MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
2[ND] FLOOR CONFERENCE CENTER
NEW CITY HALL
APRIL 26, 2013, AT 1:00 P.M.

Fred Fitch, Chairman, called the meeting to order at 1:00 p.m. in the New City Hall. Meeting notice and agenda were posted on the City Hall bulletin board as required by State Law.

ROLL CALL:	
PRESENT:	Denham, David; Fitch, Fred; Madigan, David; Means, David (entered late); Nance, Ron; Sheppard, Ernie; Wells, Doug.
ABSENT:	Jackson, Keith; Neal, Larry;
OTHERS PRESENT:	Rogalski, Richard, Planning Department; Denise Ezell, City Clerk's Office.

INTRODUCTION OF GUESTS

Fitch stated we have no guests.

BUSINESSITEMS

1. Consider approving minutes of March 14, 2013.

Motion by Wells, **Second** by Denham, to approve the minutes of March 14, 2013 as written. **Aye**: Fitch; Madigan; Nance; Sheppard; Wells; 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 here are the items for approval. Once approved we will submit to BOK and they will request a draw down from BancFirst and then BOK will cut the checks. We will move on to the next item and come back to Item 2.

3. Receive Treasurer's Report and take action as deemed necessary.

Furrh stated we haven't received the closing documents so the financial are not complete. Once we receive those documents we will do the report.

4. Project status and post-closing report on the Phase II Retail Redevelopment for the Lawton Downtown Redevelopment Project.

Batchelor stated as you know we made it through the closing. It was a frenetic week but closing was complete by the end of the business day Friday March 22. Closing transferred the property for the retail development and the LEDA financing for the project. That was a tremendous hurdle and brings us to our post closing activities today. Now we will attend to routine business that enables this project to work and move forward into the additional phases. The retail development team is now off on the trail of additional retail participants for not only the current phase but looking for participation for the next phase. Timing is good in the respect that the biggest business retail meeting in the world is coming up in 3 weeks. The tone is positive. There is a lot of interest and the project now has reality that it did not have before. We are in a good place.

Motion by Wells, **Second** by Nance, to accept the update. **Aye**: Madigan; Nance; Sheppard; Wells; Denham; Fitch**. Nay**: None. **Motion Passed**.

5. Consider adopting a resolution approving procedures for reporting and accounting of sales and use taxes generated during the period of construction from Increment District, No. 2, City of Lawton.

Batchelor stated both redevelopment agreements require that the redevelopers pass along to the contractors and sub-contractors the obligation to contract with the purchase of material in such a manner it will generate sales and uses tax for the City of Lawton. It also requires they set up a mechanism to track and report those tax increments so LEDA and the City of Lawton can track them and keep an account of the amount to back the repayment of the financing on this project. We have taken that obligation and prepared a set of instruction and a memorandum of understanding to get a specific acknowledgement along with report forms and information that would be helpful in performing that obligation. We thought it would be desirable to get your blessing on those instructions and forms.

Denham asked does Lawton Lodging already know these rules.

Batchelor stated it is in their agreement. We find if we intentionally assist them with follow up instructions and forms then internally we will also be setting up the mechanism to track those tax increments. Otherwise some of these revenues slip through the cracks because they can't find them or they didn't contract or report them right. This is especially true with the purchase of materials that is purchased out of state. The intention is to make what they have agreed to be more effective in the performance.

Madigan asked how often will this Authority see some sort of report on this activity.

Batchelor stated there is a lag time in the report system under our agreement. We are supposed to see their version of the report 45 days after the close of each month. Then they have to be correlated with the information the city is getting from other sources. The earliest that could occur is about 60 days after the close of any given monthly reporting period. Once both internal and external systems are in place you should be tracking revenues on a monthly basis.

This is critical to the city and the financing of this project that we do so. The answer to your questions is monthly.

Wells stated it works just like city sales tax. There is a 2 month delay. The biggest problem is the Oklahoma State Tax Commission is upgrading their operating systems right now but if you go to them as a city and say how much did Wal-Mart store in so-in-so do in sales tax they can't tell you. They can give you a total dollar amount that you are getting but they can't tell you on individual stores. So this is really to identify the individual stores.

Batchelor stated this is critical. If we don't track it on this end we will be unable to sort it out later.

Denham stated we had that nightmare from the get go. The TIF was supposed to get sales tax from the mall and everywhere and nobody could tell us what they were getting. This is putting in an extra layer for them to report. Is there a system in place for the finance staff to know and separate accounts for these funds to be shifted into so we get reimbursed.

Batchelor stated we are working with city staff on how they will be handled internally. Ultimately this is a matter of primary city interest.

Wells stated the west side project is the same thing.

Denham asked they are doing the same reporting.

Wells stated yes. It may not be the same thing that Batchelor has worked up here but they have to report individually by store out there also because of the 5 year agreement with them.

Denham asked are they also doing the construction materials.

Wells stated yes. Anything they are doing that they pay sales tax or use tax on they are suppose to be reporting.

Madigan stated what I was referencing more specifically is Exhibit A. Who internally is going to summarize all this for us and will this Authority see that. I think that could tell a positive picture for this project for us to see what materials are being bought locally.

Batchelor stated we have been working with Endicott on these internal procedures and the reporting activity will be supported by your outside CPA firm. It must be done both inside as well as outside. We are creating a sub-account dealing with those that are generated specifically by this development. If we don't do it then it is likely to get lost.

Wells stated I'm making an assumption here Furrh will get the reports I assume from the developers.

Batchelor stated those reports will go directly to the city. Those that are relevant to our project and to LEDA's accounting will go to Furrh.

Wells stated then I guess that Furrh will be reporting to us as a group.

Fitch stated she could.

Denham asked has the developers been exposed to this to know what is coming.

Batchelor stated not to these form or these specific recommendations but with your approval today the Chairman will send all these under cover letter to the developers.

Denham stated with the expenditures that have already happened have we probably lost that.

Fitch stated no.

Batchelor stated they have an obligation to have done it but there may be some slippage.

Denham asked will we get another similar type packet once the retail operation starts.

Batchelor stated yes.

Wells stated this is going to track the retails stores.

Denham stated this is just for construction.

Means asked this is for use tax only.

Batchelor stated right for construction only.

Madigan asked if they do not fulfill their obligation what recourse do we have.

Batchelor stated it is a breach of contract so you are entitled to sue them. First we are going to send them a very strong reminder of this contractual obligation and by way here is how you can do it and if you have questions you can call us.

Fitch stated they are disbursing funds that are reimbursable so they have an incentive to do this. What we are trying to do is simplify things so we are all on the same document. It makes it easier to track.

Batchelor stated we had received a call from the construction coordinator on the hotel project saying they could use some help in how to do this.

Motion by Wells, **Second** by Madigan, to adopt a resolution approving procedures for reporting and accounting of sales and use taxes generated during the period of construction from Increment District, No. 2, City of Lawton. **Aye**: Madigan; Means; Nance; Sheppard; Wells; Denham; Fitch. **Nay**: None. **Motion Passed**.

6. Consider adopting a resolution authorizing and directing timely performance of implementation actions in accordance with redevelopment agreements and supporting implementation documents for Increment District No. 2, City of Lawton.

Batchelor stated this resolution authorizes your officers to make timely payment on obligations under the agreement. Under the Development Financing Assistance Agreement from the point we get notification that the progress payment is due to our retail redeveloper we have 5 days from the date of approval by Wells Fargo to make our payment. This would authorize those payments without the Authority having a special meeting on short notice.

Fitch stated from meeting to meeting we will have an update as to what has been disbursed.

Wells asked is the $32 million loan already been made.

Fitch stated it has been approved.

Batchelor stated these will be the progress payments that are made and that are where you get the 5 day trigger. So by subject….

Motion by Wells, to approve this resolution.

Batchelor stated…of our inspection and approval and submissions of the request to the bankers after approval by Wells Fargo.

Madigan stated this might be going back to the invoices but we really need to do a better job going forward to make sure we are comparing these expenditure to our budget. We don't want to go month to month and get in the same boat we did before where we were over budget. We need to treat this like a construction loan. You have to be comparing this stuff and see an ongoing report each time. We have a lot of money going out today and I don't know how it compares to what we anticipated.

Fitch stated keep in mind we have a total commitment of $14.9 on reimbursement. If it is a reimbursement need of more they have to come up with the difference.

Batchelor stated they have a limit on that part but Madigan is exactly right. We are at a point where we need a monthly report. Broadly speaking there are 2 categories. The Development Financing Assistance Agreement has a fixed limit on it and your money goes out prorata. There is a budget built in and budgetary protections on that item. Then you have other project costs. We do have a budget limit and a maximum amount of financing available. Those cost need to be traced against the budget. The biggest single component in that is the PSO relocation agreement. We have a budget item and no absolute assurance what the final cost will be. Rogalski and I talked about the need to track expenditures to the budget so we could put the brakes on any activity that threatens to go over the available budgeted number.

Sheppard stated I have a question about Silver Star Construction. Most of these bills I believe but then I see Silver Star Construction. Is this Collett's company or is it a separate company.

Fitch stated a separate company and Collett paid them when the work was complete. We made one payment and Collett paid the balance.

Sheppard asked did they get competitive bids.

Fitch stated yes.

Sheppard stated I want to make sure we are getting the best prices possible.

Batchelor stated these are the final payments under an agreement that we entered into some time before the closing on the retail. We needed this work to begin in order to accommodate the beginning construction of the hotel. We didn't have the money at the time so we requested that Collett enter into a construction contract and front the cost of that contract. He agreed to do so and this is the balance of the reimbursement.

Rogalski stated in this agreement LEDA gets credit for that cost later on as part of the overall reimbursement.

Denham stated I like what Madigan is saying. Relocation and demolition expenses should be done but we need something for the construction and infrastructure.

Fitch stated remember Bianco's and Jefferson Funeral Home are entitled to relocation expenses.

Denham stated they have to relocate.

Fitch stated yes. Bianco's has 18 months to relocate. They have to come up with the upfront money and then file a claim with LURA. Same for Jefferson Funeral Home.

Wells stated Bianco's basically said they weren't going to reopen.

Fitch stated if they decided to do so within 18 months we have an obligation.

Batchelor stated I think with the information we have we can provide a current budget you can track and have reports on a monthly basis.

Second by Means, to adopt a resolution authorizing and directing timely performance of implementation actions in accordance with redevelopment agreements and supporting implementation documents for Increment District No. 2, City of Lawton. **Aye**: Means; Nance; Sheppard; Wells; Denham; Fitch; Madigan. **Nay**: None. **Motion Passed**.

EXECUTIVE SESSION

1. Pursuant to Section 307B3 and C10, Title 25, Oklahoma Statutes, consider convening in executive session for the purposes of conferring on matters pertaining to economic development, including the purchase/transfer of property, incentive proposals, redevelopment rights, and financing in connection with the Lawton Downtown Redevelopment Project, and take appropriate action in open session as necessary.

   Fitch stated we will not be convening into Executive Session.

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

   Fitch stated we need to return to this item for approval.

   Denham asked what are the personal services provided by Smith and Roberts.

Rogalski stated that is for the second version of the surveying plat.

Wells stated I was going to mention this later but all those invoices really don't show you very much. I picked up surveying because I read the letter.

Motion by Wells, **Second** by Denham, to approving invoices, requisitions, and all other submitted materials for payment. **Aye**: Nance; Sheppard; Wells; Denham; Fitch; Madigan; Means. **Nay**: None. **Motion Passed**.

DISCUSSION ITEMS AND REPORTS

Fitch stated before I went to Washington DC I had several conference calls with Northrop Grumman and then met with them while in DC. Due to the things that are going on it will be 2 to 4 year before they would build their building. We are moving forward. We talked to Collett and he wants to purchase the property and develop it for retailers. This is better because not only will it generate revenue from ad valorem but also sales tax. Collett was glad to know that before he went to Vegas. This gives him 6 more acres to work with. I told the gentleman from Northrop Grumman we had to have a cash flow off that property this year through use tax and ad valorem. I told them we were withdrawing the offer from the table but assured them we wanted them in the downtown project. We will work with them when they are ready. It will probably be property to the west of 2nd Street from Arlington to Ferris somewhere and they were pleased.

Denham stated their main goal was to be close to the hotel convention center. So whether it is west or farther south they would probably be happy as long as they get the TIF assistance.

Wells stated this really gets back into the original plan.

Fitch stated right. They were filling in a spot that was much needed at the time. Now the project is going Collett wants to develop that with retail. It all works out. They will possibility be interested in the west side…

Motion by Wells, to adjourn.

Fitch stated …are there any question. I will have more to report at the next meeting. They do have plans for Lawton that doesn't require an office building. After May 8th I'll have more information I can pass on to you.

ADJOURNMENT

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