

MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
CITY MANAGER'S CONFERENCE ROOM
November 4, 2010, 2010 AT 2:00 P.M.

Fred Fitch, Chairman, called the meeting to order at 2:00 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; Drewry; Fitch; Madigan; Means; Sheppard (entered late); Zarle.
ABSENT: Nance; Neal.
OTHERS PRESENT: Denise Ezell, City Clerks Office.

INTRODUCTION OF GUEST

Fitch stated we have Ed Cole and Shelly Pund from the Chamber with us today.

BUSINESS ITEMS:

1. Approve the minutes of August 31, 2010.

Madigan stated the minutes reflect we were to receive a copy of the purchase agreement between Ruhl and Ruhl and PID. Scott stated he would furnish us a copy of this agreement. Have we received it?

Fitch stated no we haven't. I'll make a note to be sure and get a copy.

Motion by Denham, Second by Drewry, to approve the minutes of August 31, 2010 as written. **Aye:** Drewry; Fitch; Madigan; Means; 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.

Furrh stated we have two (2) separate groups of invoices to approve.

Fitch stated I'll pass them around for your review.

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

3. Discuss and Accept the Determination of Total Assessed Value Of All Taxable Property Within Increment District Number Two, City of Lawton, and Certification of That

Amount as the Base Assessed Value from the Comanche County Assessor's Office and take action as deemed necessary.

Fitch stated the evaluation of the twelve (12) blocks set at \$171,000 and we are going to build a \$120 million development. This is tremendous news. The evaluation of District I came in around \$900,000 over the base value. That is also encouraging.

Denham asked are we going to get \$25 million out of it in the next twenty (20) years or less. We max out at \$25 million on property tax and are limited on the years.

Fitch stated you have twenty-five (25) year and \$25 million total for sales tax and ad valorem.

Denham stated the twenty-five years started in 2006. It will be 2012 or 2013 before we start seeing any income. Now you are looking at eighteen (18) or nineteen (19) years. I think we will fall short of the \$25 million.

Sheppard stated we want repayment on what we have invested.

Denham stated we want \$25 million. This is just one (1) project. We have a lot more to do downtown and I don't know where we will get the funds.

DISCUSSION ITEMS AND REPORTS

Fitch stated here is a map that shows we have acquired all the property from Railroad to 1st Street and from Gore to Ferris. Block 21 Lots 15-16 the commissioners have appraised very close to what Pinnacle did. They did agree to the amount until they learned we would not also pay off the liens.

Sheppard stated Mackey explained to them they would have to pay them one way or another. We have proceeded with court actions.

Fitch stated on Block 43 Lot 4 the commissioners appraisal was about \$2,000 higher. It is just a matter of proceeding through the courts on this property. This property is different than the commercial property. Jefferson Funeral Home attorneys have called for a mediation. Mackey and Mitchell will meet with them next week. The City Attorneys office has started paperwork on the street closures for the hotel/conference center site. PID and Ruhl and Ruhl are using the same engineer and things are working much better. They have the exact requirement for the hotel/conference center and will be able to finish the civil engineering. PID didn't feel they should pay for the land for the detention area. They have agreed to split the cost and the acreage. We have submitted the Union Pacific appraisal to the railroad and ODOT. We haven't heard from Union Pacific. ODOT will have the final say on all of this. Once we hear from the railroad we will start negotiations. Target will visit on the 14th and the 26th of November. We have started with some demolition and asbestos abatement of the Coke building. We are moving the dirt from the New City Hall parking lot to the low spot in the northeast corner of the twelve (12) blocks.

Sheppard asked do we know what Target's criteria is.

Fitch stated they want exposure. They have indicated they want to be on the northeast end of the project. They feel this is the best exposure to the interstate.

Sheppard stated is there anything we can do to enhance the possibility.

Fitch stated Scott suggested we look as if we are moving forward. We have done a lot of demolition and cutting of trees behind Coke. This shows we are making progress. We feel comfortable and confident with their visit. They know about the hotel/conference center and Kohl's. They are placing this on the front burner to get a decision made. Scott is very optimistic and feels good about it. PID has received a terms of agreement letter from a financial institution and working on another letter. This shows a good commitment from the financial institution. PID stated it looks very workable. One institution is in Oklahoma and the other in Texas. Ruhl and Ruhl has a letter of intent and all the details worked out with Kohl's. They will be located in Block 44 Lots 1-3. The closing on tract one (1) for the hotel/conference centers will be in early January or late December. Kohl's should close almost simultaneously. We hope to have a favorable outcome from the Target visit and be able to close on Tract III. The hotel/conference center is all that will be transferred in the first deal until we come to an agreement on the Jefferson Funeral Home.

Fitch stated Furrh would you give us the financials.

Furrh stated the most recent requisition shows we are at \$11,367,000 to include the invoices you approved today. There is a little over \$600,000 left on the line of credit.

Sheppard stated LURA has another \$600,000.

Fitch stated there is about \$375,000 in the IBC account.

Denham asked did we get the interest paid last month.

Furrh stated yes.

Fitch stated we were late but yes we got it paid.

Sheppard stated LURA gave LEDA \$6,000 in rent this week.

Fitch stated the City has 53 ½ acres located at 67th and Rogers Lane and it has been declared surplus and is for sale. There are two (2) developers interested in the property. One for a gated community and the other a business complex with retail and offices. The city has other properties that need to go to surplus to help generate ad valorem and sales taxes. Here is an article from the Oklahoma City newspaper that Mitchell wanted you to have. Here is a map from the civil engineers. Progress is being made with PSO, PID and Ruhl and Ruhl. PSO is getting the data which will enable them to get the final figure on the moving of the power lines,

distribution lines and the master transmission line. The meeting in two (2) weeks will be cancelled. We will be in Denver at the National League of Cities. We will hold a special meeting on November 29, 2010. There will be lots to discuss at that time. When you look at the money it is going to be nip and tuck but it is all coming together.

Denham asked have we received any money from property tax.

Furrh stated no.

Denham stated looking at the letter we show a base of \$23,433,000 in 2006. In 2008 it shows we are at \$23,297,000 so we should have a check around \$250,000.

Fitch stated Batchelor is working on that.

Denham stated I would love for her to clarify some stuff on the new district. Yes it is down to \$171,000 but did we create a new baseline for District 2.

Fitch stated yes.

Furrh asked is the new District I baseline \$23,900,000 or the 23,433,000 minus the \$171,000.

Denham asked did we take ad valorem or sales tax out of District I. Are we collecting any taxes on District I.

Fitch stated yes we are. We confined District II to just the twelve (12) blocks. This will make it easier to calculate the monies we have to go into the development rather than taking monies from the other part of the TIF.

Denham asked what income are we going to receive from District I.

Sheppard stated sales tax and ad valorem revenues.

Denham stated I thought we gave one of them up.

Fitch stated no we didn't.

Denham stated okay we will be getting \$930,000 for District I this year.

Fitch stated correct.

Denham asked is it limited to just those in the TIF.

Furrh stated yes.

Fitch stated the \$23,043,000 is the base in 2006 and 2007. In 2008 it was \$23,297,000 so that is about \$250,000 due us. You will notice in 2009 it went down to \$22,504,000.

Sheppard asked we were recalculating the new base for District I do you go back to the values from 2007 and subtract those out.

Furrh stated that is my questions also.

Denham stated that is the base for District I regardless even though we have carved out the 12 blocks.

Sheppard asked how can that be the base when you are taking properties out of District I. To me it would be reasonable that the base would decrease by the values of the properties that was originally in the District I.

Fitch stated there is a \$2,000 difference that Batchelor is working on. Batchelor shows \$173,000 and the Assessor has it at \$171,000. So the base of District I is about \$22,869,376.

Madigan asked is that coming from Batchelor or the Assessor. Is the Assessor netting it out of our base.

Fitch stated yes. District I base was \$23,043,000 and now you have District I and District II and those two (2) together add up to \$23,043,000.

Sheppard stated my concern is when you net out we have to be careful what we take out. If you take out the original value of District II from District I then the total of the two when you add the \$171 to the new value in District I is going to be less than the total we started with. We don't want that to happen.

Furrh stated right.

Fitch stated Mitchell is meeting with Batchelor next week on the confusion. We were glad the base of District II is what it is because that is where all the building and development is going to be.

Sheppard stated right but we want District I to remain as high as possible to continue to gather the ad valorem and sales tax. I'm curious on how they are counting for the difference. Will Furrh be getting with the new assessor.

Furrh stated yes.

Denham asked will we be getting sales tax in January.

Furrh stated yes.

Fitch asked have we gotten the \$250.

Furrh stated no.

Denham stated we have never received a dime on property tax. This information is provided by the assessor's office and we are owed \$250,000. We need to know the amount collected for both sales tax and ad valorem per year so we can see what is going on.

Furrh stated remember these are assessed values not taxes assessed. So we are not getting \$250,000 of taxes.

Denham stated you get paid a certain percentage of the assessed value.

Furrh stated correct so we should get something but it won't be \$250,000.

Fitch stated in regards to the restaurant situation. We have a group that has committed to three (3) new restaurants. Two (2) in the downtown project and one (1) elsewhere. We were not made aware of what they are but have been assured it will be an up scaled Charleston's type. Another group will be meeting with us in regards to one (1) in the downtown area. There is the potential of seven (7) new restaurants. This is good news. Scott feels now we have Kohl's under agreement all the others will fall into play. Since they know the size of Kohl's they are lining up the boxes to fit everyone's needs.

Sheppard asked how do we make sure we are maximizing our real estate value. Are we relying on Scott to do that.

Fitch stated yes.

Sheppard stated we set a dollar per value per square foot which puts the pressure on Scott to lease so many square feet to pay for that. So he can't cut it down a whole lot and still survive. Do the restaurants know that others are thinking about opening here.

Fitch stated we believe the one from Oklahoma City is aware of the one from Fort Worth.

Denham stated we need to start thinking about hiring a project manager. I know we don't have the money at the moment. It scares me that we have all these monies going into different directions. We need to see a matrix/worksheet that shows where the money is going and where we can or can't expand. I just don't know that Mitchell can stay on top of all this in addition to running the city.

Fitch stated Mitchell and I talked about that this week. We would like to have someone around the 1st of May. There was a lot covered today and I hope I didn't leave anything out.

Furrh stated this is the financial for September. We have \$387,000 in the bank. At the time of this report we were at \$11,365,000 in the line of credit. We had no income in the month of September except for the interest of \$99. Our expenditures total \$54,000. We are in the hole almost \$11,000,000.

Denham stated so we are looking at \$150,000 in the bank and \$600,000 on the line of credit.

Furrh stated yes.

Motion by Denham, **Second** by Means, to accept the September financials. **Aye:** Madigan; Means; Sheppard; Zarle; Denham; Drewry; Fitch. **Nay:** None. **Motion Carried.**

Fitch stated is there any other discussion. If not see you November 29th.

ADJOURNMENT

There being no further business meeting adjourned at 2:55 p.m.

Motion by Neal, **Second** by Sheppard, to adjourn. **Aye:** Neal; Sheppard; Denham; Drewry; Fitch. **Nay:** None. **Motion Carried.**