MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
MAYORS CONFERENCE ROOM
NEW CITY HALL
AUGUST 16, 2018, 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; Fortenbaugh, Sean; Madigan, David; Means, David; Sheppard, Ernie.
ABSENT: Jackson, Keith; Nance, Ron; Neal, Larry.
OTHERS PRESENT: Jerry Ihler, City Manager; Richard Rogalski, Planning Director; Diane Branstetter, Finance Department; Denise Ezell, City Clerk's Office.

INTRODUCTION OF GUESTS

Fitch stated I would like to introduce Diane Branstetter the new Finance Director. She comes with loads of experience and we are glad to have her.

BUSINESS ITEMS

1. Consider approving the minutes of July 19, 2018.

Madigan asked is one of the items on the agenda the same as last month.

Fitch stated yes.

Madigan asked the minutes stated you went to the ICS meeting. Did you go?

Fitch stated I didn't go.

Ezell stated I think it was referring to Owens. I'll check the recording and make any corrections that are necessary.

Madigan stated okay.

<u>**Motion** by Means, **Second** by Sheppard</u>, to approve the minutes of July 19, 2018. **Aye**: Fitch; Fortenbaugh; Madigan; Means; Sheppard. **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 don't believe we have anything today.

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

Branstetter stated your balance sheet shows the current assets at $1.3 million. Other assets are the hotel sales tax and the sales and use tax at $56,000. Huntley has indicated the funds come in late but she has put them on the books. As of July 31st there was $1.4 million and fixed assets of $2.6 million. Total assets are $4 million.

Fitch asked do we expect June's taxes pretty quick.

Rogalski stated yes. The city should have the funds but it hasn't been transferred to LEDA.

Branstetter stated it takes a month or 2 before they are transferred. Under liabilities you see the interest payable is $621,000 and the advanced funds from the developer and the loan itself. The current liabilities are $2.1 million. The bigger picture is the long term liabilities. You have the line of credit to BancFirst, payables to the City of Lawton and LURA. The long term liabilities are $28 million and total liabilities are $30 million. The second page you see what the revenue has been based on the current and prior year. You see the revenue was up from July of last year 1.1%. The expenses paid in July was $133,000 and this time last year was $118,000. Year to date we have paid out $904,000 and this time last year was $1.3 million. The next page is your amortization schedule and it shows the next payment is due September 1. The key is whether or not there will be enough cash to make the payment. At this time you are a little short.

Fitch stated that is correct. We are expecting the 6 month check from the State for matching fund. It should be around $360,000 but it won't be here on time.

Rogalski stated you will also have the June taxes. I believe the state check will be $310,000.

Branstetter stated it will be close.

Fitch stated we should be on the plus side. Rogalski and I spoke with Mark Brace about some recommendations. Once those are finalized we will discuss them.

Madigan stated as the feds rates move up our interest expense will continue to ramp up.

Fitch stated we are sitting at prime now and on the first of September it will go to prime plus 1.25%. Then we will be at 6.25%. I have concerns with that.

Sheppard stated I noticed that the ad valorem taxes were down.

Rogalski stated you get ad valorem for the current year and some from past years. If you looked at the whole year you would see it was the same or up a little. When you are looking at receipts you see multiple years at the same time. Ad valorem tax confounds me a little. I try to track them and they are difficult.

Branstetter stated I will say more ad valorem has been coming in for the current year. Past years get less and less. In the past few years people are paying them at the beginning. If you have spilt the current year from prior years you would see what we were talking about.

Sheppard asked if a payment is received after its due date is it credited to the year it was due or the year it was paid.

Branstetter stated the year it was due but as far as cash goes it is the current year.

Sheppard asked so this would show the year it was actually collected.

Branstetter stated yes.

Sheppard asked are we losing properties that are…

Branstetter stated I don't think so. I think people are paying their taxes better.

Motion by Sheppard, **Second** by Means, to accept the treasurer's report. **Aye**: Fortenbaugh; Madigan' Means; Sheppard; Denham. **Nay**: None. **Motion Passed**.

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

Rogalski stated everyone knows that Viridian Coffee is moving in next to the UPS store. We have a building permit so they are moving forward. We have heard there will be a hair salon but we haven't pulled a building permit. There has been interest but overall there hasn't been any big things breaking out. The property across from Walmart on Sheridan is being developed but Raising Cane's is the only building permit. There is a boom going on across the country and even the state is doing better but we haven't seen it yet.

Warkentin stated we have an LOI we are working on in the 2nd Street center for a financial advisor.

Fitch stated they won't create any sales tax.

Warkentin stated it helps to fill the vacant shops.

5. Reconsider executing a Real Estate Listing Agreement with Johnny Owens Commercial Properties, Inc., for Lot 8, Block 1 of Lawton Downtown Center Part 2.

Fitch stated this item was considered at the last meeting and we approved it with conditions that if anyone approached the city or LEDA we would not collect the 6% fee. After talking with Warkentin we need to reconsider this item.

Warkentin stated we understand the concerns but the hard part would be the tracking. For example we have been working with Burlington for the past 2 years. I have dealt with several different people but did not meet the Burlington rep until last week. It would be hard to track who they approached first. We pay for a listing and if they see the listing they could approach LEDA from our paid listing. These are our concerns.

Sheppard asked how do you suggest we solve the problem as to whether we pay your commission or not.

Fitch stated we will have to pay the commission.

Owens stated the commission is set out in your listing agreement. This is the way we do it for everyone. If there is another realtor involved they will contact us and we split the commission.

Sheppard asked so once the property is listed anyone that comes to the city you deserve a commission on.

Owens stated yes. It needs to be referred to us.

Rogalski stated Collette has been removed from the agreement. We had a relation with him that predates the agreement.

Means asked so they are exempted out.

Warkentin stated yes.

Owens stated what that is basically doing is reserving that name. It should be stated in the listing agreement.

Warkentin stated it is.

Sheppard asked what is the percentage.

Warkentin stated 6%.

Sheppard stated so the maximum LEDA would pay would be 6%.

Warkentin stated correct.

Owens stated if we work with another broker it will be 6% but if you are working with just us we will drop it to 5%.

Madigan asked so what is the business item we are actually voting on.

Fitch stated to accept the agreement for the listing of the property.

Ezell stated they approved the agreement last month with conditions. This would be to remove the conditions.

Motion by Madigan, **Second** by Means, to approve executing a Real Estate Listing Agreement with Johnny Owens Commercial Properties, Inc., for Lot 8, Block 1 of Lawton Downtown Center Part 2, with the exception of Collette and Associates. **Aye**: Madigan; Means; Sheppard; Denham; Fitch; Fortenbaugh. **Nay**: None. **Motion Passed**.

EXECUTIVE SESSION:

1. Pursuant to Section 307B3 and C10, Title 25, Oklahoma Statue, consider convening in executive session for the purposes of conferring on matters pertaining to economic development, including financing and the sale and/or acquisition of property with respect to the Lawton Downtown Redevelopment Project and other areas within Lawton, and take appropriate action, if necessary, in open session.

   Fitch stated there is no reason to enter into executive session.

DISCUSSION ITEMS AND REPORTS

ADJOURNMENT

There being no further business the meeting adjourned at 2:25 p.m.

Motion by Means, **Second** by Denham, to adjourn. **Aye**: Madigan; Means; Sheppard; Denham; Fitch; Fortenbaugh. **Nay**: None. **Motion Passed**