MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
MAYORS CONFERENCE CENTER
NEW CITY HALL
SEPTEMBER 12, 2012, AT 1:30 P.M.

Fred Fitch, Chairman, called the meeting to order at 1:30 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; Nance, Ron; Neal, Larry; Sheppard, Ernie; Zarle, Richard.
ABSENT: Wells, Doug.
OTHERS PRESENT: Larry Mitchell, City Manager; Frank Jensen, City Attorney; Denise Ezell, City Clerk's Office.

MEETING CALLED TO ORDER

ROLL CALL

INTRODUCTION OF GUESTS

Fitch stated we have Steve Robinson from the Lawton Constitution with us today.

BUSINESS ITEMS

1. Consider approving minutes of August 24, 2012

Motion by Denham, **Second** by Nance, to approve August 24, 2012 minutes as written. **Aye**: Fitch; Madigan; Nance; Neal; Sheppard; Denham. **Abstained**: Zarle. **Nay**: None. **Motion Carried**.

2. Consider approving a Resolution authorizing the execution and delivery of the Lawton Economic Development Authority's Function Space License Agreement which evidences certain payment obligations in total principal amount of $2,800,000 (the "payment obligations"); waiving competitive bidding on the sale thereof; approving and authorizing execution and delivery of the payment obligations and all documents relating thereto; designating and appointing authority officers to act in connection with the sale and delivery of the payment obligations; and containing other provisions relating thereto.

Jensen stated the first two Resolutions mirror images of the Resolutions Council approved at their August 21st meeting. The first Resolution relates to the Function Space License Agreement and the Occupancy Tax Agreement. The Occupancy Tax Agreement has not yet been approved by LEDA, but has been approved by Council. This is the license use of the hotel/conference by LEDA and the Occupancy Tax Agreement between the City and LEDA which allows them to keep the room tax for the first ten years.

Fitch stated this is just the room tax on that hotel. It goes towards paying the operation cost of the conference center. We don't want to own or maintain the conference center.

Jensen stated that is correct.

Denham stated the agreement says if the hotel/motel tax wasn't renewed we will continue to pay. Where would those funds come from?

Jensen stated that is a change from the last agreement. There was a provision if it wasn't renewed in 2015 we didn't pay, but now we will pay and have to find the funds.

Denham stated I can't image it not passing, but I wanted to make sure we were all aware of this.

Mitchell stated 11% of the hotel/motel proceeds go into an economic fund as a reserve. That could be one source.

Denham stated that 11% is hotel/motel tax and if it doesn't pass there would be no more addition to the fund.

Fitch stated the 11% is on the entire hotel tax.

Denham stated correct. I'm saying whatever reserve there is needs to be earmarked because 11% of nothing is still nothing.

Nance asked who do you see using the board room, hotel rooms, and the ballroom. If the Lawton Industrial Foundation brought in prospects could they use the nights?

Fitch stated yes. LEDA is part of Lawton Economic Development Corporation and if we were in final talks we could utilize the boardroom and rooms for individuals. We also pay for lodging for the Chautauqua speakers during the summer and we could use rooms for them. It is amazing how many rooms we are going to have over the course of a year.

Mitchell stated it allows us to use the facility six times during the year so we might want to hold a one day workshop. There are some blackout dates.

Nance stated we have rooms for five times a month.

Fitch stated are there any other questions.

Motion by Denham, **Second** by Neal, to approve a Resolution authorizing the execution and delivery of the Lawton Economic Development Authority's Function Space License Agreement which evidences certain payment obligations in total principal amount of $2,800,000 (the "payment obligations"); waiving competitive bidding on the sale thereof; approving and authorizing execution and delivery of the payment obligations and all documents relating thereto; designating and appointing authority officers to act in connection with the sale and delivery of the payment obligations; and containing other provisions relating thereto. **Aye**: Madigan; Means; Nance; Neal; Sheppard; Zarle; Denham; Fitch. **Nay**: None. **Motion Carried**.

3. Consider approving a Resolution authorizing the issuance of the Lawton Economic Development Authority's hotel sales tax apportionment note, CCIDA series (taxable) (Lawton Downtown Increment District Hotel/Conference Center Project) in the amount of $1,500,000 (the "CCIDA note"); waiving competitive bidding on the sale thereof; approving and authorizing execution and delivery of the CCIDA note and all documents relating thereto; designating and appointing authority officers to act in connection with the sale and delivery of the CCIDA note; and containing other provisions relating thereto.

Jensen stated this Resolution mirrors the resolution Council approved on August 21st. You have approved the CCIDA note but not the Security Agreement between the City and LEDA. The agreement pledges sales tax as opposed to occupancy tax. This would be just the sales tax from the hotel/conference center. Both these items are on our check list for the closing of the hotel/conference center.

Fitch stated that goes to pay back CCIDA.

Madigan asked does this Security Agreement fall in line behind the banks Security Agreement.

Jensen stated it is my understanding that the sales tax for the hotel/conference center hasn't been placed to anything but this.

Madigan asked this is the one quarter of one percent that we are talking about going forward.

Fitch stated yes, and that is the back stop.

Jensen stated it is from the two percent general sales tax.

Madigan stated okay. Thank you.

Denham stated I didn't see anywhere in this where it talks about sales tax. I'm not sure it is necessary. Are we okay if it is just in the "whereas".

Jensen stated in Section 2 where it talks about the pledge tax increment revenues consisting of the City's portion of the sales tax not including ad valorum, occupancy tax, or state matching funds. This is in the Security Agreement.

Denham stated you are referencing the Security Agreement and I was talking about the Resolution.

Jensen stated right.

Denham stated okay, thank you.

Fitch stated keep in mind the sales tax generated there is matched dollar for dollar by the State and the same on the hotel/motel tax.

Neal asked how long is that match available for.

Fitch stated until 2035 or $37.823 million. I don't know if we will be able to use all that, but 40% of Phase I will be funded by the State of Oklahoma.

Mitchell stated we will have to submit reports to the State and then they will reimburse us. It is a reimbursement of what is actually collected on the project.

Fitch stated sales tax takes fifty to sixty days to come back to the City and then it will take another fifty to sixty days. Once the project is complete we will still be collecting sales tax for three or four months.

Mitchell stated the developers are required to submit a monthly report on their actual sales and collections.

Fitch stated the reason for the second TIF was so we could monitor sales tax. We want to know what the twelve blocks are generating. Those dollars are to cover the debt of this project. We don't want to take dollars away from the mall and so forth because that goes into our general fund. Are there any other questions?

Motion by Madigan, **Second** by Means, to approve a Resolution authorizing the issuance of the Lawton Economic Development Authority's hotel sales tax apportionment note, CCIDA series (taxable) (Lawton Downtown Increment District Hotel/Conference Center Project) in the amount of $1,500,000 (the "CCIDA note"); waiving competitive bidding on the sale thereof; approving and authorizing execution and delivery of the CCIDA note and all documents relating thereto; designating and appointing authority officers to act in connection with the sale and delivery of the CCIDA note; and containing other provisions relating thereto. **Aye**: Means; Nance; Neal; Sheppard; Zarle; Denham; Fitch; Madigan. **Nay**: None. **Motion Carried**.

4. Consider approving the Second Amended Implementation Agreement for the Lawton Downtown Economic Development Project among the City of Lawton, the Lawton Economic Development Authority, and the Lawton Urban Renewal Authority, and authorize the Mayor and City Clerk to execute the agreement.

Jensen stated this agreement needed to be updated. These updates were approved by Council last night and I assume LURA today.

Sheppard stated that is correct.

Jensen stated first is to update the reference due to the project plans that was adopted in 2006 to start 2nd Street and it was amended in 2010. We have the new reference to the current project plan. Second it updates Lawton Town Center, LLC to Collett and Associates as retail developer. There is a retail development agreement as of July 26th of this year. Thirdly it updates Lawton Lodging, LLC as opposed to Lawton Hospitality. It also references the new hotel/conference center agreement that was done in April of this year. It stated in the reference to Increment District II instead of I. And most importantly for closing purposes it specifies LURA's obligation to in a timely manner to transfer to LEDA the property of the project plan area and to in a timely manner review and design the construction documents required by various redevelopment in the project plan.

Sheppard stated LURA will not be the one approving the architectural requirements. Those requirements will go before the Architectural Review Committee.

Mitchell stated they are essentially the same body.

Sheppard stated it is the same membership.

Jensen stated simple updates. It is subject to be approved by the last party.

Fitch asked are there any other questions.

Motion by Means, **Second** by Nance, to approve the Second Amended Implementation Agreement for the Lawton Downtown Economic Development Project among the City of Lawton, the Lawton Economic Development Authority, and the Lawton Urban Renewal Authority, and authorize the Mayor and City Clerk to execute the agreement. **Aye**: Nance; Neal; Sheppard; Zarle; Denham; Fitch; Madigan; Means. **Nay**: None. **Motion Carried**.

5. Consider accepting a Special Warranty Deed from the Lawton Urban Renewal Authority conveying a tract of land within the Lawton Downtown Redevelopment Phase 1A area described as Lots 1-6, Block 1, Lawton Downtown Center, Part 1, City of Lawton, Comanche County, State of Oklahoma, pursuant to the D-6 Urban Renewal Plan dated March 14, 2006 and related redevelopment and implementation agreements, and authorize the Chairman and Secretary to execute all necessary documents to facilitate the transfer.

Fitch stated this is the entire twelve block area that LURA is deeding to LEDA so we can sell the land and reduce the bank note.

Mitchell stated that includes everything except the PSO sub-station and the Jefferson Funeral Home.

Jensen stated it also includes the Northrop site that was previously conveyed by LURA to LEDA, but the cleanest thing for us to do was to re-convey the entire area and that is what we have done.

Denham stated so it is everything except the alley way between Arlington and Gore.

Mitchell stated we haven't vacated the street or the alley. We have set a public hearing date for the first meeting in October. Everything else is being transferred from LURA to LEDA.

Fitch stated the Jefferson property has been pulled from the bankruptcy. We were ready to complete the transaction and Jefferson refused to sign the documents. His attorney has quit him and we expect his bill to appear on the bankruptcy. We have to go back to court and force the issue. This is going to take time.

Sheppard stated Mackey stated it would probably go back to the bank and they would foreclose.

Fitch asked are there any other questions.

Motion by Madigan, **Second** by Means, to accept a Special Warranty Deed from the Lawton Urban Renewal Authority conveying a tract of land within the Lawton Downtown Redevelopment Phase 1A area described as Lots 1-6, Block 1, Lawton Downtown Center, Part 1, City of Lawton, Comanche County, State of Oklahoma, pursuant to the D-6 Urban Renewal Plan dated March 14, 2006 and related redevelopment and implementation agreements, and authorize the Chairman and Secretary to execute all necessary documents to facilitate the transfer. **Aye**: Neal; Sheppard; Zarle; Denham; Fitch; Madigan; Means; Nance. **Nay**: None. **Motion Carried**.

6. Consider approving a Special Warranty Deed conveying Lot 3 of Block 1, Lawton Downtown Center, Part 1, Lawton, Comanche County, State of Oklahoma, according to the record plat thereof, to Lawton Lodging, LLC, for the sum of $1,568,660.00 in order to provide for the development of a hotel-conference center, and authorize the Chairman and Secretary to execute and deliver the Special Warranty Deed to Lawton Lodging, LLC, upon fulfillment of all conditions necessary to closing the sale of the above-described premises.

Fitch stated the land for the hotel will be sold for the sum of $1.5 million and will reduce the cost of the loan. US Bank is the one with the tax credits and has finished their work. Closing is set for the 25th. It will be an electronic transfer and signatures. Medifund was providing $10 million in tax credits and then went another $3 million. Another source has come in with $5 million so they dropped the extra $3 million from Medifund and are taking the $5 million. Now they have $15 million in tax credits for this project. This is a little of an overage which allows them to have a reserve for the banks. The banks are very pleased this had taken place. Are there any other questions?

Motion by Neal, **Second** by Means, to approve a Special Warranty Deed conveying Lot 3 of Block 1, Lawton Downtown Center, Part 1, Lawton, Comanche County, State of Oklahoma, according to the record plat thereof, to Lawton Lodging, LLC, for the sum of $1,568,660.00 in order to provide for the development of a hotel-conference center, and authorize the Chairman and Secretary to execute and deliver the Special Warranty Deed to Lawton Lodging, LLC, upon fulfillment of all conditions necessary to closing the sale of the above-described premises. **Aye**: Zarle; Denham; Fitch; Madigan; Means; Nance; Neal. **Nay**: None. **Motion Carried**.

DISCUSSION ITEMS AND REPORTS

Fitch stated the retail is becoming very solid with about seven tenants. They are having conservations with LongHorn Steak House, Logans Roadhouse, Maurice, Dress Barn, Pier 1, Louie's and Teds. It is moving along quite well. There is nothing certain on any of them. The restaurants will start about eight months after construction of the retail and they will open simultaneously.

Denham stated going back to Council everybody wants transparency and openness. We have had our frustration in the negotiations with the developers and their potential tenants. It is very secretive during the negotiations and we can't make that information public.

Fitch stated the thing is we come up with what we think is a solid plan and then there is a glitch and it changes the focus and then there are new players. There are so many things that make this very difficult and it causes a lot of doubt. We will be able to talk about everything pretty quickly. I'm excited about this. I'm thrilled with the action of the Council and I'm so impressed with LEDA and their commitment of staying behind all this and watching it become a reality. I appreciate the three local banks that have worked with us and have been very good to us. We had six local banks here and it seems like the interest is very high among all six to participate in the monies that will be borrowed. It is good to know we have six local banks coming to the table wanting to be a part of this. It shows a good combined effort of the banking community.

Zarle stated this needs to be made public when you can. I think it will help the citizens of Lawton to know the banks are willing to be involved. That will be a big help.

Fitch stated there will be a big announcement. I spoke with Doug Meier and he felt we would know something within the next eight to ten days.

Madigan stated the goal is within the next two weeks to come back with a firm commitment. My perception of everyone seems to be very positive. All the banks want to participate we just need to determine at what level each bank would like to participate.

Zarle stated I think that would be a positive for everybody.

Madigan stated absolutely, it would send a good message and I think that point is well taken. The talk from the bank representative, outside the three that have been involved, was their level of interest became real high once they saw the commitment from Council. That was a great statement and I appreciate Council for this.

Fitch asked is there anything else.

Mitchell stated staff met this morning with Keith Paris the project manager for Collett and Associates, David Nelson representing the hotel group, and PSO. POS is staring to work through all the utility logistics for the site. We have transferred the $75,000 to PSO so they can start on the design for relocation. We are plowing forward on that side as well. Also, I think a lot of credit needs to be given to Ernie Sheppard. He is the chair of Lawton Urban Renewal and has done a lot of work over the last three or four years to assemble this twelve blocks. It was a huge task and Ernie Sheppard, Albert Johnson, Sr. and Jerry Evers are the nucleolus from that Authority who has been helping to acquire the property. They have done a heck of a job.

Fitch stated that is true. There have been so many people involved in this process to make it work. This is going to set a special place in the history of Lawton. We are thankful that the leaders saw the need for Lake Ellsworth and the need of acquiring 100% of the water rights for Waurika. This is all very vital to the future of this community. What everyone has done here is going to set a whole new tone in this community. I believe we are going to see tremendous growth. It is amazing when you drive around and see the number of businesses that have completely changed the façade of their business. We see so many players coming to the table and taking the initiative to make their way of doing business a better place. There are a lot of great things going on.

ADJOURNMENT

Motion by Nance, **Second** by Means, to adjourn. **Aye**: Zarle; Denham; Fitch; Madigan; Means; Nance Neal. **Nay**: None. **Motion Carried**.