MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
MAYORS CONFERENCE ROOM
NEW CITY HALL
DECEMBER 20, 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; Means, David; Nance, Ron; Neal, Larry; Sheppard, Ernie.
ABSENT: Fortenbaugh, Sean; Jackson, Keith; Madigan, David.
OTHERS PRESENT: Jerry Ihler, City Manager; Richard Rogalski, Planning Director; Diana Branstetter, Finance Department; Denise Ezell, City Clerk's Office; Kim McConnell, Lawton, Constitution.

INTRODUCTION OF GUESTS

Fitch stated we don't have any guest here today.

BUSINESS ITEMS

1. Consider approving the minutes of November 5, 2018.

Motion by Denham, **Second** by Means, to approve the minutes of November 5, 2018. **Aye**: Fitch; Means; 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.

Fitch stated we have none for approval today.

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

Branstetter stated this is the financials as of November 30th. In your checking/saving the balance was $396,599.16, hotel sales tax receivable for September is $9,990.28, sales and use tax receivable was $46,320.30 for a total of $56,310.58. Total assets are $452,909.74.

Fitch stated next month we will see the October sales tax and it was $57,000.

Branstetter stated correct. The loan balance for CCIDA is $1,431,480.76 and BancFirst is $26,306,196.73. The second page gives you a recap of November. Revenue is $62,139.84 and a year ago it was $45,562.42 for an increase of 36.4%. Year to date is $1,993,791.72 and a year ago it was $1,885,536.46 for an increase of 5.7%. Your expenses are $136,257.71 for the interest, $1,150 for Lawton Wizards and $522.50 for Center of Economic Development Law. Total expenses were $137,930.01 and for a year ago it was $124,516.71. There was an increase of 10.8%. The year to date expenses are $1,464,535.92 and for a year ago it was $2,050,550.06. This was down 20.8%. Net income for November was a negative $75,790.17. The bigger pictures is the year to date and you are up by $533,255.79.

Fitch stated thank you. Since Branstetter has taken the Finance Director position she has done a tremendous job. Our reporting is actually on time. We are very pleased with your contribution to your job and the City.

Motion by Neal, **Second** by Sheppard, to accept the treasurer's report. **Aye**: Means; Nance; Neal; Sheppard; 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 Collett has a couple things on line.

Fitch stated one is a stock broker and it will not produce any revenue.

Rogalski stated Viridian has opened. I hope this will encourage other restaurants for the area.

Neal stated Todd Fisher is going to make marijuana and coffee ice cream using Viridian coffee. He is going to market it.

Fitch asked where is he going to do that.

Neal stated he has leased the Greiner School. Do the marijuana dispensaries pay the same sale tax as other retailers?

Fitch stated yes.

Denham asked is Charming Charlie's the only vacancy in the out parcels.

Rogalski stated yes and on the ends of the big line.

Denham stated he is working on those 3 vacancies.

Rogalski stated yes.

Fitch stated Versona on 82nd Street is closing at the end of the month.

Denham stated I understood there will be 3 closing. One is empty and 2 more closing.

Neal stated I know some mechanical contractors working on a building that runs east and west across the street south of Kimono. There will be 4 occupants in this building.

Rogalski stated one has a drive through so it sounds like a restaurant.

Neal stated according to the contract 2 of the buildings have grease traps.

Denham asked is that controlled by the original developer or the land owner.

Fitch stated I think the landowner.

Denham asked who is the developer now.

Fitch stated N3 Real Estate out of South Lake Texas.

5. Reconsider a request for economic development assistance submitted by GBT Realty Corporation for a proposed retail development located approximately at intersection NW 82nd and NW Cache Road, and convening in executive session as necessary to discuss any specifics of the request that are considered confidential by the developer/applicant.

Fitch stated I received this email a little big ago from CJ See. "This is the first I heard that the LEDA meeting was set for today. I was never notified about this. I emailed you back on December 7th to answer your questions and I asked when the next meeting was set for. Can you please table this until the next meeting as I'm in route to Dallas to the heart hospital and unable to attend."

Rogalski stated since I hadn't heard from her lately I emailed her this morning to make certain she was going to be here and that was her response. I thought she had received a message about the meeting today. Apparently she did not. Here is the analysis and there is nothing in it that would need to be discussed in Executive Session. I have removed the names and it just says retail. The new request is on the back page, then my number and my written analysis. They have changed their request. They are asking for the public infrastructure improvements on Cache Road and they will be asking for the sewer line if they do it. They are asking for $5.25 million as a lump sum payment when they are at 80% occupancy. Rather than asking for a rebate they have pushed a lot of it to the front. Then they want .5% of total sales. Using their number the 5% would be about $635,594 over the course of 4 years. With my numbers it is a little over $400,000. They are asking for $6.3 million depending upon the actual cost of the infrastructure and the actual sales that comes from the development. The $5.25 million is a big amount they are asking for up front.

Denham asked that is over and above the infrastructure improvements.

Rogalski stated yes. They want us to pay for the infrastructure improvements outright. That is their current request. The analysis isn't much different than before. Since our last meeting City Council did update Council Policy 1-10. It doesn't have limitations. It allows more option as to how you can do the development assistance. It still requires an absolute public purpose to be established. It talks about the applicants' willingness to enter into an agreement to guarantee that the public benefit is realized. This was kind of what Dan Batchelor said in his opinion. It still favors tax rebates and limits the rebate to 50% of the general funds sales tax from that development. The policy limits it to 1% payback and that is what we did with Target. This policy still holds that.

Fitch stated we are seeing closings on the west side and downtown so you won't see your payback with sales tax. The developer might have it in his contract that he is to continue receiving some kind of funds. I believe Collett is still receiving funds from Charming Charlie's. We have changed the policy and you have to guarantee the money/payback. I don't see where their guarantee is.

Rogalski stated GBT has done a guarantee with another community. They did express a willingness to enter into an agreement like that. Details have not been discussed. They guarantee to make up the difference in what they show the sales number will be. The larger issue for me is the payback using their numbers. We won't see anything in the general fund for 15 years and if my numbers are correct it will be 62 years. There are 2 issues and I'm a little tougher than they are in their estimates. First is the total number of sales. I have good information on what the sales are in Lawton. There are 2 different developments that I can track and they have almost the same numbers. I believe my sale numbers are good. Second is the amount of transfer. It is very difficult to pin down how much of the sales are coming from existing merchants. When you look at the leakage analysis it doesn't include Fort Sill. It is just a guess. I used the number of 25% new sales and they used 65%. That is the largest difference in the payback.

Means asked why did they increase the proposal amount.

Fitch stated she stated because of the cost of materials and cap rate going up.

Means stated first of all cap rate hasn't gone up much. I would like to see a feasibility study. It doesn't appear this project is feasible. You spend $40,000,000 on a project, which is basically twice what you should, and you are only going to get $10 to $12 a square foot from Burlington. You should be getting $25 to $30 for this to be feasible.

Nance stated the only way it is feasible is for us to pay $$7,000,000.

Means stated that is what I mean.

Nance stated $7,000,000 is a big economic incentive. These are secondary jobs. I would like to see a $7,000,000 incentive go to primary jobs. As I understand it the City Council has requested that GBT comes back with another proposal and we make a recommendation on whether or not to forward it to Council. They have made their alternate proposal. I think we make a recommendation to City Council and allow them make their decision.

Fitch stated I don't believe Council will approve it. They believed it was way too much money and now they are asking for more.

Nance stated I think that is a wise position for the City Council.

Denham stated I agree.

Rogalski stated I will make certain See is aware of the next meeting time and date.

Sheppard asked do we have to do that.

Fitch stated I believe she needs to be here when our decision is made.

Means stated we should give her the courtesy of being here.

Rogalski stated it will also give you time to digest the request. At the next meeting you can hear her proposal and make a recommendation.

Fitch stated I apologize she wasn't here today.

Motion by Denham, **Second** by Nance, to table this item until the January 17, 2019 meeting. **Aye**: Means; Nance; Neal; Sheppard; Denham; Fitch. **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 with respect to the Lawton Downtown Redevelopment Project and other areas within Lawton, and take appropriate action, if necessary, in open session.

DISCUSSION ITEMS AND REPORTS

ADJOURNMENT

There being no further business the meeting adjourned at 2:27 p.m.

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