MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
PUBLIC MEETING ROOM #200
NEW CITY HALL
SPECIAL MEETING
SEPTEMBER 16, 2021 AT 2:00 P.M.

Fred Fitch, Chair, called the meeting to order at 2:00 p.m. in Public Meeting Room #200. Meeting notice and agenda were posted on the City Hall bulletin board as required by State Law.

ROLL CALL:
PRESENT: David Denham; Fred Fitch; David Madigan; Ron Nance; Larry Neal, Ernie Sheppard; Sean Fortenbaugh.
ABSENT: David Means; Keith Jackson.

OTHERS PRESENT: Richard Rogalski, Executive Director; Tammy Anderson, Deputy City Clerk; Susan Schlecht, Finance Department; John Ratliff, City Attorney; Michael Cleghorn, City Manager.

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**BUSINESS ITEMS**

1. Consider approving the minutes of the July 28, 2021 meeting.

   **Motion** by Madigan, **Second** by Nance, to approve the minutes of the July 28, 2021. **Aye:** Fitch, Madigan, Fortenbaugh, Nance, Neal, Sheppard, Denham. **Nay:** None. **Motion Passed.**

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

   Schlecht presented three invoices from the Lawn Wizards for grass cutting at the Lawton Town Center - one in the amount of $1,400 from May of 2021, one in the amount of $2,450 from July 2021 and one in the amount of $1,750 from August 2021.

   Chairman Fitch asked Rogalski if these invoices were accurate.

   Rogalski said he did review the invoices. He said while the invoices claim a significant amount of man-hours, the grass has been taller than usual. Therefore, the invoices are accurate.

   **Motion** by Neal, **Second** by Madigan, to approve three pending invoices from Lawn Wizards, as presented by Schlecht and reviewed by Rogalski. **Aye:** Fitch, Madigan, Fortenbaugh, Nance, Neal, Sheppard, Denham. **Nay:** None. **Motion Passed.**

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

Schlecht presented the July Balance Sheet. This report is available in the City Clerk's Office. Schlecht said the balance of the TIF apportionment fund was $281,106.55, the total for TIF 1 was $104,673.95, and the total for TIF 2 was $993,422.90. Schlecht said the total balance in checking and savings as of July 31st was $1,379,363.73. She said LEDA received $20.557.68 in hotel sales tax for the months of May and June, and $112,337.44 in sales and use tax. Schlecht said the accounts payable were at $3,850.00, and the accrued interest payable was at $492,131.11.

Schlecht presented the Income and Expense Activity Report. This report is available in the City Clerk's Office. Schlecht hotel sales tax for the month of May was $9,794.75, which is up 187.2%. She said the total amount received in matching funds for July – December 2020 was $434,843.13, which is a 50% increase. Schlecht said LEDA received property tax revenue and interest in the amount of $51.12. Schlecht said overall revenue is up 51% from this time last year. She said LEDA's interest expense for the month of July was $104,584.46. The Lawn Wizard invoices are also listed on the Report as expenses. Schlecht said the overall net income for the month of July 2021 was $405,823.93.

Chairman Fitch said the Hilton is working on getting their daily rate up to $108-$115 a night. He said other hotels also appear to be raising their rates. Chairman Fitch said the Hilton has been maintaining an 80-90% occupancy rate. He said the 30-day average occupancy rate is over 80%. Chairman Fitch said the events held at the Hilton convention center have increased tremendously.

Denham asked how close LEDA is to fulfilling their ten-year obligation with the Hilton to provide them with hotel motel tax to run the facility.

Chairman Fitch said LEDA has approximately three years left to fulfill their obligation.

**Motion** by Denham, **Second** by Fortenbaugh, to accept the financial report for July 2021 as presented by Schlecht. **Aye:** Fitch, Madigan, Fortenbaugh, Nance, Neal, Sheppard, Denham. **Nay:** None. **Motion Passed.**

Schlecht presented the August Balance Sheet. This report is available in the City Clerk's Office. Schlecht said the TIF 2 bank balance shrunk to $12,885.97 due to money being transferred to the apportionment fund to prepare for the note payment due at the end of August. This brought the apportionment fund to $1,374,007.40. She said the TIF 1 balance was at $104,679.70. Schlecht said LEDA received $20,557.68 in hotel motel tax for May and June, which brought LEDA's total current assets to $1,512,291.08. She said accounts payable for the month of August were $5,600.00. Schlecht said the accrued interest payable was $593,458.87.

Schlecht presented the Income and Expense Activity Report. This report is available in the City Clerk's Office. Schlecht said the hotel sales tax for June was up 106.6%, bringing the total to $10,582.93. She said the sales and use tax for June was up 12% from last year. Schlecht said there were no property taxes for the month of August. Schlecht said she will follow up with Comanche County to ensure this was not a mistake. The interest income for the month of August was $57.23. Schlecht said there was an increase of 35.4% in LEDA's overall revenue. Schlecht said there was a bank service charge in August for the wiring of funds from the TIF 2 account to the apportionment fund. Schlecht said the interest expense for LEDA's current loan plus the CCIDA payment for the month of August totals $101,327.76. Schlecht noted there is also a Lawn Wizards expense of $1,750.00. Schlecht said LEDA's net income for the month of August was $37,729.95, and it was $28,794.39 last year. Schlecht said LEDA's expenses were 11.1% lower than they were in August of last year.

**Motion** by Denham, **Second** by Madigan, to accept the financial report for August 2021 as presented by Schlecht. **Aye:** Fitch, Madigan, Fortenbaugh, Nance, Neal, Sheppard, Denham. **Nay:** None. **Motion Passed.**

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

Rogalski said the note payment was paid in the amount of $1.446 million. He said this payment was so large because it encompassed a payment towards the principal and interest. At the time the loan payment was due, LEDA had only $1.37 million in cash, which is why money had to be transferred from other accounts to satisfy the entire loan payment.

Rogalski said LEDA could potentially get a significantly lower rate of approximately 2.47% on the note with Bank of America. He said staff has discussed this possibility with local banks, but they aren't willing to offer that low of an interest rate.

Chairman Fitch said a 4.5% interest rate is the lowest any local institution is willing to go. He said the quote of 2.47% recently presented to LEDA would be fixed for 15-years. He said the last monthly payment of the current note would be made on 6/30/2033, but there would still be an $8.7 million balloon note payment.

Rogalski said if LEDA were to refinance the current note with Bank of America, the balloon at the end would go away.

Chairman Fitch said the problem with the current note structure is that the payments will continue to go up, and LEDA would likely be short on future note payments.

Rogalski said if staff receives an approval to move forward with refinancing the note through Bank of America, the final documents would be brought back before the Authority for review and vote.

Madigan asked if refinancing costs have been assessed. He also asked if a total analysis has been ran. Madigan said while local banks aren't offering a 15-year fixed rate, they do constantly monitor interest rates and they typically reach out to customers when rates are on the rise so they may attempt to lock in their current rate for a longer period of time.

Rogalski said staff will run an analysis and bring it back to the Authority.

Ratliff said after collaborating with the City Manager, it was discovered that an Ordinance was passed in 2015 that's allowed the City to collect hotel motel occupancy tax as well as sales tax for private businesses on the installation. Ratliff said the City has not been collecting taxes from Ft. Sill. He said he and Michael will be meeting with Ft. Sill in two weeks so the City can start the process of collecting these taxes.

Chairman Fitch said he, Dan Batchelor and Bill Phelps worked diligently on legislation changes at the Capital. However, when the City met with Ft. Sill, Authorities from Ft. Sill said they could not get the proper clearance from the Pentagon to have taxes captured on the installation.

Ratliff said the dynamics have changed since then, and Ft. Sill Authorities may be in a better position to make things happen.

Cleghorn noted that the military would still be exempt from paying taxes on base, but their families and other civilians would have to pay them.

Chairman Fitch said there have been multiple private businesses added on Ft. Sill that we should have been capturing sales taxes from while they were in the process of building. He said the City has missed out on approximately $400-500 thousand a year.

Madigan asked how long the City has been missing out on collecting taxes from Ft. Sill.

Ratliff said the law allowing for these taxes to be captured was passed in 2014, and the City Council passed an Ordinance the following year in 2015.

Denham asked what fund these sales taxes would go into once collected.

Cleghorn said the revenue would be placed into the City's general fund, and the City desperately needs it. He said employee costs have gone up – the City has recently had to up salaries to both maintain and recruit quality employees.

Sheppard proposed LEDA move forward with refinancing the note with Bank of Oklahoma, but he also requested that an analysis be brought back to the Authority for review.

Schlecht asked if there is any way the CCIDA loan could be rolled into the refinance because it seems like a majority of the payments are currently going towards interest.

Chairman Fitch said staff will look into that possibility and bring the findings back to the Authority, along with any other analysis ran on the note.

5. Receive update on Republic Paper and take action as necessary.

Rogalski "TIF 4" is listed under property information from the Comanche County Tax Assessor's office, but there is currently no dollar amount listed. He said staff will set up a meeting with the Tax Assessor's office to find out what's going on.

Nance asked if confirmation has been received that new jobs have been created.

Chairman Fitch said it's been confirmed that 20 new jobs with a salary of just over $100,000 have been created.

## 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.

**Motion** by Denham, **Second** by Nance, to convene into executive session. **Aye:** Madigan, Fortenbaugh, Nance, Neal, Sheppard, Denham, Fitch. **Nay:** None. **Motion Passed.**

The Authority convened in executive session at 2:52 p.m. and reconvened in regular, open session at 3:15 p.m. Roll call reflected all members present except Means, and Jackson.

No Action taken in executive session.

## DISCUSSION ITEMS AND REPORTS

None.

## ADJOURNMENT

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

There being no further business. The meeting adjourned at 3:18 p.m.