MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
BANQUET ROOM - CITY HALL
AUGUST 20, 2020, AT 2:00 P.M.

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

ROLL CALL:
PRESENT: Fitch, Fred; Madigan, David; Means, David; Neal, Larry, Sheppard, Ernie.
ABSENT: Denham, David; Fortenbaugh, Sean; Jackson, Keith; Nance, Ron.
OTHERS PRESENT: Richard Rogalski, Executive Director; Denise Ezell, City Clerk's Office; Susan Schlecht, Finance; Tim Wilson, Acting City Attorney.

INTRODUCTION OF GUESTS

Fitch stated there are no guest today.

BUSINESS ITEMS

1. Consider approving the minutes of June 18, 2020.

Motion by Neal, **Second** by Madigan, to approve the minutes of June 18, 2020. **Aye**: Fitch; Madigan; Means; Neal; Sheppard**. Motion Passed**.

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

Schlecht stated since we did not meet last month, we will approved those as well. We have $260.00 to Center of Law for Economic Development, Lawn Wizards for $1,150, CCIDA for April $5,550.62, May $3,504.74 and $3,364.60, June $7,247.90.

Fitch asked are there any questions?

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

Schlecht stated the BOK EDA apportionment fund $219,577.43, Economic Development fund $160.31, TIF I $106,709.83, and TIF II $460,697.71. Total checking for the month of June $787,145.28. Receivables for hotel sales tax is $861.35, sales and use tax $25,437.79 and matching funds $414,630.94. Interest payable $461,144.03 and most of that is the main loan with some for the CCIDA loan. The principle reduction for CCIDA is $7,247 leaving a balance of $1,350,748.50. Any questions.

Fitch asked have we received the matchings funds.

Schlecht stated yes, it will show on the next report. On the income and expense report you see the receivable is down $17.6%. This is due to the matching funds. They were 11% less than the previous year. We have (can't hear) in May that is quite a bit less. In June we have our interest payment as you would expect to see is much (can't hear) by 91.8% (can't hear). The total change for the month of June is negative 16.3% less income. On the expense report the only expense is the $116,001.20 interest accrual. Our expenses are about 6.10% less than the previous year. Any questions on June. If not move to July. July was a littler better as far as income. The apportionment fund is $245,016.09. This is what we will use for the up coming payment. TIF I is $112,378.87 and TIF II is $875,570.72. You see we received the matching funds for TIF I. Total checking is $1,233,126.00. We do have better receivable coming in the next report. Hotel tax receivable is $9,415.50 and sales and use tax $89,084.69. We don't have a report on the matching funds. Richard may have an estimate.

Rogalski stated about $291,704. (Can't hear) and we will talk about that in a minute.

Schlecht stated we have been able to pay the interest on the CCIDA loan at this point. We have not made any additional principle payments. Are there questions on the balance sheet?

Madigan asked is there a different balance sheet. This looks like an old one.

Schlecht stated I'm sorry I didn't change the date.

Madigan stated the numbers are different.

Schlecht stated I'm sorry I printed the wrong report.

Madigan asked can you email that to us.

Schlecht stated I can. Moving to the Income and Expense report. May's sales and use tax was $40,199.46 which is 13.7% higher than the previous year. Hotel sales tax is $8,534.15 which is 11.8% lower than the previous year. Our interest income collected was 48.99 and was 89.0% less than the previous year. We had an increase of overall total revenue of 5%. On the expenses we have accrued interest of $120,129.96 and mowing of $1,460. Our total expenses are negative 17% compared to the previous year. Any questions.

Fitch stated at this time we need to take action on the finance report.

Shepard asked are we approving invoices also.

Fitch stated yes.

Motion by Sheppard, **Second** by Madigan, to approve all invoices, requisitions, and all other submitted materials for payment and to accept the financials for June. **Aye**: Madigan; Means; Neal; Sheppard; Fitch. **Nay**: None. **Motion Passed**.

Motion by Sheppard, **Second** by Neal, to accept the financials for July**. Aye**; Means; Neal; Sheppard; Fitch; Madigan. **Nay**: None. **Motion Passed**.

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

Rogalski stated on a good note Bricktown Brewery has opened and is busy all the time. It took me three (3) tries to get in. They seem to be doing well. We haven't seen any sales tax yet, so we aren't certain how well.

Fitch stated Bricktown banks at BancFirst. Mark Brace said he was told they have set a record every day over every other Bricktown. They have been very busy.

Rogalski stated it is doing very well. We have a building permit pulled for a smoothie shop next to the UPS office. Ted is there anything on any development you want to talk about.

Warkentin stated we have people looking for land and that is a surprise over the last few months.

Fitch asked are you referring to Lawton as a whole.

Warkentin stated yes.

Sheppard asked with Bricktown breaking records you ought to be able to use that.

Warkentin stated I will if that is okay with them. There is activity. I was afraid when COVID hit it would be bad. It could be because people are getting good loan rates.

Rogalski stated it sounds like activity is picking up a little. Due to COVID we are completely off the projection for hotel/motel tax and sales tax. I looked at the numbers and 2018 was better than 2019. The hotel sales tax pays the CCIDA loan and the net sales tax is what LEDA puts in the bank. We were down 17% over last year for that six (6) months. LEDA also puts the matching funds in the bank. Matching funds include the gross sales tax and the hotel occupancy tax. We put those numbers together and the state matches them. We actually got hit twice for the sales tax drop. We were down 22% for that six (6) months in our revenue.

Madigan asked any thoughts as to why January 2020 was down. That was pre-COVID. Sales tax was down significantly from the prior year.

Rogalski stated 2019 was a dud for the Town Center. You see 2018 was significantly higher. I can't tell you why. If you look at February it was up. We are going to feel the net sales with our current payment. We will use the matching funds for our next payment. Let's talk about our payment due in September.

Schlecht stated if you look at the sheet you see it is broken down by accounts that we will use to make the payment. This payment has been a challenge to find the money. TIF I has ad valorem as well as interest income and matching funds. We will retain about $6,000 which goes to CCIDA. The TIF apportionment fund is our sales and use tax and there is five (5) months available. Two (2) months will not reach the bank in time for the payment. That is about $89,000 to $90,000.

Rogalski stated that is standard. You see we have cash from prior months going in. There is always a bit of a shift. You see $83,000 was the prior month.

Schlecht stated total cash available is $1,116,497 and our estimated interest is close. Kay from BancFirst and I have come up with the same number, but it is not official. I should receive the official amount from BOK tomorrow. After taking out the interest the cash remaining is almost $419,000 and our principal payment is $420,000. You see we have a shortage. We are talking about doing a drawdown from the reserve account for the difference.

Rogalski stated without using TIF I funds you must do a drawdown just over $300,000. TIF I has $145,000. I thought we would use $100,000 to reduce the drawdown to $200,000. We will keep $45,000 for expenses. TIF I is the only money you have to pay your expenses. That is why I thought we needed to keep some money on hand.

Fitch asked are we going to keep the $145,000.

Rogalski stated my thoughts were to pull $100,00 but obviously that is what we are here to talk about.

Schlecht stated I don't know what we anticipate in legal fees. Since hotel/motel is significantly lower this year the economic development fund has been allocated $90,000. We don't have that on hand until it is collected. Whatever is collected each month will be what we have to spend. I have an open PO from last year for Center of Economic Development for a total of $87,000 and that is available. Keep in mind we will use $7,000 from the old year. I think most of our invoices are old. We will cover those and then close that PO and open a new one for 20-21 fiscal year.

Rogalski stated the invoices that she is talking about is for the Industrial TIF District. Those are not actually against LEDA. Those are paid by the City of Lawton from the hotel/motel economic development fund and in the future LEDA will reimburse the city once TIF III starts earning money. So, those obligations are not on LEDA's behalf but obligations of the City of Lawton.

Schlecht stated true. However, if we move forward and run out of money, we need to keep this in mind because ultimately it is LEDA's obligation. The city is paying them for LEDA through the memorandum. Those are LEDA's bills.

Rogalski stated no those are City of Lawton's bills.

Schlecht stated well they are all in LEDA's name.

Rogalski stated I know.

Schlecht stated if the hotel/motel money and PO runs out I was under the impression LEDA would pay.

Rogalski stated that is not how it works.

Schlecht stated okay.

Rogalski stated if we have someone that wants to move into the north property, we will call Dan Batchelor and have him work on an agreement and we would be responsible for those bills. TIF I would be our only source of revenue for those bills. That is why I want us to keep some money on hand. There is some confusion on how TIF III was started. The Mayor stated the process and hired Dan Batchelor on a separate agreement. Really the bills should say City of Lawton. There is an agreement for LEDA to reimburse the city when the incomes starts for TIF III.

Fitch asked is it 35% of the funds be disbursed to other entities.

Rogalski stated yes, somewhere around that amount. Susan, this is very confusing, but it wouldn't be TIF I because TIF I is the downtown area.

Schlecht stated okay, I did not know that. I thought it was still LEDA.

Rogalski stated the next item on the agenda is a three (3) way agreement. It is between Dan, the city and LEDA for TIF III. At some point when LEDA has money LEDA will be giving Dan directions instead of the city.

Fitch stated if there isn't money the city is responsible and not LEDA.

Rogalski stated for a while the city will continue to pay Dan and LEDA will keep reimbursing the city until we catch up.

Sheppard asked what is the total we have in reserve funds.

Rogalski states $1.3 million and we haven't made a draw yet.

Madigan asked are we thinking we might drawdown $200,000.

Rogalski stated yes, with your recommendation. We would only need $165,000 if we use all of TIF I. I feel we need to hold on to some of our cash. I feel we could use $100,000 from TIF 1.

Sheppard asked if we run short in TIF I do we have the ability to transfer from TIF II.

Rogalski stated no.

Sheppard asked so once TIF I is gone there is no way to replace it.

Rogalski stated TIF I does collect more money as times goes by.

Fitch stated it gets money every month.

Rogalski stated this is an issue. TIF II funds are obligated to the note.

Sheppard stated $100,000 is pretty insignificant rather than $1.4 million. I would rather leave the $100,000 there.

Rogalski stated that is the question.

Fitch stated Richard has projected the interest due in March. Effective September 1 interest will be reduced, and the March interest will be less. We have paid down on the principal. If we borrow from the reserve, we will pay interest on what we borrow. We are shy about $300,000 on the principal. I talked to Mark about carrying that forward but we are going to pay interest either way we go. We decided to keep it clean and drawdown the money we need.

Rogalski stated the next interest payment will be a little less than $600,000. Prime is 3.25 and your base is 4.5. The payment will be around $590,000 for the interest and I'm projecting we will have about $550,000. We are pretty close to being able to make that payment. More than likely we will not have to take a drawdown for this payment. We need more development.

Fitch stated next year at this time will be a little different. I talked with Mark and he agreed with me.

Rogalski asked what is your direction. Make a drawdown for $300,000, $200,000 or $250,000.

Fitch stated if you draw $200,000 then you would leave $45,000 in TIF I.

Sheppard asked are we getting any interest on the $145,000.

Rogalski stated all our accounts earn some interest. So far interest earned is $871.

Madigan stated it isn't anything significant. Do you feel good about leaving the $45,000?

Rogalski stated I did until Dr. Sheppard brought up the fact that we have no other money to use.

Schlecht stated you don't have a lot of invoices coming out of there. As of right now it is the lawn mowing.

Rogalski stated if we bring someone in then you will see more bills.

Sheppard asked how much is coming in a month. That is the ad valorem tax right.

Rogalski stated TIF I is ad valorem.

Schlecht stated it varies from month to month. The larger payment comes in around April or May.

Rogalski stated we get about $300,000 the whole year.

Fitch stated it is amazing the thousands of dollars you get from 2016, 2017, 2018 and 2019. There is a lot of back ad valorem tax out there that is in receivables for the County.

Sheppard stated I think we will be okay.

Rogalski stated I like the idea of borrowing less.

Sheppard stated okay.

Rogalski stated okay, use the $100,000. That is good.

Madigan stated this was a very helpful demonstration.

5. Consider approving a professional services agreement with the Center for Economic Development Law.

Rogalski stated this is a little different in that is it a three (3) way contract with the City. This agreement is strictly for the industrial TIF's. This is the reason it is a three (3) way agreement. We will have to bring back our regular agreement.

Sheppard asked so we will have two (2) agreements.

Rogalski stated yes. One is where we are the silent partner and the other is for LEDA directly. This keeps it clean. Every time we receive a bill, I have to make sure who is responsible for paying the invoice.

Wilson stated Mayor, there is an implementation agreement going around. I believe it is at LEDC right now and based on that product it may required some amendments to this agreement. I'm not saying to not approve this agreement, but I want you to be aware there maybe amendments.

Rogalski stated that MOU sets out a standard operating procedure for industrial developers. It states what roles LEDA, LEDC and the city will play. He is saying that it might be that some part of this agreement LEDA or the city doesn't have to pay for, and we won't be responsible for asking Dan to do it. We will be involved.

Motion by Means, **Second** by Sheppard, to approve a professional services agreement with the Center for Economic Development Law, the City of Lawton and Lawton Economic Development Authority.

Sheppard asked to we need to authorize the Chair or Richard to act on behalf of LEDA to approve the amendments.

Fitch stated we will have to bring it back for a vote.

Rogalski stated I don't think it will need amendments, but it might.

Sheppard asked what are we approving today.

Rogalski stated you are approving the agreement.

Wilson stated the vote would be to approve the retainer agreement with the understanding that we may have to bring it back for amendments if necessary.

Sheppard stated okay.

Rogalski stated it is just for approval. Any agreement can be changed in the future.

Fitch stated go ahead and call the roll on that item, please.

Aye: Neal; Sheppard; Fitch; Madigan; Means. **Nay**: None. **Motion Passed**.

6. Consider extending the contract with The Lawn Wizards for mowing and debris removal on LEDA owned properties within the Lawton Town Center, and authorize the chairman and secretary to execute a contract amendment for same.

Rogalski stated the amount is the same and they do a good job. We have problems with the developer keeping his properties. I think we have them back on track.

Motion by Madigan, **Second** by Means, to extend the contract with The Lawn Wizards for mowing and debris removal on LEDA owned properties within the Lawton Town Center, and authorize the chairman and secretary to execute a contract amendment for same. **Aye**: Sheppard, Fitch; Madigan; Means; Neal. **Nay**: None. **Motion Passed**.

7. Consider approving a listing agreement with Cummins-Setters.

Fitch stated we had an agreement and it has lapsed. We need to either extend the agreement or contact another firm. I think the rates are standard within the real estate industries and for anyone to cut prices is unethical.

Warkentin stated (can't hear) normally if two (2) (can't hear) I think the rates are (can't hear). I think we have it on our listing right now (can't hear) we have listed one (1) rate if we do it alone and another rate if someone else is involved. It is 5% if it is just us and 6% if there are two (2) brokers involved.

Fitch stated 6% if it is two (2) brokers.

Warkentin stated yes, we both get 3%.

Fitch stated and 5% if it is just you.

Warkentin stated yes.

Rogalski stated Cummins-Setters is currently the broker that is working with Collett on his properties.

Warkentin stated yes. We lost it for a year and then they came back to us. They didn't have any sales from the last broker, so they came back.

Motion by Madigan, **Second** by Sheppard, to approve a listing agreement with Cummins-Setters. **Aye**: Fitch; Madigan; Means; Neal; Sheppard**. 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 requests for development assistance, financing, and the sale and/or acquisition of property, and take appropriate action, if necessary, in open session.

No reason to enter into Executive Session.

DISCUSSION ITEMS AND REPORTS

Sheppard asked can you update us on the industrial TIF. Have we had any action?

Rogalski stated Project Cherokee has been placed on hold. We are still having discussions, but they need to get a couple of contracts in place before they can sign our deal. We feel it is a very strong possibility. We have had a meeting about another project for the Airport District. These things are continuing to move on. Those two (2) have been around for six (6) to eight (8) months. If they are still talking after this much time it is a real deal. I haven't seen the numbers for Project Savana on what they are asking or what they will provide. Once I get those, I can run the numbers and bring them back to in executive session. You have seen the number on Project Cherokee and those are really good numbers. That project is a good deal. I continue to work with CenterPoint Energy on getting more natural gas out there. This is a big issue for us. A while back there was talk about maybe we should look at the eastside because there was lots of land but no rails. The westside has rails but no gas. The decision was made to get the infrastructure out west instead of trying to build rails. That is underway but we don't have it yet. We have plans for sewer and water and I don't believe there is an issue with electric. Gas is definitely an issue. They have miles to go before they have gas lines (can't hear). The gas lines are miles away. This is a pretty significant project and we continue to have meetings. I feel we need to try to get the Department of Commerce to help. I hate to use CIP money to build a gas line.

Madigan stated that is a good update. We keep talking about the improvement on Goodyear Boulevard corridor. Can you speak to that?

Rogalski stated we have a project in the industrial center that is in design. It will be a $1.7 million redo on one (1) of the roads. We have retained EST to design Lee Boulevard from Goodyear Boulevard to I-44. We received a $2,000,000 grant from US Department of Commerce for sections between Goodyear Boulevard and 38th Street and we are moving forward. ETS is also the engineer doing the study for the extension from Goodyear Boulevard north to US 62nd and looking at an extension of Goodyear Boulevard south to wrap into 82nd Street to Highway 36. This will be a county/city project. That is the industrial roads that we are working on. Lee Boulevard will be the first project and will start in 2021 on the first section. We will have about 30% of the plans in February.

Sheppard asked the first sections is Goodyear to 38th.

Rogalski stated yes, it may be shorten. Our engineers did a study and the project came to $12.5 million for the first sections. It was broke down based on the type of road. Goodyear Boulevard was considered a single phase and that was what (can't hear) was $7.5 million. ETS did a more in-depth study. If the numbers come back higher, we may end up shorting the phase.

Sheppard asked is it just reconstruction.

Rogalski stated more or less.

Sheppard asked maintaining four (4) lanes.

Rogalski stated yes. You will end up with the same road just better. As part of their study they will decide it if will be a mill and overlay or if they will tear it up. ETS is doing an intensive study to show what is need on each section.

Fitch asked do you know when you will get a final idea of what Project Cherokee wants and what they are going to do.

Rogalski stated I think it will be this fall and it will heat up in the spring. They need one (1) or two (2) big contracts signed. I feel it is going to be a national economy drive. We will see how that goes. It is a big project and I feel like it will happen.

Fitch asked Ted, what does it look like in your business. Are you getting a lot of request?

Warkentin stated leasing is sketchy. We have the smoothie place going in downtown and some other small things going on. There are a lot of developers looking at two (2) to three (3) acres. The westside deal has been extended. Lots of people are taking advantage of the extensions.

Fitch asked what is going in on north Sheridan across from Milano's.

Warkentin stated Sonic. I'm sure everyone knows that Cordis and the movie theater is under contract.

Rogalski asked do you know who it is with.

Warkentin stated I don't know. McKee is keeping it a secret.

Means stated it is something big.

Fitch asked are they talking about redoing the buildings.

Warkentin stated my guess is they are going to take them down.

Means stated the last I heard they were talking about a mini storage to the backside that will tie into the existing mini storage. I didn't ask but I'm assuming the buildings are coming down.

Warkentin stated it will be nice to see that happen.

Fitch asked where is the traffic signal going in.

Rogalski stated right where the Kia dealership is.

Fitch stated it's not far from the other one.

Rogalski stated no. It will be almost in the middle of the one at Lowe's and 52nd Street.

Means stated that light is pretty much a no brainer.

Fitch stated it's nice to see the City Manager

Cleghorn stated sorry I was late. I was in a meeting for the Defense Community. We had submitted a request for funding through the VCIP project and this meeting was to determine why we were not awarded the grant. If we apply again, we want to make sure we have a better chance next time.

Fitch stated in regard to Project Cherokee it is my understanding in talking with CenterPoint that there was enough excess for another facility like Bar-S and then it was gone.

Rogalski stated you can get one (1) but you can't get two (2).

Fitch stated if Fort Sill signs to have backup gas for their solar then there won't be anymore for the industrial park. Is that right.

Rogalski stated I didn't hear about that. I thought the line had a certain amount of capacity and that was the issue. It just wasn't big enough and they needed a bigger one. It is like water and can only push it so fast until it needs a bigger line.

Fitch stated I remember in a LEDC meeting they were talking about we needed to get something going out there because Fort Sill was going to use it all. I don't know if it is strictly for backup to the solar system. You can't wait until you need it. They have to have a certain percentage available at all times and that means less available for the industrial park.

Rogalski stated I haven't been involved that much so it could very well be. My understanding is we have a couple of really big gas mains coming in and we have enough supply coming to town it is just getting it to the right spot.

Fitch stated I want to thank Rogalski for staying on the restructuring of the note. Susan, I also appreciate your efforts. It wasn't as bad as we thought. We were talking $600,000 and it was a lot less. When you look at the sales tax numbers you see they have been hit but at the same time there are some months that are pretty good.

Cleghorn stated we lost about 8.5% in March and April and it has gone up slightly. The use tax has been up the entire time. There is still the unknown after the unemployment insurance runs out. We don't know what that does to sales tax as far as spending goes. We have to be cautious. We will be talking to Council about adjusting the budget. Right now, sales tax is holding steady and use tax is making up the difference. We are alright for now.

Fitch asked is use tax the Amazon tax.

Cleghorn stated yes. I think you were one of the ones that did the big push to have dividends paid to the city. Use tax was up last month about 34%.

Fitch asked wasn't it around $50,000.

Cleghorn stated I think it was.

Fitch stated we projected about $25,000 so it is a little better than we thought.

Rogalski stated COVID drove a lot of people to order online. It is great for the general fund, but it cuts into our CIP because use tax all goes into the general fund.

ADJOURNMENT

Fitch stated thank you for being here. We will keep you posted on our next meeting and we will continue to look at the cash flow for our March payment.

There being no further business the meeting adjourned at 3:00 p.m.

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