

MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
2ND FLOOR CONFERENCE CENTER
NEW CITY HALL
JUNE 16, 2011, AT 2:00 P.M.

Fred Fitch, Chairman, called the meeting to order at 2:00 p.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 (entered late); Fitch, Fred; Madigan, David; Means, David; Neal, Larry; Sheppard, Ernie; Wells, Doug.
ABSENT: Nance, Ron; Zarle, Richard.
OTHERS PRESENT: Denise Ezell, City Clerks Office, Frank Jensen, City Attorneys Office.

INTRODUCTION OF GUEST

Fitch stated we have no guest today.

BUSINESS ITEMS:

1. Approve the minutes of May 13, 2011.

Motion by Wells, Second by Means, to approve the minutes as written. **Aye:** Fitch; Madigan; Means; Neal; Sheppard; Wells. **Nay:** None. **Motion Carried.**

2. Consider approving a contract between LEDA and the Center for Economic Development Law and take action as deemed necessary.

Fitch stated this is a renewal of the contract between LEDA and the Batchelor's.

Mitchell stated there are no changes.

Neal asked do they bill on a certain minute.

Furrh stated on ten minute increments.

Wells asked since we have no money are they willing to wait on the payment?

Mitchell stated yes.

Motion by Neal, Second by Means, to approve a contract between LEDA and the Center for Economic Development Law. **Aye:** Madigan; Means; Neal; Sheppard; Wells; Fitch. **Nay:** None. **Motion Carried.**

3. Consider approving a contract between LEDA and Kimberly A. Furrh, CPA and take action as deemed necessary.

Fitch stated this is also a renewal for the contract between LEDA and Furrh.

Motion by Means, **Second** by Madigan, to approve a contract between LEDA and Kimberly Furrh, CPA. **Aye:** Means; Neal; Sheppard; Wells; Denham; Fitch; Madigan. **Nay:** None. **Motion Carried.**

4. Consider approving a Supplemental Redevelopment Agreement between Lawton Economic Development Authority, an Oklahoma public trust, Ruhl Scott 2nd Street Lawton L.L.C., an Oklahoma limited liability company, and Lawton Hospitality, Ltd, A Texas Limited Partnership, and take action as deemed necessary.

Jensen stated the jest of the agreement is to separate out the area for the hotel/conference center into a separate redevelopment agreement/partial assignment. I read it as a segregation of the parcel for the hotel/conference center from the rest of the redevelopment. One of the reasons for this is we will get a closing price on the area for the hotel/conference center of \$6 a square foot. This is different from the provisions of the rest of the redevelopment. This project is proceeding at one pace and Kohl's at its pace. I've been working with Gary Bush, our bond council, to market this project in long term financing with a base bond for the entire twelve block area. To leverage what we get in payment for closing on the hotel/conference center, plus keep going on Kohl's, to compensate for what we are not moving yet and try to sell off the twelve block area under the base bond in three chunks so Bush can show we are going to have sufficient TIF revenues to market those either one chunk at a time or together if someone is interested. Right now we don't have any anticipated revenues that will tract the market that Bush is looking for. This is a complicated process for Bush and certainly for me trying to understand. There has to be cooperation between the hotel/conference center and the rest of the redevelopment by Ruhl and Ruhl. That doesn't mean we can't splinter off the hotel/conference center which is moving quicker right now and then have a cooperative agreement between the hotel/conference center and Ruhl and Ruhl to make it mess together when the time comes for infrastructure and things of that nature.

Mitchell stated in an email I received Wednesday from Batchelor he says "attached are clean and redline draft to the updated Supplemental Redevelopment Agreement. The only changes from the prior versions are date corrections in Section 3.5, 3.6 and 3.7." One date is the date we had for the financing for PID. This date changed from July to August.

Jensen stated the other key dates were the language on the closing date for the hotel/conference center. That date was October 15 or as established in the phasing Plan. I'm trying to push for a definite closing date so we modified it to say if the phasing plan establishes an earlier date than October that is fine but October 15 needs to be the closing date.

Wells asked did the old agreement have a closing date of March.

Mitchell stated the original benchmark was March.

Wells asked since a payment is due at the end of the month to the banks do we have any agreements with them on what we are going to do?

Fitch stated not at this time. We are in conversation with them and keeping them posted.

Wells stated this could all fall through if the banks don't agree to do something.

Fitch stated that is correct

Jensen stated we are preparing documents to request a one year extension until 2012. We got the two month extension in the interim so the banks had the chance to go to their boards.

Wells asked do we have enough funds to pay the interest.

Mitchell stated yes.

Sheppard asked how does PID's purchase in October relate to Ruhl's performance of improving the roads.

Jensen stated there will have to be some cooperation and an agreement on issues like that because they could easily say we can't move forward.

Sheppard stated according to this agreement they are obligated whether the improvements are there are not.

Jensen asked as far as the closing.

Sheppard stated yes.

Mitchell stated yes. The cooperative agreement puts into place timelines and conditions on the arrangement between Ruhl & Ruhl and PID for their opening. We have correspondence to that effect on how the utilities will be coordinated.

Sheppard stated a road runs in front of PID to the south. I would think they would be interested in having that road complete or the assurance it would be complete before they purchased the land.

Mitchell stated I would think it would be a part of the agreement when we consummate the transfer of the property for the Kohl's site. That is where I see it fitting together.

Sheppard state the timeline is pretty short.

Mitchell stated it is.

Wells asked is Ruhl anywhere close to starting roads or anything.

Mitchell stated they are getting bids on site improvements right now. They have received a bid from one company for the Kohl's site. The city engineers meet next week with Ruhl & Ruhl's engineer. We had issues with Railroad Street so there were some delays in the utility work.

Madigan asked if we don't meet the timelines will we make the recommendation to move in a different direction or will we extend them again.

Mitchell stated I think the focus is on PID and the hotel/conference center. They are close to finishing/completing their financial arrangements. The Mayor and I met with an equity group two weeks ago that is very interested. We think Ruhl and Ruhl is close to getting that package put into place. Once they do we will be able to proceed to closing. I don't know if that will be sixty or ninety days.

Fitch stated the financing package presented has been accepted and they were six to eight percent short. This group is out of Texas and has worked with them. They are a very strong company and has done numerous projects of this type. We met with them, their financial guy and Todd McNeil. McNeil stated it is a matter of incorporating a new partnership, getting concrete architectural renderings, approval from us and then they will be ready to close in October.

Wells asked do we know anything about Ruhl & Ruhl's financing.

Mitchell stated we have met with several potential equity partners. Scott has been activity in trying to secure the equity he needs to move the project along. I shared with you an email from Scott as a result of his trip to his convention. I do know there are rumors floating around about what other big boxes are going to do or not do. I think he is close to finishing the building construction plans for Kohl's and is getting bids for site improvement work.

Fitch stated the engineers were on the site this morning. The president is coming next week to visit with Batchelor. Batchelor knows him and speaks very highly of him and stated he is very financially strong.

Wells asked after the last meeting did we get a feel from Ambrose on how he felt?

Mitchell stated we haven't had any feed back. Scott has been getting bids and it appears the work can be done around \$7000 or \$8000 per block versus the \$400,000 or \$500,000 Ambrose is throwing out. That is the reason Scott is getting estimates so he can go back to Ambrose and Park to validate the values. Other individuals and brokers are floating around a lot of rumors that is causing Scott a little trouble in getting other leases signed. I believe a lot of the rumors are intentional. We have agreed to transfer the property for the Kohl's site but we don't have confirmation on the details of the transaction and we don't know whether the banks agree with the arrangements. Until we know there are some things still up in the air with respect to how they will proceed with the Kohl's site.

Denham stated it is a domino effect. For PID to go forward Ruhl and Ruhl needs to step up and do the \$1.5 million in infrastructure. For Ruhl and Ruhl to do the infrastructure we need the banks to agree to releasing the land and an extension.

Wells stated it was my understanding from the previous meetings we had extended about as far as we were going to and we were going to start thinking about something else. Is that correct?

Means stated there was discussion of that nature but a decision hasn't been made.

Sheppard stated it was summarized by saying they had to come up with \$1.5 million or we were going to go somewhere else. We are waiting on the \$1.5 million and they are looking for partners.

Mitchell state that is correct.

Sheppard stated so we don't know what the status is.

Mitchell stated to have this kind of discussion it needs to be done in executive session. The more you speculate the more the rumors start moving and thinking something is going to happen.

Sheppard stated this agreement is to our benefit. There is no reason to go into executive session to discuss it because PID is going to want the improvements not us. They are obligated to us to close.

Wells stated also Jensen put in the agreement a day certain for closing so that it could not be extended.

Mitchell stated we discussed that it didn't make sense economically to transfer the property to Ruhl and Ruhl and then the next day them transfer it to PID.

Motion by Denham, Second by Sheppard, to approve a Supplemental Redevelopment Agreement between Lawton Economic Development Authority, an Oklahoma public trust, Ruhl Scott 2nd Street Lawton L.L.C., an Oklahoma limited liability company, and Lawton Hospitality, Ltd, A Texas Limited Partnership. **Aye:** Neal; Sheppard; Wells; Denham; Fitch; Madigan; Means. **Nay:** None. **Motion Carried.**

DISCUSSION ITEMS AND REPORTS

Mitchell stated Council approved an application to proceed with the next phase of 2nd Street. Once the engineering is complete the plans will be submitted to ODOT. ODOT will review and approve the plans and we will be ready to go out for bids. This phase is from Gore to C Avenue. Given ODOT's schedule we are probably looking at sometime early fall to proceed with bidding a contract, the contract being awarded in late fall and starting construction in January. Also we have received bids for the demolition of the Coke buildings. LURA will meet

to award a contract to Midwest Wrecking out of Oklahoma City. Their bid was \$94,000 and we may see activity in about thirty days. We are removing buildings in the twelve blocks. We have removed the Masonic Lodge and the building next to it. We closed on Henderson's and the two small houses behind there. The demo contract has been signed for those. There are two properties across the street, the white house you see along 2nd Street and the Jefferson's home.

Wells asked when will Bianco's be removed.

Mitchell stated they lease on a month to month basis. We are trying to work something out with her at a location built by Ruhl and Ruhl or maybe moving.

Wells asked do we have the right not to lease any longer.

Mitchell stated yes. Once Kohl's and the hotel/conference center get underway we will be a little more aggressive.

Fitch stated there is a group trying to put something together for her.

Sheppard asked if we close in October will LURA have to transfer the property to LEDA.

Jensen stated yes.

Sheppard asked are we checking on the easements, streets and all those things.

Jensen stated we are getting ready to do that. We have closed a substantial portion but we have a ways to go. I believe we are in good shape with the title opinions except for the three properties.

Sheppard stated Jackie is going to call Aaron to see where we stand on Crawford.

Mitchell stated I spoke with Aaron and he is going to write a preliminary final letter stating the lease is expiring at the end of the month and will be extended on a month to month basis. Also he maybe looking at a thirty day notice to vacate. This will put him on notice.

ADJOURNMENT

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