 1/3 share of the cost of the QuickBooks program to be used by Finance Division staff for tracking and managing LEDA's TIF accounts. **Aye**: Nance; Neal; Sheppard; Wells; Denham; Fitch; Jackson; Madigan. **Nay**: None. **Motion Passed**.

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

Fitch stated has everyone had the opportunity to review the requisition.

Motion by Wells, **Second** by Madigan, to approve invoices, requisitions, and all other submitted materials for payment. **Aye**: Nance; Neal; Sheppard; Wells; Denham; Fitch; Jackson; 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.

Fitch stated we have no need to convene into executive session.

DISCUSSION ITEMS AND REPORTS

Fitch stated from the conversations with Dicks and Kohl's they are very excited with the results they have had so far.

Sheppard asked do we know anything about the out buildings.

Fitch stated all but 4500 square feet is rented and they will be opening the middle of June. They will start the out parcel to the north in the fall. They are at ICSI this week and have lots of people lined up to talk with. There is more interest now that the center is opened.

Denham asked what about the far north property.

Fitch stated Rogalski and I are in a bit of an argument with them. On the property where Northrop would have been there is a big pile of dirt that will go to the north end as soon as he acquires that property. It will be seeded to cut down on erosion and wind dust. They have put a lot of debris on the north end. It is their intention to clean it once they purchase it. I suggested they go ahead and purchase it so they could clean it up and they don't want to do that. My concern is if they don't purchase the property we will be faced with the cost of cleaning it up. Rogalski feels certain we will win in the end. They could push a lot of the dirt and asphalt to the back but they don't want to spend the money.

Denham asked do we have another deliverable as far as the development goes.

Fitch stated his plans are to close on the north end in the September timeframe.

ADJOURNMENT

There being no further business the meeting adjourned at 2:35 p.m.

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