

MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
MAYORS CONFERENCE CENTER
NEW CITY HALL
OCTOBER 25, 2012, AT 2:00 P.M.

Fred Fitch, Chairman, called the meeting to order at 2:00 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 (entered late); Fitch, Fred; Madigan, David; Means, David; Nance, Ron; Wells, Doug.

ABSENT: Neal, Larry; Sheppard, Ernie; Zarle, Richard.

OTHERS PRESENT: 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 September 12, 2012

Motion by Means, **Second** by Madigan, to approve September 12, 2012 minutes as written. **Aye:** Fitch; Madigan; Means; Nance; Wells. **Nay:** None. **Motion Carried.**

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

Fitch stated we have one invoice for approval to Mike Johnson in the amount of \$787.50.

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

Fitch stated we have an estimate from PSO on the temporary relocation. We have seen two different figures ranging from \$79,000 to \$67,200.52. Today they stated the developer had made some changes and the dollar amount would change. We do not have the correct amount at this time. Instead of calling a special meeting I would like for you to approve writing PSO a check not to exceed \$79,000. If it is more then we will call a special meeting.

Motion by Nance, **Second** by Madigan, to approve issuing a check to AEP/PSO for temporary relocation for the hotel/conference center in an amount not to exceed \$79,000. **Aye:** Means; Nance; Wells; Fitch; Madigan. **Nay:** None. **Motion Carried.**

3. Receive treasurer's report and take action as deemed necessary.

Furrh stated looking at the Statement of Financial Position I want to point out some changes. You see the bank balance is \$417,000; BancFirst line of credit has decreased to \$10,866,000; and there is a new loan to CCIDA in the amount of \$1,500,000. BancFirst and CCIDA are the two main changes. Looking at the next page you see the sale of the land to the hotel developer. This is where you sold the land for the \$1,500,000; expenses you see \$1,500,000, which was the CCIDA money for infrastructure; legal and closing expenses of \$43,000 for the Jefferson property; and other expenses of \$75,000 which was deposits on utility relocations. You had a net loss of \$49,694.00.

Fitch stated Collett and Associates have given us \$375,000 that can be added to the \$417,000.

Furrh stated both the hotel and retail developer have given us their earnest money.

Wells stated the hotel developer paid for the land so was that not included in the earnest money?

Furrh stated I'm sorry that is correct.

Fitch stated the earnest money of Journeyman was used towards the Jefferson property. It was paid into the court. Jefferson has filed an appeal and did not show for the hearing. They filed a Motion to Dismiss and it was denied. We have received title to the property, but there is a thirty day appeal period. Jefferson has filed bankruptcy and I know there are two banks that won't loan him money. In order for him to appeal he must place \$400,000 into the Courts. He has also gone through three or four attorneys and their cost have been placed against his bankruptcy. We have not closed the streets and alley because about half of them could have come under the control of the Jefferson's. We are waiting until the appeal process to be complete before transferring any of the property.

Wells asked does the thirty days go back to the original judgment date.

Fitch stated I believe it goes back to the hearing that was about two weeks ago. We are looking at somewhere around November 11th.

Furrh stated of the \$435,000 used to purchase the Jefferson's property we are still holding \$40,000 for relocation expenses.

Fitch stated that was an estimate on the relocation cost. In order to get the relocation reimbursement you have to physically move the business to another location and be operating. Once he paid those he would be reimbursed. Are there any other questions of Furrh?

4. Acknowledge and accept the action taken by the Downtown Lawton Architectural Review Committee on the issuing of a Certificate of Architectural Conformance for the Hilton Garden Inn and Lawton Convention Center, located at 135 NW 2nd Street, submitted by Journeyman Construction, Inc.

Fitch stated this item come from a LURA meeting about two weeks ago. They approved the architectural design, and color scheme. All we need to do is accept their approval. They were in compliance with the 51% brick and Hilton stated they wanted more. We made the suggestion of doing some stone columns. This would be an enhancement to the building.

Motion by Wells, Second by Means, to accept the action taken by the Downtown Lawton Architectural Review Committee on the issuing of a Certificate of Architectural Conformance for the Hilton Garden Inn and Lawton Convention Center, located at 135 NW 2nd Street, submitted by Journeyman Construction, Inc. **Aye:** Nance; Wells; Fitch; Madigan; Means. **Nay:** None. **Motion Carried.**

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 other development projects under consideration in the City, and take appropriate action in open session as necessary.

The authority did not convene into executive session.

DISCUSSION ITEMS AND REPORTS

Wells asked did we use City money to pay the interest on the note.

Fitch stated yes. We will be paying it back in \$50,000 increments with the first being paid in November. We are trying to prioritize where we spend the \$700,000. We all know what took place this week and Mitchell was a very active participant with working diligently with the developers. They have asked that I designate another City contact with representation of LEDA. If it is okay with the Authority I'm recommending Richard Rogalski. I don't know if I need approval or not. Does anyone have any input?

Jensen stated I will talk to Bryan Long about Batchelor's concerns. Long can designate Rogalski as being the contact person.

Fitch asked will LEDA have to approve him.

Jensen asked are you referring to Mitchell's position as Executive Director.

Fitch stated if there is a title that went with the position than I'm assuming so.

Jensen stated I think we will need to go to Council. They probably won't have a problem with that. They allowed Mitchell to fill that position and LEDA approved it.

Wells asked is that different than a Project Manager or one in the same?

Jensen stated the Executive Director position can be for that project or anything LEDA gets involved in.

Fitch stated I have had conversations with Sam Kumar and John Collett and they are getting me a list of Project Manager that have had on prior jobs. We are putting the RFP together and would like to have someone on board by February 1st or 15th. We haven't hired one in the past because we haven't had the money. We will also go through trade journals and magazines. Having someone that either one or both have worked with could be beneficial. Everything is moving very well. Within the next week we will pay PSO so they can get started. Bianco's will be holding an auction this weekend and then the electricity will be turned off on the 30th. There was a bid for \$7000 to demolish the building and that will occur immediately thereafter. The same will be done on the Jefferson property after the November date. We haven't received a quote on the Jefferson property.

Wells asked is the Jefferson property part of the hotel?

Fitch stated no. It will be purchased by Collett for two restaurants. There have been questions on the environmental. There was an old Exxon station and carwash and in the Phase I study we got a clean report, but the lenders wanted another study. This should be done in about thirty days. The storm water sewer that goes north and south on 1st Street will be rerouted. They will do the dirt work to temporarily have an open trench to reroute that further east. The sanitary sewer line is an 8" line running parallel to that and is about 18' deep. There will be a new sanitary sewer line, but they can build on this one and then when they reroute the storm water and sanitary sewer line. They will remove all the piping that is the length of the property north and south and seal it off. Arkla Gas has been paid in the amount of \$42,500 and they will get started within another week. Cablevision and AT&T will be doing all their work at their expense and they are on track. PSO will be doing the temporary relocation on the distribution line that run through the convention center and there is a transmission line that comes down into the hotel conference parking that has to be rerouted. We are in negotiations with them. We have had several exchange of letters and have meet with the Corporation Commission. I can say they are kind of coming off their high horse.

Jensen stated that is all that I would say at this time. We are making some progress.

Fitch stated everyone knows that we needed the easement from ODOT on the railroad right of way for utility lines. The railroad wanted \$600,000 and Mitchell and I negotiated them down to \$300,000. In the meantime their lease came due. They pulled up their tracks so we stop negotiating with them. That was a positive sign they were going to abandon the lease because their contacted stated they had to remove the tracks and fix the streets. We got with Brad Burgess and Gary Ridley of ODOT making them fully aware of everything. Burgess went to work and got an appraisal of \$128,000 from Gore to north of Ferris. When all was said and done Burgess got us the deed for \$10 all the way to Douglas School. We have received the deed and the property is in our possession.

Jensen stated Burgess got some things done and all of a sudden we got the property. With regards to the PSO matter due to the franchise agreement being between the City and PSO that is the reason the City is involved as the primary party. We are not trying to keep you in the dark, but we are making some progress. We are in the negotiation stage and now I think a more serious negotiation. We may have an executive session with Council and then we will be happy to fill you in.

Fitch stated the last letter we received was more encouraging than any of the response prior.

Jensen stated that is what I thought.

Fitch stated over the last twelve months we have made some big strides and tremendous success in moving this project along. Part of that was getting approval on House Bill 1786 in regards to the matching funds of up to \$37 million until 2035. We have that and it is intact. We went to search after Ruhl and Ruhl and we have John Collett and Associates. We also have a redevelopment agreement with the hotel people. Sam Kumar has come into the picture and Larry Massey has disappeared. This is signed, sealed, the earnest money paid and the property bought. We have reworked a retail development agreement with Collett and their earnest money has been paid. Closing for the property was October 1st and with the interaction of the lending institutes, thirty five lawyers, the developers, and their investors it took two and half days to close. I would say that Mitchell and I were in conference calls at least six hours a day.

Jensen stated we had one lawyer and that was Dan Batchelor. He is also heavily involved with the PSO negotiations.

Fitch stated we are looking at a December 15th closing date on the retail property. There is only one financing entity, John Collett, and Collett's investment group which will make this closing much simpler. We will be dealing with, as of today, seven retailers so that will be seven separate agreements as to what is to be done with their buildings. Their legal's, architects and engineers will be involved in the closing. We are saying December 15th, but Collett said it could drag on for another thirty days. With all the ingredients put together we have a very successful project put in place. We still have a lot of hard work before us. On utility relocations PSO is the only one that is kind of up in the air and that is coming along. PSO is the biggie in this final closing stage. Collett has to have in place a guarantee that he will complete the retail portion. If for any reason he doesn't the money that has been fronted to be reimbursed through TIF monies will not be reimbursed. When a store opens we will start receiving TIF monies. We are looking at the 15th for closing. The commitments, lending institution and retailers are all there. Collett has all his stuff lined up. He still has some architectural things to finalize and requirements by the retailers. They will bring all that before LURA for approval. There are so many interlocking agreements and if one retailer doesn't like something it slows down the process. When you are dealing with seven to ten different retailers you have problems. The out parcels are not a problem. Those will be restaurants and they will be sold the property and built to LURA's requirements. For those LETA will be the recipient of the TIF ad valorem as well as the sales tax. This is not as technical of a closing and it is all coming together. Does anyone have any questions?

Wells asked is the ground breaking November 13th.

Fitch stated yes at 11:30. There was probably a 1000 or more invitations that went out.

Wells asked is there any word on Northrop.

Fitch stated I have had correspondence with them, but remember I'm under a confidentiality agreement. The defense industry is getting some hits and this particular contractor has been hit. They have both large corporation and small business contracts that they sub out. Department of Defense, Pentagon, Washington, Congress or whomever is not allowing big companies to enter into an agreement on small business contracts and then hire subcontractors. As they expire they are not allowed to participate. It is being kept with the small business. We have had a reduction of numbers with this contractor here in Lawton. They are still here and working. The four sectors of this contractor met on October 9th. They are experiencing this in the divisions of the company. They came together and looked at each one and will meet to finalize their approach. They are 100% committed and I reminded them the incentives only apply to that piece of property. They assure me they are working diligently. I feel lots of contractors are awaiting the outcome of the election.

Wells asked wasn't Collett interested in that property?

Fitch stated yes.

Wells asked is there some point that we say okay.

Fitch stated yes. It would be probably after the first of the year before that decision will be made.

Denham stated a comment on bring Rogalski on board. He and I are both on the Planning Commission and there are times the meetings overlap so Richard and I would not make a 2:00 meeting.

Fitch stated we will look at that and make different arrangements on those dates.

Madigan stated from a project manager standpoint if there is anything that we need to be doing please let us know. If it is to take communications from XYZ or attorneys let us help take the load off of you.

Fitch stated due to the things that have transpired my role is this is going to get even busier. I will be involved a lot more with phone calls than I have been. I know I have your support and this will have to be a team effort. If there are no more questions I appreciate you all being here.

ADJOURNMENT

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