MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
CITY MANAGER'S CONFERENCE ROOM
MAY 6, 2010 AT 2:00 P.M.

Fred Fitch, Chairman, called the meeting to order at 2:03 p.m. in the City Manager's Conference Room. Meeting notice and agenda were posted on the City Hall bulletin board as required by State Law.

ROLL CALL:	
PRESENT:	Denham; Fitch; Madigan; Nance; Sheppard; Zarle.
ABSENT:	Drewry; Means; Neal.
OTHERS PRESENT:	Larry Mitchell, City Manager; Scott Meaders, City Attorneys Office; Denise Ezell, City Clerks Office.

INTRODUCTION OF GUEST

Fitch stated we have Steve Robertson from the Lawton Constitution and Scott Meaders from the City Attorneys Office with us today.

BUSINESS ITEMS

1. Approve Minutes from April 15, 2010.

Motion by Madigan, **Second** by Sheppard**,** to approve the minutes of April 15, 2010 as written. **Aye**: Fitch; Madigan; Nance; Sheppard; Zarle; Denham. **Nay**: None. **Motion Carried**.

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

Fitch started we have four (4) invoices for payments. One to Public Law Finance Group in the amount of $12,123 for closing on the line of credit, Dan and Leslie Batchelor in the amount of $16,593.40, Kimberly Furrh and Associates in the amount of $462.03 and John Arledge in the amount of $950 for the yearly audit.

Madigan stated in the invoice to The Center for Economic Law there were several line items for legislative activities. Should that be in this invoice?

Fitch stated that is for legislation on House Bill 1756 which will be a direct impact on Lawton.

Mitchell stated we can remove those if you have problems with them.

Denham asked what entity will be reimbursed if the bill passes.

Mitchell stated if the law passes the TIF District would be eligible. The Neighborhood Reinvestment Act is incorporated in the bill and any economic development within those areas would be eligible. The concept is to capture state sales tax to help pay for infrastructure improvements within those projects but it is project specific. We can remove it and we will pay it from another department if you feel it is not appropriate.

Fitch stated lets remove it.

Denham asked if it passes will the check be made to the City of Lawton or LEDA.

Mitchell stated it depends on the project.

Denham asked once we do the hotel/conference center and when we get the retail establishment running we can get that as well.

Mitchell stated yes according to Dan Batchelor.

Denham asked will the money come back to the City of Lawton or LEDA.

Mitchell stated I don't know. The mechanics will be developed by the Department of Commerce once the bill is passed. It has passed out of the Committee unanimously. I have found $1,350 in this bill for legislation and have deducted it from this invoice leaving a balance of $15, 243.00.

Motion by Denham, **Second** by Nance**,** to approve invoices, requisitions, except the invoice to The Center for Economic Law, and all other submitted materials for payment. **Aye**: Fitch; Madigan; Nance; Sheppard; Zarle; Denham. **Nay**: None. **Motion Carried**.

Motion by Denham, **Second** by Zarle**,** to approve the requisition to The Center for Economic Law in the reduced amount of $15,243.00. **Aye**: Madigan; Nance; Sheppard; Zarle; Denham; Fitch. **Nay**: None. **Motion Carried**.

DISCUSSION ITEMS AND REPORTS

Mitchell stated I want to hand out the acquisition map. The owners have signed the deed for the church and we have given them a thirty (30) days notice. By the end of the month we will be removing asbestos and then begin demolition of the building. We had a joint meeting on the Jefferson property with the three (3) Commissioners last Thursday. The Jefferson family was represented by three (3) attorneys from Oklahoma City. Jefferson's were to submit their information on estimated expenses of what they thought was eligible for payment and they did not. They promised they would produce it in five (5) days. Today is the fifth day and as of noon they had not done so. They expect we will pay them both for the acquisition of the property and relocation expenses up front. Under the federal law relocation expenses are only payable once they make the physical move. Mackey told them if they were going to submit estimated cost for relocation we needed a commitment they were going to move and reestablish the business. The representatives for the Jefferson's said they couldn't make that commitment. I believe this is a game they are playing to get as much money up front as they can.

Nance asked are we not obligated to the relocation expenses?

Mitchell stated no. There are two (2) or three (3) other lots in purple we could close on but at this point all those properties are north of Columbia. My approach is to wait and see where we are with the Jefferson's before we begin closing on the other properties.

Fitch asked is there a possibility of the appraisals expiring.

Mitchell stated no. At our last meeting we discussed the timeliness of the reports from the County. Here is the response from Barbara Burk with the reports for 2007, 2008 and 2009. Batchelor will take the reports and the information from the City for the sales tax and produce the annual report that is required to be published.

Sheppard stated it went down.

Mitchell stated that is probably a reflection of the purchases we have made over the last year and a half primarily the coke building. I met with Batchelor yesterday and they have drafted the TIF amendment. It should go before CPC at their next meeting and then to Council. They are working on the loan agreements between LEDA, CCIDA and PIC. Those should be completed within the next twenty (20) to thirty (30) days and then we will set up the closing. We will talk to Scott tomorrow about the need for a utility survey which shows how he plans to service each of the businesses and where the easements will be located so we can proceed with relocating utilities.

Sheppard stated is our accountant verifying this number or are we speculating because of Coke it is lower.

Fitch stated I don't know the audit procedure. We need to address this with Furrh and Batchelor.

Mitchell stated this is another reason for the TIF amendments. Once the projects starts up we will have individual reporting separate from the balance of the TIF. Those will be tracked individually.

Sheppard asked didn't the sales tax go up.

Mitchell stated yes.

Denham asked once the amendment is in place will the base be adjusted back down.

Mitchell stated no. You don't adjust the base.

Fitch stated when you build a $28,000,000 hotel/conference center you'll see an increase.

Denham stated we will never collect a dime of the existing TIF.

Fitch stated as improvements are made and the valuation goes up we will. Theoretically 5% per year.

Sheppard stated she didn't give us the base or the value for the properties just what they billed and collected. We don't know if the value has gone up or down. I think we need to see that.

Mitchell stated I agree. I'll look into that.

Sheppard stated I don't want to start a war but in regards to the recent article by KSWO TV concerning Coke have we as an organization replied to that.

Fitch stated we have a concern there and want to address every avenue possible with the building. I went through the facility yesterday and I'm amazed a national company had forty (40) to forty-five (45) employees in that building.

Sheppard stated my beef isn't with Coke or the tearing down of the building. My beef is with KSWO for putting it on the news. They ought to recognize that is not productive in our community and they ought to be told that.

Fitch stated I will address it either in a public form or whatever. As far as the mural it is a 2 x 4 wall that is ten (10) to twelve (12) foot high and expands thirty (30) feet. The mural is painted directly on the sheet rock. I don't know how it could be moved.

Denham stated we need to take KSWO through the building. That would address a lot. There are lots of people who can't believe we are going to tear it down. It would cost millions to restore.

Fitch stated I'm going to get in touch with a couple of people in Oklahoma City to get some ideas and input on renovating the building. I want to have some answer to satisfy everyone that we are exploring everything we can.

Sheppard stated we don't want to do that.

Fitch stated Steve Scott will be here tomorrow and we will be addressing a lot of issues. The three (3) of us will also be meeting with PSO. Batchelor is getting the paperwork for LEDA, CCIDA and PID completed. We are meeting with the bankers on the 21st to update them on where we are. It is exciting to see the things that are taking place. There is a lot of positive feedback in the community.

Sheppard asked where do we stand on Ruhl and Ruhl's meeting all the requirements.

Fitch stated that is one of the issues we will be meeting with Scott about tomorrow.

Mitchell stated we are waiting on the utility survey to nail some things down. The other benchmark was his equity financing and he needs the loan agreement with PID to show the banks he has a viable project.

Sheppard asked does he have to have a sales contract from PID.

Mitchell stated I don't know.

Madigan asked does PID need to get their financing secured.

Mitchell stated they have started and has had very good progress with their partners.

Zarle asked is the finances from the sale of the land for the hotel going to be applied to the debt we have with the local banks?

Mitchell stated yes.

Fitch stated Mitchell and I have talked and right now 100% of the sale of Tract I will go back to reduce the debt and stop the bleeding of the interest. On Tract II due to the letter of intents and wanting to have the building useable by November 2010 we might use 100% of that money to reduce the debt.

Mitchell stated that will be a discussion when approving the loan documents as to how much of the future revenue we want to pledge to the loan versus what we need to operate with.

Denham stated Madigan has suggest this in the past but we need to make sure somebody has a spread sheet on each project as to what we have pledged so we can keep up with all of it.

Mitchell stated that is part of the meeting on the 21st with the banks. Batchelor is working on that information.

Fitch stated our only obligation right now is the $1.5 million to CCIDA and it will be recouped with sales tax. We know there will be others coming.

Denham stated I assume there will be some with Ruhl and Ruhl.

Mitchell stated there will be. Under the agreement once the property is transferred there is an obligation to reimburse Ruhl and Ruhl for part of their development cost. That is only reimbursable once the project is complete and you have the cash flow coming in to offset the obligation.

Fitch asked when you say completed you are talking about Tract I, II, and III.

Mitchell stated no. I'm saying it is going to build as the development occurs. Once the hotel/conference and the first big box is occupied then that starts.

Denham asked does that satisfy completion of that Tract.

Mitchell stated no. It would be a pro-rated portion based on what the revenue stream of the project.

Denham stated I think we need to zoom in on Tract II soon. You might not want to wait on the other items of Resolution.

Mitchell stated all the Resolutions are passed from both LURA and the City of Lawton. It is just a matter of going through the Court and setting up a closing. Depending on how the hotel/conference center plat is laid out but we could actually start with the hotel/conference center before we close with the Jefferson's.

Zarle asked approximately what is the dollar value.

Fitch stated for both tracks around $6 million. Is there anything else? I appreciate everyone being here.

ADJOURNMENT

There being no further business meeting adjourned at 2:50 p.m.