MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
MAYORS CONFERENCE ROOM
NEW CITY HALL
JUNE 15, 2017, 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: Denham, David; Fitch, Fred; Jackson, Keith; Neal, Larry; Sheppard, Ernie; Wells, Doug.
ABSENT: Madigan, David; Means, David; Nance, Ron.
OTHERS PRESENT: Jerry Ihler, City Manager; Richard Rogalski, Planning Director; Denise Ezell, City Clerk's Office.

INTRODUCTION OF GUESTS

BUSINESS ITEMS

1. Consider approving the minutes of November 17 and December 8, 2016.

Wells stated in the note area at the top of the page on November 17th it should say November instead of October. On page 4 under Jensen it should say want instead of won't.

Motion by Denham, **Second** by Jackson, to approve the minutes with stated corrections. **Aye**: Fitch; Jackson; 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 we have nothing to approve today.

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

Huntley stated starting with the balance sheet you see at the end of May the total in the bank was $1,663,604.66. Under other current assets we received the reports for March hotel sales and sales and use tax. Under liability we have the loan from CCIDA. We have started making principal payments on this note and it is down from $1.5 million to $1,488,548.24. Under long term liabilities the BancFirst note is up to $27,710,281.73.

Wells stated did you say up to.

Huntley stated yes. A principal payment was made but every time you do a drawn down the note goes up. Now turn to the November income statement. Hotel sales tax and sales and use tax were up from this time last year. Under expenses you have the professional fees for The Center For Economic Development Law. Total net income for November was negative

$67,491.92. In December the hotel sales tax was down from last year but sales and use tax was up. The property tax income collected for this year was for TIF I and it was up quite a bit. Under expenses we have our interest, postage/delivery for a bill from FedEx to overnight some closing documents and professional fees. Mediation fees were $1,837.50 and $520 for The Center For Economic Development Law. Total net income for December was negative $71,275.23. Now move to January. Hotel sales and sales and use tax were up from last year. Property tax income was up quite a bit and the reason was because we received the TIF II in January this year and in March last year. The county forwards this money when they receive it. TIF I for January was $5,506.40 and TIF II was $312,535. Under expenses there was another bill to FedEx, professional fees of $675 for Judge McCall and The Center For Economic Development Law for $365. Under utilities you see $495,000 for the PSO settlement. Total net income for January was negative $231,716.01. For February the hotel tax was down and use tax was up. Property tax for TIF I was $744 and TIF II was $5,964.50. Under expenses we have our interest and professional fees for The Center For Economic Development Law for $454.50. Total net income for February was negative $40,936.51. In March the hotel sales tax and sales and use tax were up. The matching funds were up by 5.2%. Property tax collected was down due to receiving the funds in January. TIF II was $17,038. Under expenses we had bank services and professional fees for The Center for Economic Law. Total net income was $267,355.33. In April the hotel sales and sales and use tax were down. Property tax was up 83%. TIF I was $64,664.47 and TIF II was $148,024.50. Under expenses are bank service charges for the annual trustee fee at BOK and professional fees for The Center For Economic Development Law. The total net income was $139,695.33. In May the hotel sales and sales and use tax were slightly up. Property tax was all TIF I. Under expenses we had a mowing invoice for $1,050 and professional fees for The Center For Economic Development for $2,069.96. Net income for April was $18,161.08. The last page is for the last 6 months. You see hotel sales was down, matching funds were up, sales and use tax was up, and property tax was up. Under expenses the bank charges were the same, mowing debris was down because we did some tree removal last year, there was no postage last year, professional fees were down and we didn't have the utilities last year. Total income for the 6 months was $13,792.07. Are there any questions.

Sheppard asked are we earning any interest on the $1.6 million.

Huntley stated we earn interest on some of the BOK accounts.

Sheppard asked is the interest rate at BancFirst higher than what we are earning.

Denham stated yes.

Sheppard asked should we be using the cash to pay down the debt or are we holding on to for some reason.

Fitch stated we are holding it to make our payments.

Sheppard asked is there any surplus.

Huntley stated no.

Sheppard asked why can't we prepay on the notes if they are at a higher interest rate.

Denham stated we would still have to make the payment whether you prepay or not.

Fitch stated in March we pay just the interest and in September we pay principal and interest.

Sheppard stated you could lower the total interest charged by paying it on a monthly basis.

Huntley asked just the interest.

Sheppard stated yes.

Fitch stated we can talk with the bank but I don't believe they will want us to do that.

Wells stated we also have the problem of not making enough to make the payment.

Fitch stated they will still want their payment in March and September.

Denham stated paying it monthly should make the interest payment lower.

Fitch stated you would still have the principal payment.

Sheppard asked even if you paid the interest every month.

Denham stated they will still want the agreed upon interest on the principal.

Sheppard stated if you prepaid the interest every month it doesn't accumulate for 6 months and you will pay less interest.

Fitch stated correct. I'll talk with Mark Brace and see what we can do.

Sheppard stated if we can it would be in our best interest.

Rogalski stated another way to save is make the semi-annual interest pay and pay more towards the principal in September.

Wells stated you have to make enough money to do that and we are not at this time.

Sheppard stated we make enough to make the payment every 6 months.

Wells stated only by using TIF I resources.

Sheppard asked why can't we use TIF I funds.

Wells stated it is for the emergency reserve in case we run short. The payment goes up every year. If we run short then we go borrow funds from TIF I. If we use all of the TIF I funds and the payment is short the City will have to take it from the general fund.

Sheppard asked can't we project that.

Rogalski stated yes. I have the projection for the September payment and we will use somewhere around $350,000 to $380,000 of TIF I funds. The interest payment is bigger than the principal payment. We could use TIF II funds for the principal payment and tap into TIF I as necessary for the interest payment.

Denham stated it would be better to pay down the principal rather than the interest. Is it an adjustable rate or fixed.

Fitch stated adjustable.

Denham stated interest rates have gone up 3 times in the last few months.

Fitch stated we haven't been affected by those increase.

Denham stated it will.

Fitch stated I'll talk with Mark Brace next week.

Denham stated we don't have steady income. If we don't pay the principal down we could be in a world of hurt when it comes to paying for mowing and other obligations.

Fitch stated I'm afraid if we make an extra payment we will still be required to make the payment. Let me talk with Brace. You saw that some of the sales tax on the hotel is down. This is due to two reasons. There has been a lot of military staying there and they don't pay sales tax. Their occupancy rate in the last 56 days has been in excess of 60%. The Buffalo Soldiers and the Shiners both held conventions there on a weekend. Normally on the weekend they run about 22% occupancy but with the conventions they were running 75 to 95%. They are booking more conventions. The Shiners will be back in October. Monday through Thursday they are packed and then drop off Friday through Sunday.

Wells stated it would be nice to have a restaurant that served breakfast down there.

Denham asked is the occupancy collections enough for them to manage it.

Fitch stated they have to contribute some of their own funds.

Denham stated we are not responsible for that. Don't the taxes go to paying the operating cost?

Fitch stated the taxes are for the operation of the convention center for 10 years. I believe we are in the third year.

Rogalski stated hotel/motel tax goes to pay for the convention center and sales tax goes to the CCIDA payment. Their complaint is they are not getting the rate they had anticipated. They are pulling rates down to stay with the market and to keep their occupancy up. Their net is not where they want it to be.

Jackson stated welcome to the real world of competition in the hotel/motel business.

Fitch stated this will run out in 10 years or $2.5 million.

Wells stated the $2.5 million is just for 82nd Street.

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

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

Rogalski stated Retail Coach's contract is up for renewal at a reduced rate.

Wells asked isn't it $20,000.

Rogalski stated $20,000 plus $2,000 in expenses. They went to the ICSC conference in Vegas and made a lot of good contacts. They spoke with Action Properties and they are interested in redevelopment opportunities in Lawton. They also spoke with JLL who is interested in 1 to 5 acres in retail development and they spoke with Jeremy Foraker who is interested in redeveloping existing larger properties. They had some really good conservations with FLL Furniture, Chipotle and Panera Bread. You get the feeling that some of these people will be in Lawton within the next couple of years. They are also talking with Mike Robbe of Collett and Associates trying to coordinate efforts in the Lawton Town Center. Generally Panera Bread likes being close to an interstate. It would be a good fit for them on the corner next to the hotel. Now we have to convince Panera Bread. I think we have a lot of good leads and opportunities. In October there will be a conference in Dallas and the Mayor will be attending this conference. It is directed more towards the southwestern United States and Vegas is a national conference. We feel very positive that we will start to see some ink on paper.

Denham stated has Retail Coach sent us anything that has started turning dirt or anything we can give them credit for.

Rogalski stated no. I can say they have done a lot of leg work.

Wells asked didn't they have something to do with Burlington.

Rogalski stated they may have talked with them. Burlington still hasn't picked up their permit so this isn't a done deal. All we have had in terms of construction anywhere in town is Family Dollar and Mattress Firm. They are obviously out talking with people. I believe the industry is still waiting for the ground to settle in Washington D.C.

Fitch stated we have Aaron Farmer and John Collett working together and they are going in as one entity representing downtown. They both spoke with Mattress Firm and Panera Bread. Ted Warkentin is also working downtown. He and Stan Booker will be in Dallas at the ICSC conference and I'll be with them visiting with people. Rogalski and I had a visit with Batchelor about the redevelopment of the west side of 2nd Street. When we did the downtown project we moved the electrical west on Gore to 3rd Street and north to Ferris. It encompassed 2nd to 3rd in the electrical loop. There will be no cost associated in the redevelopment of the west side. We paid $70,000 to CenterPoint and no cost to AT&T or Fidelity. There shouldn't be any city drainage. We feel that most of the infrastructure is covered for the third phase. This would be TIF III. We are trying to get some ideas in the way of cost for Pinnacle and to acquire the property and then we will determine what the electrical will be.

Rogalski stated the storm drainage was reconstructed to 2nd Street. Any of the waterlines that were extended across 2nd Street were extended the extra block. We may need to address some water mains.

Fitch stated they were extended to the west side of 2nd Street and we hope that it will be acquired and the developer will be responsible. We want to get an idea of what the cost would be to acquire everything and clean it up to be ready for development. There have been 2 or 3 clients that wanted to do something but didn't like the looks across the street. Collett wants to get the north end done but he is interested in going to the west side. I spoke with Mark Brace and he is very interested. We talked about $4 million on the low side and $5 on the high. They see the advantage of cleaning up the west side. We are not committed to anything. We are trying to accumulate the cost and know that we have support with financing. We would develop TIF III for the west side. It's moving at a slow pace but we are moving. We will be reporting on this in the future months. I believe we will have a good idea in the next 6 to 7 months on the cost. Then it will be a matter of timing. There is a good prospect for the north end but they are not ready. At this time they are building 3 stores in Oklahoma City, 1 in Tulsa and 3 or 4 in Dallas. They want to get those opened and then they will consider coming here. It would be a very good revenue generator.

Rogalski stated you have to decide if you want to do the ground work on the west side. The north end and the west side could actually develop simultaneously. When the north end develops it will show we can pay for the project and create some excess that will help pay for the west side.

Denham asked will the third TIF be subjected to the constraints of TIF I and II or will we have to go back to all the entities and start over. Was this a 10 or 20 year deal?

Rogalski stated 25.

Fitch stated that is a good question. I don't know if we will have to go back to those entities.

Jackson stated the west side will be a lot less money than the east side.

Denham stated it won't be a problem if we can get it done quicker.

Fitch stated we will not get into a position where we are ready to turn a shovel without the north end looking real good.

Wells asked are we about halfway through the 25 years. We will quit receiving ad valorem at the end of the 25 years.

Fitch stated we didn't start collecting anything until about 2013.

Denham stated the TIF went into effect in 2006.

Rogalski stated I'll talk to Batchelor about that.

Sheppard asked are we considering the alley between Gore and Arlington for this TIF.

Denham stated Nissan has all that.

Sheppard stated on the east side of 2nd Street there wasn't a lot of viable businesses. You have Family Dollar on the west side and I guess it is successful. It might be a little more expense to purchase an ongoing business.

Fitch stated there might not be any relocation cost because you can sell the building. It can be dismantled and hauled off.

Rogalski stated first we would get the properties that are vacant or an eye sore. Family Dollar isn't an eye sore so we won't be in a hurry to acquire that property.

Jackson stated let me make it clear that I have nothing to do with Jackson Laundry. That belongs to my father and he isn't in a hurry to release it.

Sheppard stated I'm glad that we have started the conservation.

5. Consider approving a retainer agreement for professional services between LEDA and the Center For Economic Development Law.

Fitch stated this is a continuation of the retainer agreement for Batchelor.

Wells asked what is an "of cause attorney".

Denham stated the financials show they bill us every month. What are we being bill for? We are meeting once every 6 months and they have billed us every month.

Fitch stated Rogalski and I have talked with them on several different things.

Rogalski stated they still look over the paperwork we put together for the matching funds.

Denham stated I thought a lot of that was being done in-house.

Fitch stated some of it is. Since we no longer have Rick Smith it has shifted to Batchelor. It does get smaller and smaller.

Neal stated an "of cause attorney" is a practice of lawyering for the good or using law to empower members of the weaker layers of society.

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

6. Consider approving a professional services agreement with the Lawton Fort Sill Chamber of Commerce for Tourism, Convention, Economic and Industrial development services for the fiscal year 2017-2018.

Rogalski stated this is the annual agreement with the Chamber. It is a 3 way Memorandum of Understanding between the City of Lawton, Chamber and LEDA. We don't have a major hand in the agreement but we are a party.

Motion by Denham, **Second** by Sheppard, a professional services agreement with the Lawton Fort Sill Chamber of Commerce for Tourism, Convention, Economic and Industrial development services for the fiscal year 2017-2018 **Aye**: Neal; Sheppard; Wells; Denham; Fitch; Jackson. **Nay**: None. **Motion Passed**.

DISCUSSION ITEMS AND REPORTS

Rogalski stated we extended the mowing contract with Lawn Wizards and we are working with Collett to let them know when their property is in need of mowing.

Neal stated right north of the Ramada Inn there is an area that is really looking bad.

Rogalski stated I have spoke with Jack Hanna about that property. It is City of Lawton property.

Neal asked who trims those trees on the state property.

Rogalski stated the State is responsible.

Neal asked can we get in touch with Brad Burgess or somebody to see about trimming the trees.

Rogalski stated I'll give them a call.

Ihler stated I spoke with ODOT and since the budget cut there are lots of areas that will not be mowed.

Neal asked can we use trustees to do that.

Fitch stated I'm not certain we want to put trustees on that equipment.

Wells ask can we do anything about the prairie dogs on the north property and in that park.

Rogalski stated the park property is the cities issue and on the north parcel if we want something done we would have to hire someone to do so.

Wells stated we need to see what Parks & Recreation has done because there are a lot less in Elmer Thomas.

ADJOURNMENT

There being no further business the meeting adjourned at 2:50 p.m.

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