

IN ACCORDANCE WITH THE OKLAHOMA OPEN MEETING LAW,
THE AGENDA WAS POSTED JANUARY 3, 2019 AT 10:00 A.M. AT
THE MUNICIPAL BUILDING, 723 SOUTH LEWIS, STILLWATER, OKLAHOMA

MINUTES
STILLWATER ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING
COUNCIL HEARING ROOM
723 S. LEWIS
JANUARY 7, 2019

PRESENT: CHAIR WILLIAM H. JOYCE, VICE CHAIR PAT DARLINGTON,
TRUSTEES ALANE ZANNOTTI, JOHN WEDLAKE AND AMY DZIALOWSKI
ABSENT: NONE

1. CALL MEETING TO ORDER

Chair Joyce called the meeting to order at 5:52 p.m.

2. CONSENT DOCKET

- a. Approval of minutes: December 3, 2018

MOTION BY VICE CHAIR DARLINGTON, SECOND BY TRUSTEE ZANNOTTI TO APPROVE
THE CONSENT DOCKET AS PRESENTED.

ROLL CALL VOTE: JOYCE-YEA, DARLINGTON-YEA, ZANNOTTI-YEA, WEDLAKE-YEA,
DZIALOWSKI-YEA. NAY-NONE. MOTION CARRIED WITH FIVE YEA VOTES.

3. ITEMS REMOVED FROM CONSENT DOCKET

None.

4. GENERAL ORDERS

- a. Report from Block 34 Trust Authority on Phase I and implementation recommendation

Block 34 Trust Authority Chairman Jim Beckstrom presented a report outlining the proposed steps
to begin developing Block 34.

Phase 1 – Step 1: Continue temporary and changing art features.

Phase 1 – Step 2: Stillwater Utilities Authority bury and move electric by end of April 2019.

Phase 1 – Step 3: Renewable energy concept projects created by the Oklahoma State University
College of Engineering, Architecture and Technology with assistance from the Art – Graphic Design
group installed by the end of April 2019. Contributors to this step are City of Stillwater, Grand River
Dam Authority and Oklahoma State University.

Phase 1 – Step 4: Install temporary fabric structure over northeast corner for covered event/market
area and widen southeast parking lot. This could be used as a market area/covered parking and
become a funding tool.

Phase 1 – Step 5: Install Stage 1 ground source heat pump well field to serve the Cultural District by end of December 2019, dependent upon commercial viability. Viability will be determined by the results of an OSU senior study project this spring.

Phase 1 – Step 6: Install interim performance stage. This step could be completed following Step 4, the installation of the fabric structure.

A fully enclosed fabric building installed is estimated to cost approximately \$300,000 and a fabric building with open ends would cost approximately \$260,000.

Mr. Beckstrom emphasized that events are the key to the success of these types of developments. The Block 34 Trust Authority recommends that they be allowed to proceed with Phase 1.

Discussion was held regarding the type of electrical work that is proposed, the condition of the terrain, the versatility of the structure and the life expectancy of the structure fabric.

b. Report on Visit Stillwater financial performance

City Attorney John Dorman stated that Ordinance No. 2178, adopted by a vote of the people in 1985, had two parts. The part that created the room tax was originally codified in Title 28 and is now codified in Article 39, as a result of the 2005 codification. The other part created the Stillwater Convention and Visitor Board (CVB) and is codified in Article 2. The funds collected are to be used for the purpose of encouraging tourism development in the City. Seventy-five percent of the proceeds are to be used for the promotion and solicitation of visitor attractions, events, tourism, conference, conventions and meetings, and to provide services to visitors. Initially, twenty-five percent of the proceeds was used for the City's centennial observance and on July 1, 1990, was applied to the Visitors and Special Events Promotion Fund. The tax portion of the ordinance was amended one time in 1998 and deleted the definition of permanent resident from the Code. Mr. Dorman explained that this provision may need to be placed back in the Code to allow for situations not anticipated under the original Code. Also mentioned was the Stillwater Visitors and Special Events Board, charged with the duties of tourism development. An annual budget was provided, and with City Council approval, could enter into contracts. There is no mention of CVB oversight of the room tax in the ordinance. The oversight of the room tax is vested in the City of Stillwater Finance Director. Unlike the room tax ordinance, the CVB ordinance was amended several times. The duties of the CVB remained the same until the ordinance was repealed in 2014 by Ordinance No. 3285. Mr. Dorman stated that the City of Stillwater is the only entity entitled to the tax funds. The CVB board has a tourism function, they have no right to receive the room tax. The Constitution of the State of Oklahoma says you cannot create a tax to fund a private entity. Mr. Dorman presented a history of how the City has delegated the tourism development duties:

- City contracted with the Chamber of Commerce from 1985 – 2011
- Became a department of the City for 2.5 years
- Visit Stillwater February 26, 2014
- Visit Stillwater Oklahoma November 3, 2014

SEDA entered into a contract with these entities in some form to offer visitor services for the City of Stillwater. The first service contract with Visit Stillwater became effective January 1, 2015; and subsequent contracts were approved in 2016 and 2017. The current contract expired in late 2018, but was extended to June 30, 2019. As of January 7, 2019, SEDA has paid Visit Stillwater \$3,565,865 from the room tax for tourism development and visitor services.

Chief Financial Officer Melissa Reames addressed the questions that have been posed by the Trustees:

- How is the money being spend?
- What type of expenditures is the money going to?
- What is our return on investment?

To answer the questions, staff looked at the options set forth in the contract and chose to audit the financial records of Visit Stillwater using the “agreed upon procedures” approach. Some of the targeted accounts that were reviewed were compensation, travel, entertainment and mileage. Both entities agreed upon a local certified public accounting firm to do this. Ms. Reames read part of the memorandum from City Manager McNickle, Deputy City Manager Melissa Reames and City Attorney John Dorman to Mayor and City Councilors regarding the Report on Visit Stillwater Financial Performance dated January 7, 2019.

Discussion was held regarding the Visit Stillwater fund balance, payment of a 20% bonus to employees in January 2018 from private funds, the difference between private and public funds, Winter Wonderland payment and receipts, comingling of private and public funds, Visit Stillwater overhead costs and reduction of payments to other private partnerships. Ms. Reames stated the Hotel Tax Fund balance is now \$454,366, with \$435,629 collected through November 2018. Discussion occurred regarding the importance of having a review process for all the private/public partnerships, the expectation that all of them will go through this process and the transparency it creates.

Ms. Reames recommended that staff continue with the evaluation and review of the requests received for qualifications and bring them to Trustees. Ms. Reames stated that SEDA extended the Visit Stillwater agreement until June 30, 2019, but there is a 30-day opt-out clause in the contract if Trustees choose to use it.

5. PUBLIC COMMENT ON AGENDA ITEMS NOT SCHEDULED FOR PUBLIC HEARING

Calvin Oyster, 714 North Redlands Road, spoke in support of Visit Stillwater.

Roger Gose, 1120 East Connell, spoke regarding the origin of the Stillwater Visitors and Special Events Board and the tax approved by the citizens in 1985; questioned where the board is now; and urged Trustees to look into how this change occurred.

Willie Baker, 1401 South Culpepper, Visit Stillwater board member, stated the board had not had an opportunity to review the memorandum dated January 7, 2019, said they are willing to discuss any concerns that City Council or staff may have, they are ready to communicate and will provide a detailed response to the memorandum.

6. REPORTS FROM OFFICERS & BOARDS

- a. Miscellaneous items from the General Counsel
 - i) Request for an Executive Session pursuant 25 O.S. 307 (C)(10) for the purpose of conferring on matters pertaining to economic development, including the transfer of property, financing, or the creation of a proposal to entice a business to locate within the City of Stillwater because public disclosure of the matter to be discussed would interfere with the development of products and services and would violate the confidentiality of the business.
- b. Miscellaneous items from the General Manager: No report.
- c. Miscellaneous items from Trustees: No report.
 - i) Discussion about scheduling items for upcoming meetings

7. QUESTIONS & INQUIRIES

None.

8. EXECUTIVE SESSION

- a. Confidential communication on matters pertaining to economic development, including the transfer of property, financing, or the creation of a proposal to entice a business to locate within the City of Stillwater because public disclosure of the matter to be discussed would interfere with the development of products and services and would violate the confidentiality of the business.

MOTION BY VICE CHAIR DARLINGTON, SECOND BY TRUSTEE ZANNOTTI TO ENTER INTO EXECUTIVE SESSION.

ROLL CALL VOTE: JOYCE-YEA, DARLINGTON-YEA, ZANNOTTI-YEA, WEDLAKE-YEA, DZIALOWSKI-YEA. NAY-NONE. MOTION CARRIED WITH FIVE YEA VOTES.

The Stillwater Economic Development Authority entered into Executive Session at 7:25 p.m. and returned to open session at 8:15 p.m.

MOTION BY VICE CHAIR DARLINGTON, SECOND BY TRUSTEE ZANNOTTI TO RECONVENE THE JANUARY 7, 2019 REGULAR MEETING OF THE STILLWATER ECONOMIC DEVELOPMENT AUTHORITY.

ROLL CALL VOTE: JOYCE-YEA, DARLINGTON-YEA, ZANNOTTI-YEA, WEDLAKE-YEA, DZIALOWSKI-YEA. NAY-NONE. MOTION CARRIED WITH FIVE YEA VOTES.

9. RETURN FROM EXECUTIVE SESSION

- a. No action will be taken on this item.

No action was taken on Item a.

10. ADJOURN

MOTION BY TRUSTEE WEDLAKE, SECOND BY TRUSTEE ZANNOTTI TO ADJOURN THE JANUARY 7, 2019 REGULAR MEETING OF THE STILLWATER ECONOMIC DEVELOPMENT AUTHORITY.

ROLL CALL VOTE: JOYCE-YEA, DARLINGTON-YEA, ZANNOTTI-YEA, WEDLAKE-YEA, DZIALOWSKI-YEA. NAY-NONE. MOTION CARRIED WITH FIVE YEA VOTES.

The regular meeting of the Stillwater Economic Development Authority adjourned at 8:16 p.m.

**WILLIAM H. JOYCE, CHAIR
STILLWATER ECONOMIC DEVELOPMENT
AUTHORITY**

**ELIZABETH CHRZ, SECRETARY
STILLWATER ECONOMIC DEVELOPMENT
AUTHORITY**