

Meeting of 2001-4-30 Special Meeting

MINUTES
SPECIAL CALLED MEETING
APRIL 30, 2001 - 9:00 A.M..
WAYNE GILLEY CITY HALL COUNCIL CHAMBER

Cecil E. Powell, Mayor Also Present:
Presiding Bill Baker, City Manager
John Vincent, City Attorney
Sandra Rench, Deputy City Clerk
COL Puckett, Fort Sill Liaison

The meeting was called to order at 9:00 a.m. by Mayor Powell. Notice of meeting and agenda were posted on the City Hall notice board as required by State law.

ROLL CALL

Present: G. Wayne Smith, Ward One
James H. Hanna, Ward Two
Glenn Devine, Ward Three
John Purcell, Ward Four
Robert Shanklin, Ward Five
Barbara Moeller, Ward Six
Stanley Haywood, Ward Seven
Michael Baxter, Ward Eight

Absent: None.

1. Consider two (2) proposed agreements with Energetix, L.L.C. and take action as necessary. Exhibits: None.

Mayor Powell said he hoped everyone would have open minds realizing the community needs a greater tax base, the schools need more money, the City/County needs more jobs and, this is in particular a community that works together for the betterment of every individual of the Lawton/Ft. Sill community. He said in their meeting Friday there were a couple things that came up that concerned him, one of them with the people he had talked with at Energetix that there could be a shorter option involved than what has been discussed in the past, as far as performance is concerned, also water availability in particular on the east side and hoped in some point in time those issues would be addressed. He said they have a representative from SmithCo present but didn't see anyone from Calpine and the last time they went with SmithCo so will ask Energetix to come forward at this time.

his item is inserted verbatim as follows:

Bill Burgess: Mr. Mayor, members of the City Council, my name is Bill Burgess, my office is at 21 NW 44th, here in Lawton. In the meeting on Friday there were several issues that were raised that we believe, in analyzing this over the course of the weekend, are valid issues. Mr. Shanklin raised a concern about whether or not it would be appropriate to tie up the water this long if indeed, for whatever unforeseen matter that may have come up or may come up, that may effect the construction timetable, etc., so at this time Energetix is willing to just do, at this point, a one year option. And the one year option would be that we would need to be under construction within one year from now and have everything finalized and ready to go. That way you can be assured that we are going to move aggressively and won't tie up your water if indeed something happens and we can't, for whatever reason, go forward within that time period. We would like very much for that to be a situation whereby we show considerable progress in what we are doing and do it to where it is a one year option and gives us plenty of time to get the show on the road. The second thing that I think is important is that it has come to our attention that there may not be enough water available, potentially, to do exactly what we want to do on the east side and the west side. Our primary emphasis on running 24 hours a day is in the industrial park facility, that does enormous things for industrial development in Southwest Oklahoma with Goodyear, you heard from the Republic Paperboard manager last week and the other industries that are located out there. And so what I would like to do, on what I want to call the east side facility, is to make that contract dependent upon the availability of the water that you have. We understand that there may be a lesser amount of water than what we need to go forward 100% with our plans but we want to make sure we've got plenty of water available on the west side to take care of the industrial needs of Southwest Oklahoma and if we need to use less water on the east side then we can do that and that may effect the size of the plant

but at the same time, the major benefit would be for making sure that our industrial customers are taken care of. And so, in light of that and the fact it is just the situation where we would be happy with a one year option, we'll move aggressively for you as we have in the past. I think it is important to note how much money Energetix has already spent, we spent over a million dollars to date. We're way ahead of everyone else in this process, the other companies haven't even done anything to solidify the real-estate situation, obviously Calpine doesn't even have a site picked out, I don't think anybody is going to vote for SmithCo's site at East Gore Boulevard, that would surprise me so they've got to find another location to go forward so we are way ahead of everybody else, the fact that we are going to take care of our industrial customers in the industrial park is a major advantage to industrial development in Southwest Oklahoma and, in light of the concessions we are willing to make that we just put on the table, I think that Energetix is the best proposal for Lawton Oklahoma.

Mayor Powell: Thank you Mr. Burgess. Mr. Burgess if you would please, Mr. Burgess, Mr. Vincent has a question.

Vincent: One of our major concerns Bill was the rural water issue on the east side and I understand that Energetix would possibly entertain some language into the agreement that the agreement would only become binding subject to them getting the necessary forms from Rural Water District #3, Comanche County.

Burgess: That's correct, is that accurate, or we will resolve that issue, I mean it can be resolved and we will put language in the contract to the effect that that issue will be resolved if, through a waiver or some other mechanism, is that accurate.

Inaudible response from Debra Morgan.

Vincent: I do have a legal issue with that and I realize you and I have 180 opposite poles on that situation so if we would put some language in there that it would be resolved to the City's satisfaction I would appreciate it.

Burgess: I think that's fair.

Powell: Any other questions, okay, thank you very much Sir. Statements by the Council, discussion.

Hanna: I have a question.

Powell: Okay, Mr. Hanna.

Hanna: Performance Bonds, are you willing to put up a performance bond.

Mize: I'm Ray Mize, 100 N Broadway, Suite 2800, Oklahoma City, zip code, 73102. Councilman, I believe over the last four or five months, with the commitment that we have made to this community, these projects we have way surpassed the requirements of a performance bond, so the answer is no.

Hanna: Thank you.

Powell: Any other statements or discussion, Mr. Purcell.

Purcell: I have several questions I would like to ask this morning because they haven't been addressed, maybe they are going to be addressed later, but I don't know. What I did when I got this contract, I asked a respected lawyer here in town, whose name will remain anonymous because I told him I wouldn't use his name but I do want to publicly thank him, he knows who he is, and he spent about two hours going over these contracts because I had questions that I didn't quite understand with the legalese that is in here. And I wanted to know that what I was reading in a particular paragraph meant what I thought it meant or did it mean something else. And he spent, I don't know how much time, but I met with him on Friday for about an hour and I said I want you to look at this contract as if you were a citizen of Lawton and you tell me, as a citizen, if we ought to sign this and approve this contract as it is and the answer from him, to me, was no, you should not, you cannot sign that contract as it is. Now there's been some modifications and I've got some questions and so that is kind of where I started when I went through this thing, but, and I don't know who to ask this to, and I guess I'll just start and whoever wants to Bill, or, in paragraph 2.6 and I am working off the one from the east side or the Great Plains Energy facility, realizing both contracts basically read the same. I want to make sure what you all meant is what I get out of it and what I'm told it says, but I want to be sure. In paragraph 2.6, does that mean that we cannot sell any effluent water to any other company without the approval of Energetix of the water you reserve of course.

Tape inaudible (Debra Morgan responded that it's just for the water we reserve during a one year period or whatever the option period ends up being.)

Purcell: Well, but you are going to have the two, now I understand the one option period but once the option period is signed, and I'll jump into that other question as I understand it, once the one year option is signed then you state in your contract that within 31 months you will begin to build a plant, is that correct.

Tape inaudible (Debra Morgan responded that we actually have to exercise the option letting you know we are going to build the infrastructure and it has to be 31 months before we actually start taking the water.)

Purcell: Right, okay. But once you exercise the option and you build the plant and start taking the water, then you have the water basically available for the next 35 years, is that correct, under your contract.

Morgan's response inaudible.

Purcell: Now does that paragraph say, of that amount that you've reserved for that 35 years that we are obligated to sell you, none of that can go, we cannot sell that unless there's the paragraph in there. I know that says we can come to you and ask you and tell you what someone else wants to buy and if you agree you don't need it, we can take two cents a thousand and let us sell it to someone else, is that correct.

Morgan's response inaudible.

Powell: Debra can you come to the podium please, the microphone, thank you.

Morgan: My name is Debra Morgan, I reside at 5112 NW 26th St., in Oklahoma City. If you look at the very first part of that sentence that says during the option period and then it goes on to describe what should occur during that period, the option period is only two one year periods under this contract currently. We've offered to eliminate the second one year so this would apply during the one year that the option is in place, not the actual purchasing. But when you get to the purchasing it does retain our rights up to the maximum amount during the term of the actual purchase.

Purcell: Which is 35 years.

Morgan: Yes.

Purcell: So basically if we reserve in this contract 8 million gallons a day during the one year option period which you've got, we cannot convey or sell to anyone else. Once you exercise that option and begin purchasing water, we cannot sell, we've got to make sure that we have that 8 million gallons available for you all the way out for 35 years, is that what that's saying.

Morgan: Yes. And 35 years usually is the, a term that is used for the life of the facilities, usually these plants have a life of 30 to 40 years.

Purcell: Understand, I just want to be sure that is what that is saying.

Morgan: Right. And anything beyond all you have to do is supply the specific amount, any other amounts of treated effluent or any other kind of water it doesn't pertain to that.

Purcell: Understand. Okay. You might as well stay there because I've got a few more. Paragraph 3.1, are we, when you talk about a pooling vault and a pump station, and I was really confused on this and I'm not sure I got an answer when I talked to someone. I know you said something about building a holding pond or some kind of thing, is that on the waste, on our site of the Wastewater Treatment Plant or is that going to be on your site where you have the actual energy plant.

Morgan: The holding pond that would allow us to make up any amount of water that we don't think the City can supply would actually be on our site.

Purcell: Okay.

Morgan: And this pooling vault has something to do with the technical aspects of being able to place the pump and extract the water and this pooling vault is not what in essence is a holding pond, this is different.

Purcell: The pooling vault will be on Wastewater Treatment site but the big holding thing will be on your site, thank you.

Morgan: And there's no requirement, it is not technically required that there be a pooling vault and if you read the language it says we may construct one if one's necessary it doesn't require us to do one it just says if we have to do one but we'll work together on that.

Purcell: Okay, thank you. The next one is in paragraph 5.2 and I've got a question there. Again, I may be reading this wrong, but I was, that's what I thought it said, a lawyer told me it said.

Shanklin: (Tape Inaudible - Shanklin asked what contract Purcell was reading from.)

Purcell: There's two that they gave us Tuesday, and their both the same but I'm reading off the Great Plains Energy Facility one or the eastern plant, I think they both read the same way, so, but that's the actual one I'm reading. In that paragraph we reserve 8 million gallons a day and we're past the option period to do that and if I read this correctly, and I know this is not very likely, there is no requirement under this contract for you to buy one drop of water. I know you couldn't operate the plant and I understand that, but I mean there's no minimum, you don't have to buy 2 million gallons or 3 million, you could conceivably, although again I agree you couldn't run the plant, not buy any, is that correct what this paragraph says.

Morgan: Well that's not what this paragraph says but that is what happens under the contract, just like agreements where the purchase of potable water normally don't include either an industrial customer or a residential customer to pay for a certain amount whether or not they use it, but this section talks about if another entity comes in, that is a viable purchaser, that there is some financial payment that we must make in addition to the price to maintain the amount of water that we have under reservation.

Purcell: Okay, but in the contract itself that is a true statement, whether it is in this paragraph or the contract as a whole, once we get to that point absolutely, highly unlikely you would use none, but it's possible that you could never use water and therefore you are under no obligation to purchase any water, is that correct.

Morgan: Right. But I believe under that circumstance we would have had to exercise the option and go toward the purchase phase and then not have built a plant and therefore I believe that there would be an argument for the City that its impossibility that we actually purchase any water and could, you know, nullify the contract.

Purcell: Okay.

Morgan: If that were the case . . .

Burgess: Tape Inaudible.

Purcell: Okay. I've got two more I think. On paragraph 6-2 on the adjustment phase, of course it's changed a little now, if I read this correctly it talks about 7 years, the rate's locked in from 7 years from the operation date as opposed to the effective date. So if there is a one year option and then a 31-month period now that is about 4 years plus 7 on top so we are talking about, it is locked in from the date of contract signing for about 11 years, give or take 6 months.

Morgan: I didn't follow you, I'm sorry.

Purcell: Okay. There is a one year option under your new proposal as opposed to two and then somewhere in here you're going to build it within 31 months after you exercise the option, right.

Morgan: Right, and most likely that would be under or around 22 months in reality, there is some room in there.

Purcell: Okay. There is two years there and another 3 years, but the time you can actually increase the rate then would be those 3 years plus another 7 years from the beginning of the operation date, is that correct.

Morgan: Right.

Purcell: So for a total of 10 years. I'm just asking, am I reading that correctly.

Morgan: Right. It's 7 years from the start of purchasing the water because the operational date would be when we actually start taking water. And that is also what the term is tied to is the operational start date so that the agreement is consistent with the actual life of the facilities of the plant.

Purcell: Okay.

Shanklin: Before we go any further, please ask the question, what is the payment on the first option and what is the payment on the second option. Do you have that in front of you don't you, I don't have that contract. I only have the two that we worked on last Friday.

Purcell: That's what I'm reading from Bob, that is the only contract I have, the one they gave us.

Baxter: Bob, the grant of option is 10 thousand dollars.

Shanklin: I just misunderstood you, I thought you were talking about the one that they gave us two or three weeks back.

Purcell: No, the one they gave us last Tuesday night, that's the one I'm reading off, I'm on page 11, I was on page

11.

Shanklin: You don't have the, what we revised on Friday.

Purcell: No, I have no idea, I haven't seen that, I'm reading what they gave us on Tuesday night.

Shanklin: Council didn't get those revised, then. See, I'm confused all the way around now because I can only go by what I listened to last Friday.

Purcell: Well, we didn't all have the benefit of that. In paragraph 9, the intended reuse of water, is that paragraph saying about three quarters of the way down that Energetix can resell effluent water to others. Because I read this thing it talks about how you are going to use the water for a cooling tower, etc., and for any other lawful purpose. Does the paragraph, I'm not saying you are going to do it, but does the paragraph say we sell you effluent water, you don't need some of it you can sell it to others according to this paragraph.

Morgan: There is, well, the intent is that we can use it on our property for, there may be other purposes besides actual cooling tower in running the facility, but there is a specific provision in here and I would have to sit down and find it, that says we are not allowed to resell the water, that's its only for consumption at the site for the plant.

Purcell: Okay, that's what . . .

Morgan: There is a provision that specifically says we can't resell the water and I can find that for you.

Purcell: Okay, there was a domestic, in the same paragraph, domestic consumption cannot be done, but it doesn't say anything about industrial and that is why I was asking, can you resell the water if you don't need it, if you are talking about just on your site I understand, I am just asking what that said.

Baxter: They want to use it to water the grass.

Morgan: The paragraph is there so that it's clear that we can only use it for our purposes and not resell it.

Purcell: Okay, you've answered my question, the answer is no. One other thing I had in there that I thought was, might have been a typo, where it's talking about the, oh, back to paragraph 5.2, does it really mean, about halfway down there where it's talking about the two cents per thousand gallons, and it says per year, is that really, it means per year or is that a typo.

Morgan: No, that is the exact provision we have in Oklahoma City and that's the way it's structured, two cents per thousand gallon, per year.

Purcell: You just mean you add up all the water that you used for the whole year you would have been, you're going to release for the whole year times two cents is that what you're saying.

Morgan: Yes.

Purcell: Oh, okay, I read that a little differently.

Morgan: An then for every year that you would have had that bonafide purchaser, say they were purchasing for 10 years, that would go into effect for 10 years and then go away and then if there was another purchaser then it would come back into play and then go out of play.

Purcell: Okay, thank you very much and Council thanks for indulging me, I just needed answers to those questions, thank you.

Powell: Mr. Vincent I think needs to ask a question.

Vincent: Debra I've got two issues that I need to discuss with you that we didn't get a chance to discuss Friday afternoon. On page 9, Section 3, ninth line down, I'll wait until you get there, of the agreement they passed out on Tuesday.

Morgan: Section number please.

Vincent: Section 3 where it says facilities.

Morgan: It's on page 3.

Vincent: Page 3, I'm sorry, I apologize, the ninth line down. It says notwithstanding the foregoing, under that

sentence there Energetix has the right to ask the City if they want to accept transmission lines and there's a formula for determining the cost, am I reading that correctly.

Morgan: That's correct, we do have the ability to convey the pipeline to the water department.

Vincent: Okay. Page 4, excuse me, Page 5, Section 3.4, the option to transfer, which I understand is a financing requirement of the financing companies, are you with me.

Morgan: Correct.

Vincent: There is no option, if you exercise 3.4 then the lines are automatically transferred to the City, am I reading that correctly.

Morgan: That's correct, under that section. And I would point out at Section 3 that there is a requirement that Energetix bare all the cost's associated with any activity and that there's in addition to a 5% surcharge.

Vincent: That's correct, I understand that. But if you transfer them to us under 3.4 then really Section 3 on page 3 doesn't come into baring.

Morgan: Well, it does, because Section 3.4 talks more specifically about right of way, condemnation, and those types of technical issues with construction time lines, etc., as opposed to a general definition of the facilities to be constructed which is what Section 3 covers.

Vincent: As I read, and I don't want to get into a debate, but as I read 3.4 if you exercise that option you transfer all the right of way's and everything you have already obtained to the City and the City's obligated to build the transmission lines and then owns them.

Morgan: The pipeline, that's correct, at our expense and at a premium surcharge. I just want to make it clear that there's no cost to the City based on that.

Powell: Let me understand this, I hear you saying that they can ask us to build that pipeline.

Vincent: They can, if they exercise their right under Section 3.4 they can demand that we build that pipeline.

Powell: And I just heard Debra say that at no expense to the City.

Vincent: That is right.

Morgan: Right, at our cost.

Vincent: They will advance us the cost up front but they can demand that we build it.

Powell: But the City won't be out any money.

Vincent: I hope not.

Morgan: Under the contract, no.

Powell: Under the contract the City would not be out any money.

Morgan: Actual cost plus the 5% surcharge.

Shanklin: We're not reducing the water rate from 25 cents to 10 cents then a thousand.

Vincent: Not under that paragraph.

Shanklin: What contract do you have in your hand right there, right now.

Vincent: Okay, we have, we are discussing generally two agreements, one for the east side and one for the west side, they both have the same clause in that contract, the east side contract has 25 cents per thousand base, operational base price for water used, the west side contract has a 10 cents per thousand operational base price for water used.

Powell: If they build the line the City has nothing to do with it, I mean not out any expense, if Energetix builds the line then the west side 10 cents. . .

Shanklin: We reduce the cost from 25 to 10 cents to pay for the line.

Powell: That's correct, 25 cents on the east side and 10 cents on the west side.

Shanklin: For 25 years or more.

Tape inaudible (Hanna said indirectly they are paying for the line in the long run by reducing the cost of water. Smith said the water they are talking about purchasing is water that is being sent down to the creek and they get absolutely nothing for it.)

Morgan: Actually that's not correct. The facility on the west side is the type of facility that operates around the clock to produce steam, the east side plant operates based on market conditions for electricity so the west side plant will consistently use a higher volume of water thereby increasing overall revenues. I mean it will be a lot straighter line if you look at the revenue stream. So it will use a lot more water on a daily basis to produce steam for the industrial customers.

Tape inaudible (Hanna said if they reduce the cost from 25 to 10 cents it is still a 15 cent reduction.)

Morgan: Well, we look at it as, a different way, in Oklahoma City the rate for water is 5 cents per thousand gallons on our east facility we are agreed and it is public now I guess because we supplied our contract at 5 times that amount we felt that if we were going to build 8 million dollars worth of pipe line operate on a higher rate a higher percentage there was greater usage and that it was appropriate.

Vincent: I have one more thing if you don't mind, Mr. Baxter. On page, paragraph 12.7, which is the unforeseen events, we talked about that a little bit, it's on page 18. Excuse me, that's the wrong thing, page 10, unforeseen events, paragraph 5.4.2.

Shanklin: This is your revision.

Vincent: No Sir, this is their contract.

Shanklin: I don't have it. I don't need it.

Vincent: I understand the language there but we didn't provide for a remedy if there is a catastrophic loss to the City's plant.

Morgan: Right, there's no remedy, there is just a notification requirement that you tell us what happened, how long we're going to be, how long you're going to be unable to supply water, and that is a chance we all take, I mean.

Powell: Do you have a problem with that Sir.

Vincent: I don't.

Powell: Okay.

Vincent: I just wanted to make sure we understood.

Powell: Okay. What John's talking about there is if a tornado or terrorist or something bombs our plant out there what is our duty and obligation to Energetix and what is a remote possibility or anybody else that might be.

Morgan: Our plant may also go up in that same tornado.

Baxter: To the audience and to the Council, all these questions that have been asked in the last 20 minutes have been asked over the last two months during negotiations with Energetix and a lot more other questions. I have a question about the dime rate, the first time I heard the dime mentioned was last Friday and I understand that might have been mentioned to some previous people at an earlier date and I'm just curious as to why some of the other people that were on the negotiating committee did not get mention of that dime.

Morgan: Well all I, as I indicated Friday, and I didn't recall whether, or I didn't recall who was in the last negotiating committee meeting, the meeting prior to the last one there was some discussion about whether we should take potable water from the industrial zone, I guess it's the west zone, or whether we should build the pipeline facility to move the effluent to the industrial park. We had that discussion, we came back and in the last committee meeting that we had one of the things we said is you know, we are already paying a significantly higher rate than in any other municipality as far as an agreement on the 25 cents and so we said that we would consider that, but that we would need a significantly lower price on the west side and that it would produce a good revenue stream because of the operating nature of the plant. So we had that discussion, but there were lots of issues

outstanding prior to the, this council's vote, to do the RFP and a lot of issues weren't resolved at that point, I mean we left discussions at that point.

Baxter: Mr. Baker, do you, were you at that meeting.

Baker: Yes, I was.

Baxter: Do you remember that being said.

Baker: What I recall, I do not recall ever mentioning or anyone mentioning the 10 cents per thousand. . . .

Baxter: Thank you, that's all I want.

Baker: However, I'd like to finish, I do remember some discussion that because of the tremendous capital investment to build the line to the west industrial area that Energetix would like a lesser amount for that water, but I don't believe a price was ever mentioned.

Comments from audience inaudible.

Vincent: I found the document that you supplied to me, it was not the e-mail that you had at the meeting on Friday. This was supplied to our office on April the 10th, in the morning, immediately before the Council meeting that we decided to go out to RFP's. At that time it was my understanding that we were only dealing with the east plant, the Great Plains Energy facility, there is language about a 10 cents on here but it really didn't phase me because I didn't think we were discussing the west plant at that time.

Baxter: I know it didn't phase you, but it phased me because when I asked a question on Friday I didn't know the answer, and she already knew the answer and I didn't appreciate it very much by not having that information.

Powell: Any other questions. Yes, Sir, Mr. Purcell.

Purcell: I've got a question, because I think Bill, you alluded to it, there obviously between the two contracts, there is obviously not enough water, we can't sign a contract that says 8 million and the other said 5 and a half because we don't have that much. What is the real number that your asking for in the contracts were they to be signed, both the east plant and the west plant.

Morgan: Well what we proposed this morning was to leave the west plant agreement as it is and then change the language in the east plant to say if available. Part of the issue that arose Friday was there are some new concerns with the 165 million gallon holding pond we discussed before, that there are some DEQ permitting issues with that that have just recently come to light and so there are some concerns about needing to treat that water separate and apart from the treatment that it currently goes through, so those are some technical aspects that we can work through as well. I mean the treatment that needs to occur probably isn't very expensive and if it were to benefit people that you know that 165 gallon, million gallon facility there was available, then that is an option as well. There are some different ways to get there, it's just in the time frame that we're discussing.

Purcell: Well, okay, but I'm still not clear if you do 5 and a half million, which I believe is the new number we saw on Tuesday at the west plant.

Morgan: Right, that has been the number for the west plant.

Purcell: And if the east plant what's available, then what's to say we couldn't work with someone else to sell them some of that effluent water that's going to reduce the amount that is going to be available so that's where, this isn't making sense to me when I heard what's available on the east plant. Is there a minimum you want on the east plant that you're willing to purchase. If you put, in other words if you change the east plant contract to say if available, what's to stop the City from going out and selling 4 million gallons a day to someone else and therefore that falls within our 5 to 10 million, it's 5 and a half guaranteed to the west plant, 4 million to someone else, then what's available to you for the east plant is not very much except if it comes from the 165.

Morgan: We want to keep the 8 in there, but the concern is, because we are also looking at two years down the line and from our flow data we can meet it, but I know there is some concern from your water folks. What we are saying is keep the 8 in there so that we still have access to the 8, but that you don't feel penalized if you can only produce 7 or 6 and a half, and we design a pond on our facility to make up for any days in which there are those, you know, lesser amounts available.

Purcell: Okay, so we are still required to maintain the 8 for you but are you willing to entertain that if you want 8, that you will guarantee you will buy, I'm picking a number now, 4 from us every single day and pay for 4, or is it still if you don't need it you don't buy any.

Morgan: That's correct.

Purcell: Okay, thank you.

Powell: In the way that come up is they wanted 13, 13 and a half million gallons it's talked about on Friday, and there's not that availability as we are right now, and then it come up about the holding pond out there and Mr. Ihler addressed that issue about some DEQ requirements one thing that was discussed at length in there and so that's that reason of how that discussion came back this morning. Mrs. Moeller.

Moeller: I do have a couple of questions Ms. Morgan just for clarification purposes. On the west side you started with 150 to 200 mega watt plant, is that correct.

Morgan: 250.

Moeller: 250, and Friday the information I got now says 600 mega watts, is that correct, have you tripled it.

Morgan: 600 mega watts, that's been in the discussion since early February.

Moeller: I'm not part of those discussions, I'm just saying the information I got Friday it started out roughly 200 mega watts and now it's tripled, but is that your intent.

Morgan: The number is 600 mega watts that was determined during engineering and design and it was communicated to the negotiating committee.

Moeller: My question is, is that correct.

Morgan: That is correct.

Moeller: Okay, the water you want on the west side has jumped now to 5.5 million gallons, correct.

Morgan: That's correct.

Moeller: Is it going, because of some of the language that is given to us, and realize some of us didn't get this information until Friday, we're not part of the negotiating team, that is either or effluent or potable or is it effluent only.

Morgan: No, treated effluent only.

Moeller: Treated effluent only on the west side.

Morgan: That's correct.

Moeller: It's jumped up to 5.5.

Morgan: That's correct.

Moeller: No potable water at this time.

Morgan: No, this contract does not cover potable water.

Moeller: Good, that's what I wanted to know.

Powell: Any other questions. Any questions.

Shanklin: Yah, this left side's got several when you get around here, is the right side through. Are you all through over there for about 30 minutes. Mr. Burgess you can probably answer this. You mentioned speed, speed, speed, speed, I'm for it, I'm for that Goodyear more than any of the others. I assume that Energetix staff has designed for these three plants, four plants right now is that not correct, Arcadia, Thunderbird, and the two here, do they have designs in their possession, their staff, do they design their plants.

Burgess: I don't know if they have it in their possession but obviously they've designed the plants.

Morgan: Right, which plant are you asking about Councilman.

Shanklin: All four of them, if you was to receive the permit, that's what we're all looking for, is the permit, and all in three or four months time these four plants, you can build all four of them, do you have the staff to do that.

Morgan: That's correct.

Shanklin: Where abouts are they located.

Morgan: I'll go through this, the plant in Luther, Oklahoma, breaks ground in May, the plant in Cleveland County, breaks ground, is currently scheduled to break ground in August and then we've got the two plants here as well as one in Muskogee County.

Shanklin: But your staff builds them, you build them yourself.

Morgan: No, every company would hire an EPC contractor, someone who specializes in the construction of these types of facilities.

Shanklin: And you're talking, you're looking at four and four more being built, how do you rank Lawton as, in your repertoire of plants.

Morgan: I don't understand the question.

Shanklin: Well, I mean, priority, you're obviously not going to build them all, we're on the end of the grid system here, I mean, I'm a dummy but I'm not that dumb, we can't just, there can't be that much demand for this power and these transmission lines will not carry what your designing. How are you going to do that. I'm just trying to get away from the fact that you are trying to tie up the water for two or three years, because I believe that, or you can convince me that you aren't trying to tie all of our water up.

Baxter: She's changed the east side contract for a one year option, she's only . . .

Shanklin: Then you, for \$10,000 more if I remember it, you can tie it up again.

Baxter: It goes back to a one year option.

Morgan: This morning we proposed eliminating the second year.

Shanklin: Oh, you did.

Baxter: That's right.

Shanklin: Okay, well fine. Will you have any equity in these plants when their built.

Morgan: We should, yes.

Shanklin: You'll have some equity.

Morgan: We should, yes.

Shanklin: The word should, will you or will you not.

Morgan: We will, I don't know what the financial arrangements at the end of the day will be, in the facilities we have this far we have an equity interest in those facilities.

Shanklin: Well, how do they convey their water rates in this new contract, in the old contract, can they sell these water rights to someone else.

Vincent: The answer to Mr. Purcell's question was that they cannot sell the water rights, I have been unable to find that language in the agreement and if Debra gets a minute I would ask her to look for it but I can't find it, it would appear to me that they can.

Shanklin: But they can.

Vincent: Yes, it would appear to me that they can, yes Sir.

Shanklin: But you don't want us to transfer it because you're going to build these yourself and operate them.

Morgan: Right, we're not going to be a conduit and sell water to other parties based on this contract if that is what I understand your question to be.

Shanklin: I hope you can put it on the transmission line.

Morgan: Are you talking about the transmission of electricity.

Shanklin: Yes ma'am.

Morgan: Yes, we have transmission rights currently under study by the Southwest Power Pool, we have reservation rights for hundreds and hundreds of mega watts currently in the queue for review, we have our own expert consultants who have reviewed transmission capacity and available transmission in this region.

Shanklin: If you only got the permit for one and it wasn't the west side, the one I'm interested in, the east side, would that still be a priority for you, if you couldn't get them both.

Morgan: That's correct, but I don't believe there is any reason why both permits, are you referring to Department of Environmental Quality.

Shanklin: Yes ma'am.

Morgan: Yah, both permits should be received.

Shanklin: You really believe that we'll get them then.

Morgan: Yes.

Shanklin: You have to say that, but, in reality . . .

Morgan: No, on a technical basis there is a strict technical review of emission data, we've done the modeling and the study, if you're under that they're required by law to issue your permit.

Shanklin: Okay, I just ask these questions because we have a bunch of people out there that have a belief in that the Council doesn't want to do what's right and I just wanted to be able to, I'm looking you guys in the eyes out there cause in six, seven, eight, ten months from now, I'm going to come back and tell you, okay. I want you to know that David Means, the little man sitting beside you, Johnny, there's more to this than this Council knows. I'm for it, I want to sell it, I'd give you that water if I could to get out to the west side, but I don't have that authority. I'm for it but I have a, it's still, we just don't have all the answers. Thank you Mayor.

Powell: On this left side, Mr. Haywood and then I'll come back to you Barbara.

Haywood: Ms. Morgan, when you come here to build these plants, will you purchase the supplies from Lawton, Oklahoma, or will they go somewhere else.

Morgan: Well, we normally work with the contractor, in our facility in Luther they are purchasing as many things on a local level, and that includes on a state level as well, because transportation costs are very expensive. Vectal is building that facility, they're holding job fairs and vendor fairs at the local community college and technical institute in order to attract local vendors and suppliers as well as work force. So I can go by that experience to tell you how I believe this would work.

Moeller: Clarification, would some of these changes have just come here this morning we have no knowledge of what's going on, (tape changed) and your asking for, correct me if I'm wrong, a one year exclusive option on 13.5 million gallons of effluent water, correct.

Morgan: That's correct.

Moeller: At the end of that one option period and you have not started construction, what happens.

Morgan: Well the question is whether we exercise the option or not, if we exercise it then we actually go into the purchase part of this contract, if we don't, we just lose our option money.

Moeller: So for one year we have an option, at the end of that you either exercise your purchase contract or it's over with, is that correct.

Morgan: That's correct.

Moeller: Do you have a time limit as to when you would start construction, assuming that you exercise the option.

Morgan: Not at this point, I mean our activities have been suspended at this point.

Moeller: So if you exercise the option, then at the end of that one year period it will be all over, you'll either go forward with the purchase contract and build or that's the end of it, is that correct. Am I understanding that correctly.

Morgan: That's correct.

Hanna: At the end of that one year if they decide to go forward and take what, two more years, three more years to get everything on the road and everything going full steam.

Vincent: Up to 31 months.

Morgan: It depends on where we are in the development process. I mean, we could begin construction in December or January and if the option continues to go until April, we may not exercise the option actually until April. So other things may be underway as well so it's not just, you know, a time line that's consecutive in nature, it could be concurrent.

Powell: Any other questions.

Devine: I've got a couple.

Powell: Okay, Mr. Devine.

Devine: Something concerns me that PSO is buying 3 and a half million gallons of water per day from the City of Lawton regardless of whether they use it or not, why do we want to make an exception. Next thing is, if they say, Energetix says that they have so much money invested in this community already why would they be afraid to put up a performance bond if they don't intend not to build a plant here. These questions really has not, we've went all around it this morning and never come out and really flat asked the question, what guarantee do we have that Energetix at this time is even going to build a plant here other than just tying up the water sources that nobody else can. If they put up a performance bond that shouldn't amount to anything for them, I think it's one percent of the contract, that's going to be somewhere close to that. John you're a little more familiar with that than I am.

Vincent: Performance Bonds vary anywhere from, depending on the size of the contract, anywhere from usually one percent up to ten percent depending on the value of the contract.

Devine: That's what really concerns me because you are looking at \$20,000, \$50,000, \$100,000 whatever to put up a performance bond, if you are planning on performing you shouldn't have any problem with that, none whatsoever. That's the reason why I can't, I'm really concerned about that and then you turn right around and make a statement that and it's if you do not sign this contract for this, now you need to make sure, you need to make sure that you acquire performance bonds from the other two companies that's applying for this and those really concern me.

Baxter: That's for RFP's if you'll read that statement.

Devine: Well, I understand that Mr. Baxter.

Baxter: This is not an RFP.

Devine: I understand that, but a performance bond is a performance bond, and that depends on whether they're going to perform or not and no more money than we're talking about on a performance bond. We're not talking about, they don't have to put that actual money up, they pay a bonding company to put that money up. That gives us a little bit of insurance that these people are going to go ahead and perform to what they say they are going to do. Other options under \$20,000 or 440,000 are tying up every bit of our water and that stops any other company from coming in here and wanting it at all and they aren't even going to pay a nickel for a drop of water if they don't build a plant and even if they do build it they are only going to pay for what they use on a daily basis. PSO pays for every bit of their water, 3 and a half million, am I right Mr. Alston, it's 3 and a half million dollars, gallons a day you all pay for.

Baxter: That is correct, it's 7 cents per thousand.

Devine: I understand that. I'd rather have the 7 cents a gallon for the 13 million or 8 million they want and get it every day as not get anything for something that is going to sit there from now on.

Baxter: Mr. Devine we've tried . . .

Powell: If they invest 8 million dollars do you think they are going to let the plant sit there idle.

Devine: Then why should they complain about putting up a performance bond, Mayor.

Powell: I'm not talking about that, no, you brought a different scenario, they're not going to spend 8 hundred million dollars and let the sucker sit there and not produce.

Baxter: We tried to. . .

Devine: Who says they're going to spend 8 hundred million dollars.

Powell: Well, that's the figures I've seen.

Devine: They're not going to spend a penny until they build something.

Baxter: We tried to negotiate all of that stuff. All these questions that you guys got have already been brought up, they've been, we started at draft A, we're at draft F in the contract now. It's been shot up and shot down and shot up and shot down, every single one of them questions that you guys have, the same negotiating committee, Mr. Baker, Mr. Ihler, me and some other people had all those same concerns, they shot all those down. It's pretty much take what's in there with the amendments they made verbally this morning.

Devine: And I could not support that at all.

Powell: Okay, is there any more discussion. I think it should be fair at this point in time, before I call the roll, is there anybody in the audience that would like to speak to this. If you do. Ma'am.

Inaudible comments from the audience.

Powell: Well, before we have your action, what you want ma'am. But I sure do understand you have to have a motion before you call the roll, I understand that quite thoroughly. Anybody in the audience like to speak to this, if so, come forward, state your name, your address, and your concern. Yes ma'am. Come forward please. This is for a matter of record ma'am this is not my rule.

Guthrie: I'm Margaret Guthrie, Route 1, Box 10, or excuse me, Box 13, Lawton. We're at the section or the quarter section is directly north of the site on 60th and this morning, when you've been speaking of the west side and the east side I don't know if you're talking about that location or another location.

Powell: No ma'am, we're not, they're not talking about that location.

Guthrie: Okay, I appreciate that, thank you.

Powell: Thank you ma'am. Anyone else like to come and address this issue. Okay.

Shanklin: Before we voted on this to get this contract in front of us, then was amended, and then make it legal the next council meeting, or are we voting to make it legal right now.

Powell: It's your all's decision.

Shanklin: Well, you can't do it right now till we see it.

Inaudible comments form the audience.

Powell: I've asked if anybody wants to come speak and I've said if for 15 minutes and begged anybody to come up here, they've had the opportunity, I'll still open my arms, anybody want to come up and address this issue.

Berryman: My name's Hugh Berryman, I'm Vice President of Smith Cogeneration. It's a pleasure to be invited to speak to you. I live at 2701 Grand Boulevard, Oklahoma City, Oklahoma, 73116. I am puzzled why I have anything to speak about to you, I'm not a part of these negotiations, I haven't been invited to negotiate with the City. It looks like your negotiating exclusively with one party. It's your resource, it's your choice, if you choose to pin yourself to that, that's your deal, I wish you the best of luck. I think you should use your resource wisely, I think it was wisely acquired in the past, I'm impressed by the amount of water the City has. I think there's enough water for everyone and am confused as to why one company would demand all the water unless it's a self-serving interest. My company doesn't demand all the water, we believe there's enough water for more than one company to compete for and that's all we ask is a fair ground to compete for your water. Thank you very much.

Powell: Thank you, Mr. Berryman.

Smith: Mr. Mayor, if I may make a statement on that. What was discussed Tuesday night and was clearly stated by Councilmembers up here, that raw water was what was going to be discussed with the other folks, and effluent was

going to be discussed with Energetix and that was clearly stated Tuesday night.

Haywood: May I ask something else. Mr. Baxter, how do you feel, are you satisfied with the contract.

Baxter: I've been through hours, upon hours, upon hours of negotiations with Energetix. There's been a phenomenal amount of people call me on this issue that wish for us to accept these contracts. I still believe that companies like SmithCo can still participate in the RFP program and still have a chance to build their plant in our City too along with Energetix' plants. It's something they'll have to negotiate with PSO on getting on the power grid and updating PSO's power grid. But as far as us having enough water, we got enough water to take care of everybody.

Haywood: Mr. Baker, how do you feel about it, you've been in negotiations.

Baker: Can I ask a question first.

Powell: Yes.

Baker: I'd like to ask Energetix a question because I am concerned in entering into a contract for 13.5 million gallons of effluent when we effectively have about 9 available per day. Now, you did say earlier for your east facility that you would consider if available. The question I have, you know that we can make it available by additional treatment, we can change some piping in the plant and recirculate from the effluent holding pond and run it through the last two parts of the plant, obviously there would be a cost associated with that. Would you be willing to put that phrase in there, if available and at no additional expense to the City for providing. Because, you know, we've had these discussions that we could possibly handle the 13 and a half but it would require some modifications to our plant.

Tape inaudible (Burgess said yes, they don't want to incur any additional expense other than what it costs to currently release the water into the creek.)

Baker: Okay, Councilman Haywood, in answer to your question, I have reviewed these contracts hour after hour also and I've set in all the negotiations and obviously I'm not perfectly happy with this contract. There are some things in it that concern me, I think there's some things in it that concern other members of the committee including the City Attorney, but when you look at the tremendous potential, the potential to benefit this community, the amount of funding that we're looking at as far as infrastructure improvements, the possibility of jobs, I think there's a good possibility, and I'll go back to the meeting in January when Council heard the proposals from the companies, my recommendation at that time was that it was obvious, at least to me, that Energetix was bringing the best proposal for this community. I still agree with that, even though there are some things in the contract I would like to see changed to protect the City's interest, I think at this point if it's either a take it or leave it, I would recommend taking it because there's a tremendous potential to benefit this community.

Shanklin: I only have one other statement Mayor and that's you and I attended last Friday, up to that it'd been Mr. Baxter and the rest of the Council, their out in limbo and I would, when we go to vote, I would want to say that the contract we are going to accept the remodified, revised, or however you want to call it contract, with Mr. Vincent's concerns typed out so that we can see one document instead of four or five before we vote on the next Council meeting.

Purcell: Well, I feel the same way. From what I hear this morning, with one exception, I want to discuss in a second, I don't, I think I agree with accepting the contract but I'm not sure what we've got in here. I went through this one, we had the one was done a while back, is there any way, John, that you can get those done today in a new typed up contract that we could, I'm not sure of the right term, we continue this meeting till tonight, or tomorrow, or something like that so we can have what the new contract says in front of us before we vote.

Vincent: What we have done, this contract, these two contracts that you have here came from Energetix, we have attempted to put these on our computer through a scanner and it became obvious to us, through the scanning process on Friday, that we didn't get all of the document scanned in because of the way the scanner scanned. I would have to ask Energetix, since they have the master document on their computers back in Oklahoma City, if they could get this prepared because otherwise it would be a very lengthy process.

Morgan: And I would suggest that we just prepare a separate and distinct amendment so that you know that the contract is the same contract that came to you Tuesday. As I have recorded there are four items that need to be addressed and I would recommend that we do that in an amendment form so that it's clear we've addressed all those issues as outlined today as opposed to people trying to pick through the documents in another round. That would be my proposal.

Powell: In other words, leave the contract as it is but make amendments to it, those that have been discussed this morning and agreed upon.

Morgan: That's correct and I recorded four: one is limiting the option to one year on both agreements but striking the second option period; taking the east or Great Plains facility, making it contingent upon the availability of water, and including Mr. Baker's point about cost for additional treatment to make some of that water available; and then a statement regarding the rural water district issue and its applicability to us on our east facility, those are the four items I have.

Powell: Okay.

Baxter: Okay Council I'll make the motion that we approve both these contracts with the amendments as read.

Smith: Second.

Powell: Okay, we have a motion on the floor and a second that stated . . .

Devine: I'll make a substitute motion.

Powell: Wait just a moment . . . Okay, Mr. Devine.

Devine: I want to make a substitute motion that we table this till Tuesday week, our regular Council meeting, give them time to get all this written out, not try to shove it down our throat so fast, give everybody a chance to look at it.

Hanna: Second.

Powell: Okay, we have a substitute motion to table this until Tuesday week, we do have a second to that motion.

Baxter: Can I make a comment.

Powell: Gotta go, call the roll please, this is on the, this is on the table, this is a substitute motion, no more discussion, per the rules, please call the roll. (end verbatim transcription)

Clerk called the roll as follows: AYE: Hanna, Devine, Shanklin, Moeller. NAY: Purcell, Haywood, Baxter, Smith. Tie Vote. Mayor Powell voted NAY. MOTION FAILED.

The following portion of this item is inserted verbatim as follows:

Powell: Table failed, now vote on your original motion. We can have discussion now right.

Vincent: Correct.

Purcell: I'm not prepared to vote on it right now. I want to see the words and I don't have any problem with what Debra suggested that they do it as an amendment, but can we, John, this is a question for you, can we not continue this meeting or whatever the appropriate term is, till tonight, tomorrow night, some other time, and I don't want to wait until next Tuesday, but . . .

Vincent: The meeting can be recessed at the motion of any member or direction of the Mayor for whatever period of time, we can't add things to the agenda in a recessed meeting, however, we do have two other agenda items on here we may want to deal with before we move . .

Purcell: Deal with before we do this. Yes, I understand that, but what I'm saying is I don't want to wait until next Tuesday, but I do want to see what is in the amendment, I want it in front of me, I'll make sure I understand what's in here. This is important and I want to be able to read it, I don't want words back and forth.

Powell: Energetix, how long will it take you to get those amendments in writing.

Tape inaudible from audience.

Powell: Within a couple of hours.

Response inaudible from audience.

Powell: Okay you can get those back in writing in a couple hours. Okay, 1:00 p.m., does anybody have a problem with 1:00 p.m. (Councilmembers responded they would be unavailable at that time.)

Powell: 1:30 p.m., does anybody have a problem with 1:30 p.m. today. (Councilmembers responded they would be

unavailable at that time.)

Tape inaudible (Shanklin asked if they are going to vote on this today.)

Powell: Yes, that's after its' in writing.

Shanklin: It would be all over with, they don't have to approve it again at a Council meeting.

Vincent: What the suggestion is, that's not the motion on the table, but what the suggestion is, is that the motion be amended to allow staff and Energetix to get together, prepare the amendment and then bring the whole deal back to the Council so that sometime in the very near future if not today . . .

Shanklin: This says take action as necessary, that means that we can vote for it today and . . .

Baxter: I made a motion to vote and it was seconded.

Powell: We do have a motion on the floor, what the motion is on the floor is. . .

Shanklin: I need to know so I know how to vote.

Powell: Okay, well the motion on the floor is this, to accept the two contracts as written with the amendments that have been agreed upon today, in writing, then we've got a second to that motion. So the motion is to accept the two contracts, and leave the contract as it is but to have the described amendments in writing attached to it that's been agreed upon this morning, that's the motion and a second to that motion, is that right Mr. Baxter.

Baxter: That's correct.

Smith: Council we can discuss this to death all day long. We've already had the amendments explained and spelled out I don't see any point in dragging this out any further.

Shanklin: The only thing I had was that the City Attorney has rewrote the contract and a few, and if you have spent all the time that you have done on this and you can throw it out the window, I want to know what in the hell we have been doing this for. I spent three hours myself going line item by line item.

Baxter: We've been doing this for . . .

Powell: Just a minute, Barbara Moeller please, she's . .

Moeller: Mr. Shanklin, their asking us to vote on verbal addendum's and that's my only objection, I'd like to see it in writing. It's been verbal agreements and until it's in writing, I'd like to see it in writing.

Tape Inaudible (Smith asked Vincent if the verbal agreements they have on record would hold up in a court of law.)

Vincent: No sir.

Powell: Respond to Mr. Shanklin please.

Vincent: Mr. Shanklin, we were in active negotiations with Energetix up till April the 9th and most of the documents that you've looked at, and the changes you've looked at, occurred up to that point in time. I realize that subsequent to that we've prepared another draft called draft F, but that was really kind of a compromise position that we were preparing going into Friday's negotiations and I don't feel that any of the time has been wasted. It has been good productive time, I would like to invite Mr. Burgess and Debra to meet with Randy as soon as this meeting is over with, they can sit down in our office, at our computers, and we can knock out those amendments today.

Burgess: But I would like the Council to understand something, Mr. Vincent, if they vote to approve the contracts that we submitted last Tuesday with the amendments that have been stated today, and those amendments are reduced to writing as part of the contract, that is a binding contract.

Vincent: Yes, if they're reduced to writing.

Burgess: But I mean they can vote right now and we reduce those to writing, and assuming they are just as we outlined them, then that is a binding contract, they don't have to come back and vote on this again.

Vincent: No sir, that is correct.

Baxter: Council, I don't believe that Mr. Burgess is going to stand here at this podium and try to trick this community, he's a man of stature in the community and he's going to stand by his word and he's going to put the

amendments on paper and attach them to this contract.

Powell: We do have a motion on the floor as stated, we do have a second to that motion, please call the roll.

End of verbatim transcript.

Clerk called the roll as follows: AYE: Purcell, Shanklin, Haywood, Baxter, Smith. NAY: Hanna, Moeller, Hanna. (Moeller initially passed and then voted no). MOTION CARRIED.

Vincent invited Burgess and Morgan and Randy to get those amendments completed.

The Mayor and Council recessed at 10:10 a.m. and reconvened at 10:20 with roll call reflecting all members present.

2. Discuss the Consolidated One-Year Action Plan for FFY 2001 and provide guidance as appropriate. Exhibits: Funding Requests; Proposed Funding; Summary of CPC Hearing; Handouts from April 24, meeting; CDBG EXCEL Worksheet - Requests and Funding by Project Category.

Powell said this is not intended to be a public hearing, the Council wanted further discussion before going to a public hearing and the public hearing will be held on May 8.

Purcell said he would prefer to listen to anyone who wants to speak this morning so they won't have to have a huge meeting on Tuesday.

Powell said they will listen today but there will be a public hearing on May 8.

Shanklin said they received the comparisons of what Purcell had asked for and asked if he had gone over them.

Purcell said he really didn't get what he asked for.

Shanklin reviewed the amounts on Appendix 4 of expenditures in Wards 3, 5, 7, 1 and 2 and said there was only \$45,000 that went to roads, sewer and water lines, etc. He said Ward 3 had approximately \$247,000 and he wanted to address those because they are spending approximately \$200,000 over 23rd and Williams that he opposed because they have promised people they would do things in Ward 5 on SE 7th Street and it has again been overlooked. He said on 23rd and Williams, some of that can either be on the CIP, the water line if that is that bad if it is prioritized on that list then fine, if not, it shouldn't be that bad and they shouldn't be spending \$80,000 if it is not high on the list. He said there are a couple of intersections that need repairs. He said they had some people that talk to them as to how they are going to spend the 15% and that is where he thinks they need to listen to the newcomers and some of those who have an enhanced program and he didn't know they were subsidizing some of them forever and maybe they can find that out.

Haywood said he went to the first meeting for Ranch Oak and due to the water problems in Ranch Oak on Belmont to Overton he requested a water line be included on the list. He said he was the first one on the list but didn't make the list at all.

Purcell asked Pondrom if he had another handout for the public service requests and the years. He said the last time Pondrom provided the unfunded requests at the bottom and they don't know which category it fits into and asked if he had one that shows just the public service. He said he needs to know on the unfunded requests on the bottom, where do they fall. He said they only have \$176,000 because of the 15% limitation and there is a lot more dollar request's than that. Pondrom said Exhibit E shows unfunded and funded, its the last page.

Purcell said Exhibit E shows what is unfunded under public service and there was over \$400,000 requested in the public services arena of which they can only give out \$176,000. He said the dilemma is making the determination as to who will get the money.

Powell said there was \$220,513 requested and the recommendation is \$176,000. Purcell said there is an additional \$193,000 on the unfunded public services and added together it is over \$400,000.

Pondrom said he put the water line under infrastructure but didn't have a chance to get an estimate of what it would be, which was the request from Councilman Haywood, and put it under the unfunded items on page 2 of Exhibit E, Waterline-SW Arbuckle Ave. He said he hadn't been able to get with the engineer's for an estimate but could have it by the public hearing.

Pondrom said he had some concerns after discussions with the City Manager and Assistant City Manager, they have had a change in the HUD office on the interpretation of some of these regulations and he mentioned it in his cover letter. He said he endeavored to interpret the regulations to serve the most people in the City of Lawton,

they had a difficulty when they started this because they had more requests than they had funds and in the Youth Pregnancy Prevention Program they shifted some of it to the economic development category because he thought the regulations can be interpreted that as long as you are providing the job training type services, and the end product is the creation of a new job, and that is evidenced by having a contract, that it can be considered economic development. He said there is a new Community Development representative at the Department of Housing and Urban Development who doesn't interpret it that way and they have had discussions about it. He said they will be here in June to discuss the entire program and, in anticipation of some of the things he may interpret differently than Pondrom, some of the activities would not be eligible as economic development and would have to be thrown in with the already tight requests for public services.

Shanklin asked if they are wasting their time until June. Pondrom said he needs some guidance from City Council as to how they want him to interpret it, if they want him to interpret it the way he has for the past 27 years or do they want him to try and anticipate. Pondrom said Councilman Purcell has said that sometimes it is better to seek forgiveness than it is to ask permission and Pondrom has operated under that concept as long as it was a reasonable and rational approach to the interpretation of the guidelines and regulations to go ahead and fund some of these activities. He said from his discussions with the new Community Development representative he isn't going to allow that.

Haywood asked for the name of the new representatives. Pondrom said Hilliard Barry.

Powell asked Pondrom to review the requests, how he arrived at the \$413,933 and the recommendations on Exhibit E, FFY 2001, under recommended requests and the rationale.

Pondrom said he would like to go by each project individually. Powell said to start with MedTrans, Exhibit E, and explain how that was arrived at.

Pondrom said they requested \$48,513 and he rounded it to \$78,000. He said they have been funding the program since 1992; they requested \$78,000 and serve a lot of people doing a good job in primarily serving young ladies that need prenatal care for their babies. He said when the eligibility issue came up he checked that through all of the regulations, they are a public service activity and would have to be subject to the 15% cap. He said he thought they needed to continue this and there were some questions regarding the bus system but it is too early in the bus system to say that pregnant ladies will have to take the bus rather than having MedTrans pick them up to take them to their appointments and too soon to do away with the program. He said they have been having discussions for at least a year that there may be some savings later by combining some of the MedTrans with the bus system but it is too early to do that because although the buses are being ordered, they aren't here yet and maybe after they operate the bus system for six months they can do something at that time and he is therefore recommending \$78,000 for MedTrans.

Haywood said MedTrans also takes children to a day care center and work until 10 to 12 at night. Pondrom said that is an issue that came up this year because MedTrans ordinarily works an 8-hour day. He said Mr. Gunter did have some other needs for MedTrans but the dialysis and other programs were offered after 5:00 p.m. and he didn't have money in his budget to provide overtime and Pondrom told him to address it during the next round. Haywood said they are cutting him \$513.

Pondrom said they would negotiate the contract with MedTrans as needed and pay overtime to serve the needs and that would have to be negotiated with Mr. Gunter.

Shanklin said they increase these on a yearly basis and asked who audits them to see that the increases are justified. He said the bigger the budget the more people they can hire and asked if they are audited to see if the requests are all warranted. Pondrom said they audit them for compliance with the regulations, whether it is warranted or not, it is a judgment, he looks at increased fuel costs and cost of living for staff and it doesn't seem to be an exorbitant increase.

Pondrom said they are doing what they say, it is being spent where it needs to be spent, it meets national priorities and HUD guidelines. He said they hire an auditor and provide a copy of their annual audit.

Purcell said he wasn't concerned with the audit and that they aren't spending it as they're supposed to but, because they are limited to the \$176,000 and can't exceed that, 44% of the total amount they have available again this year they need for MedTrans, that is an awful high amount. He said they perform a good service but so do all the other people. He asked if there is any other possibility of MedTrans getting any other kind of grant or help from someone else so they could reduce the amount of money we give them and use some of the money for some of the others that are also worthy causes. Pondrom said he didn't know of any.

Shanklin asked if he wanted to throw in the other \$67,000 and two entities get 85% of it.

Purcell asked to talk about MedTrans first, and asked Odell Gunter if there are any type of grants he could get to help anywhere else where they could reduce that amount somewhat.

Odell Gunter, Executive Director of the Great Plains Improvement Foundation, 325 "C" Ave., said no, there isn't any other source. He said part of his presentation was going to be the history of MedTrans. He said in 1990 the City of Lawton saw a need, through a survey, to offer assisted transportation to their teenage pregnant mothers who needed prenatal care. Since that time they expanded to taking individuals to medical facilities, DHS, other places within the City of Lawton. He said MedTrans is a City requested program for public services within the community and he read a statement from the Lawton Area Transit System Plan approved by the City Council having to do with wages, "bus operator wages are projected to start at \$7.50 per hour and an increase at 3% per year" and said his employees are receiving \$6 an hour, probably less than any one of the City employees are receiving. He said they are CDL qualified and could probably leave the agency once the new transit system arrives and start working for \$7.50 an hour, they are put on a shoestring budget to manage a program for the City of Lawton and they are asked to be cut. He said a .07% doesn't seem much to anyone but it does to Great Plains, when he looks at the other programs with 23%, 17%, they have been operating this program for 10 years and there is a clause in their contract that states that within 30 days you can terminate this contract, if transportation is no longer needed for the City of Lawton those entities who need that, he would say to terminate the program and put that \$70,000 to better use if that is what they want to do. He said he is concerned, when they are talking about pulling out and knows they have to look at longevity and establishment in terms of what they have provided to over 200,000 some people during the course of a year and with fuel and maintenance cost on the vehicles, the City owns one and Great Plains owns one and he didn't know how they could operate for any less than they are and didn't know of any funds out there. He said he would like to be able to tie onto the transit system when that happens but are they going to decrease the funding for MedTrans in order to subsidize or maybe help others and knew there were others that were in need of this program. He said the Great Plains doors are not going to close because of the loss of MedTrans, they have three employees working and would hate to see them lose their jobs and would like to see them receive an increase in pay. He said they have been operating for the past two or three years on this budget and he has a budget his secretary did that raised the employee's pay to \$6.50 an hour and that budget, if it were to be approved or accepted, would be \$85,975, about \$7,000 more than what they are asking for now and that would be his proposal, to allow him to give his staff raises in line with what other people do within this city for CDL drivers to receive \$6 an hour.

Shanklin said they don't see that, Gunter has three employees that pays, maintains the equipment and fuel. Gunter said that is right and he has a budget he could provide them with that is \$85,000. Shanklin said he would just like to see how the money is spent for anyone who is requesting funds.

Smith said all they received was MedTrans \$78,000 and they need to see a breakdown of where the \$78,000 is going.

Shanklin said they need that information for every one of them to justify the expenditure.

Gunter said the budgets are submitted with their proposals. He said the budget he provided to the Council is the budget which includes the \$6.50 an hour for the drivers which is \$85,000 and would be their budget.

Baxter said that isn't going to change their office rent or telephone, etc. Gunter said that is correct, all they added to that was the increase of salaries.

Gunter said the one that was provided with their proposal was for \$78,513. He said there is a need for the transportation and the transit survey indicated transportation was the number one priority in the community and sometime they need to look at those priorities within the community to establish the criteria they set for doing their CDBG.

Baxter asked what the fringe benefits are for the director. Gunter said that is insurance, workers' comp., general liability insurance, those things that deal with the insurance of the agency and the agency is costly, it also includes FICA and other taxes.

Purcell asked if the director's entire salary is being funded out of the MedTrans funds. Gunter said no, 80%. Purcell said the information shows the director's salary is 80% at the top and then 20% of the directors below and unless he is reading it wrong that is 100% of the director's salary is being funded from MedTrans. Gunter said the salary for the transportation program director is being funded through MedTrans.

Smith asked if that could be incorporated under the domain of the director of the overall operations. Gunter said they have directors over each one of their programs and for Gunter to assume control of that would be more than he could probably handle having about 12 or 13 different programs and the transportation area has two drivers and a director. Smith said he is paying one person to boss two people. Gunter said the director runs a transit program which is a pretty difficult task when you are scheduling, maintaining the vehicles and they use the City maintenance shop for one of the vehicles that is assigned to MedTrans.

Haywood asked where they get their fuel. Gunter said the one the City owns is fueled at the City and the other has

to be fueled commercially from a local vendor. Haywood said if they were taking them both out it would be much more than this. Gunter said yes, they pay what the City pays per gallon for one of the vehicles.

Gunter said he would definitely look at the budgeted increases he provided and it would cause a hardship to the citizens that use their services and would have an impact on them.

Shanklin said in the 10 years it has grown \$28,000, it started at \$50,000.

Pondrom reviewed the Hospice request and the number of people they serve and said they fall within the 15% cap which means he had to reduce them to \$18,000.

Shanklin said he doesn't want to argue about Hospice but if he was told correctly, they receive \$125 a day whenever they have a patient and the total budget was \$721,000. Pondrom said for all Hospice care, this project takes care of those people who don't have insurance, or any means to pay for Hospice care and they funded that in order to give low and moderate income persons the chance to die in the same dignity and care as other people.

Shanklin said you can see 170 people for \$721,000, you can see that it's expensive.

Smith said the 169 represents the number of people that were assisted into the afterlife, it doesn't include the family members and the broader web of people that are actually effected and asked how much time is spent on each one. Jeff Henderson, Hospice, said they have some patients that come under their care and die the next day and a few patients who have been on over a year, but the average is 45 days a year.

Smith said it goes well beyond when the patient actually passes on, it continues with the survivors of the patient, they offer counseling and further help at no charge to family members. Henderson said they give service to the family members for one year after the death of the patient which includes bereavement services if the family desires.

Henderson said the \$125 a day mentioned by Shanklin is actually \$106 a day which is only for Medicare Eligible patients; private insurance pays about \$95 a day on average and they initially had 15 patients last fiscal year they served that had no insurance at all, one of those was a four month old baby and of the 15 patients, \$93,000 of the \$721,000 went to the 15 patients with no insurance. He said health care is expensive, there is a national study that Medicare eligible patients that go into the hospital, their last month of care in the hospital will be over \$2,000 a day whereas with Hospice services in Lawton, it is \$106 a day.

Purcell said Council is in the unenviable position of having \$414,000 worth of requests for needy, great organizations who perform a service to a lot of people in the community and they can only give out \$176,000, which is less than 50%, and that is their dilemma and didn't think there were any of them that say they all don't deserve it, the problem is how they are going to split it up.

Shanklin said to discuss it helps the Council and those making the requests.

Pondrom said there is an issue he had asked about regarding the philosophy and how to interpret the regulations and didn't get an answer. Purcell said his philosophy is that it is better to ask forgiveness than ask permission so maybe they should interpret as they always have and if the new person comes in and says they can't do that then they can deal with it at that point.

Baker said he has discussed this with Pondrom and agreed with that, they should continue as they have, if it is kicked back at the State level then they can reprogram those funds, they won't lose any funds if they deny a program and thought Purcell's suggestion would be the wise course of action.

Shanklin asked why the program is a border line in Pondrom's opinion as far as legality.

Pondrom reviewed the Teen Pregnancy Prevention (Not Y.E.T.) slide and said it is considered a health service and there probably wouldn't be any question about this, there may be some procedures in the program they can question but didn't think it would be a question in determining this programs eligibility because there are others on the list that fall under that category of borderline but didn't believe this one is.

Shanklin said Pondrom said the new person with HUD is coming in June and Baker said something and asked what program they are talking about. Pondrom said they would be talking about ZOE Need, Youth Employment and Economic Development which are borderline based on the interpretation that he has from their new representative. He said if he brings up a question, in addition to what Baker said, they may have to pay it back or reprogram the funds, there can be a good argument made for convincing him the money was spent correctly, he didn't think there is any intent to get around the regulations or to do anything that is not in accordance with the regulations but it is a matter of interpretation and in the research over the weekend on these two projects, if they file and include an appendix to their plan this year in neighborhood revitalization strategy, that includes the

Lawton View area as the Neighborhood Revitalization area, all of the elements for a revitalization plan that is required by HUD are in place dating back to Urban Renewal days, to Model Cities to Weed and Seed, all the elements are there for the neighborhood revitalization strategy.

Shanklin said they are on this Teenage Pregnancy and asked if they have had an audit of how much money they spend for salaries, etc., and asked if it is all for salaries. Pondrom said yes, they did. Shanklin said he wants to see what they spend the money for.

Baxter said what Gunter provided was perfect, it's a breakdown of their budget and that is what they need for all of them.

Powell asked if Pondrom could get that prepared and get it to the Council by Wednesday or Thursday of this week.

Shanklin said they would like to see what is going on and what it was when the program was incepted, the money they received, they are only going back to 1999 on some of those. He said he would like to know what they started with when they came on the program. Pondrom said he will prepare that subject to availability of all the records he has that were eaten by the mold.

Shanklin said if they are duplicating services they need to stop it, if they are giving counseling by Lawton Housing, why would they do the same thing in another area. Pondrom said Housing Counseling is being counted as a public service, if they do it in-house they can count it as delivery of rehabilitation or first time homebuyers service, they can charge it to different accounts and get it out of the public service. He said there is a possibility they could negotiate something where they could pay them on a per capita basis. Shanklin said they need to know that, they are never going to get to the nitty gritty as to how they are spending their money and duplication of services until they get the budgets.

Powell asked if Pondrom has any others that have a projection for the amount spent that Council wants to see. Pondrom said every application has a proposed budget. Powell said they are wanting to see line item and how he arrived at the figures.

Smith said every application had a proposed budget but the Council doesn't see those proposals.

Powell asked Pondrom if he has any in his presence so Council can see it, if not he didn't see any point in going any further when they are wanting to see those things and all they are seeing is one item and asked Pondrom if he has any here. Pondrom said they don't have them with them.

Powell asked Pondrom to get those to the Council by Wednesday or Thursday so that they will have the information available. He said there are letters he received on Meet the Needs.

Baxter said he received a booklet as well as other Councilmembers about how wonderful a program Meet the Needs is, they have governor, mayor and congress recommendations and they aren't getting any funding and there is something wrong with that program. Baxter said no one gets paid, it is all free gratis. Pondrom said Meet the Needs falls within the 15% cap. Baxter asked why they chose not to give them any money. Pondrom said he is recommending they don't give them any money because they only have \$176,000 and the requests they have certainly take care of that amount of money available.

Baxter asked if they can fix that. Shanklin said they can't until they get all the budgets and see where they began and where they are now. Smith said that is the problem it comes down to and one of the reasons why he is glad that Mr. Bass is taking over next week, they only have \$176,000 with a million two requested, \$413,000 in those categories. He said he agreed that Meet the Needs is doing a fantastic job and they should be included but you have to take money away from one of the four programs to put them in there.

Purcell said Pondrom said the Lawton Housing Authority, Housing Counseling, could be somewhere else, in another category other than public services. Pondrom said if they can structure it correctly, all of their recipients are required to go through housing counseling because it is good for the program and it helps meet a lot of requirements they have for HUD. They can't just give them money and tell them to take care of their people, if they had a mechanism on a pro-rata basis, charge back basis, then every person they send over when they get their certificates send us a bill for what we paid for it, I think we could do that and charge it under the rehab program. Purcell said then why not do that and take it out of the public service category, which they don't have enough money in and that gets rid of a \$31,000 problem they have now, that they can't fund, move it to an appropriate program and set up whatever mechanism you need to make it work, then they can take the money from the 1.5 or 6 million total instead of from the \$176,000 limit they have. He asked if that could be moved to some other category for next Tuesday to balance that out.

Haywood asked where they could move that to and asked Rita Love, Housing Authority, if that is where she wants it. Love said anything. Purcell said if they move it to another category they may be able to give them all or some.

Devine said he was concerned with the increase of \$22,000 and knows everyone needs an increase but when your on a cut you don't increase. He said the Teen Pregnancy is going to be increased \$10,000, they decreased Hospice and the counseling. Baxter said that is because the community has a teen pregnancy problem and they are trying to address that. Pondrom said the number includes what they previously funded under two separate programs, one under the public service and one as an employment. He said when he talked to them about the changes he told them to put in one application, so actually they got \$40,000 last year and are now asking for \$50,000, so it is up \$10,000, the \$40,000 is what was in the actual training, they had another \$20,000 that was in the employment, stipends to pay the teen trainers so they are actually getting \$10,000 less. Purcell said that isn't shown in this.

Powell asked if they are in agreement that they need this information requested so they will understand what is being done and asked if anyone had any desire to go any further.

MOTION by Baxter, SECOND by Smith, to table this CDBG conversation of these exhibits until next Tuesday. Motion withdrawn below.

Powell said they don't need any action on this item. Baker said they advertised a public hearing for May 8, so they don't need to table it.

Baxter withdrew his motion.

3. Discuss proposed City-County Jail and combined E911 System and take appropriate action. Exhibits: None.

Purcell said they met a couple times with the County Commissioner and the Sheriff and at their meeting on Friday they discussed the problem with the jail. He said everyone agreed it would be nice to have a consolidated City/County Jail and when they started this it made great sense, they had a lot of beds available, there would be enough beds for the County and the City and would still have beds that could be rented to the State and Federal Government, but the voters decided they didn't want a jail that big and on the second vote they reduced the number of beds and the amount of money in the vote on the sales tax. So basically after having discussions, they found that if they combine the City and the County jails together, according to the Sheriff, within three months they will be over their limit again and may be over their limit if they just go on their own and the City doesn't do it. He said based on the fact that there really aren't enough beds to do this consolidation, and the fact that the County jail could generate more funds by leasing, renting out beds to the federal and state once they write those contracts instead of leasing them out to or combining them with the City, speaking for himself, he couldn't recommend to the Council, at this point in time, to combine the City and County jail. He said in talking with Mr. Pope, after it gets started, after they know what the true costs are going to be, it would not preclude them at some later date, such as five years from now, reopening those discussion that it might make sense at that point in time to consolidate.

Smith said his primary concern was bed space and cost. He said they have a fixed cost in their City jail of \$361,000 and what he sees coming in the jail contract is a steady and extreme increase over a period of the next several years. He said right now he cannot and will not support it. He said down the road if they can get a facility that can be handled at a reasonable cost to the City then he could see supporting it at that time.

Powell asked about the E911 system.

Purcell said it is moving forward, they don't need any action on the E911 but they are going to need action on the jail.

MOTION by Devine, SECOND by Smith, that they not coop with the County at this time with the jail.

Shanklin said about three years ago this Council voted not to endorse a quarter cent sales with the explicit reason that that 316 or 61,000 would grow to about a million and a half and we cannot afford it, that was the reason why we didn't support it.

Baxter asked Chief Adamson if he had been on some of the negotiations and what his opinion was in this regard. Bill Adamson, Police Chief, said he has been involved, last Friday and the Friday prior to that they had a meeting as well and as he stated then he was in favor of the concept when it came before Council two or three years ago but at the time they were thinking of a larger facility that would have not created the operational cost that he envisions in the future. He said budgeting would be a difficult problem for him based on charges and charge backs, and so forth for additional city prisoners that might be there and they may have an overcrowded facility quicker if they are involved so it is going to be a costly venture.

Baxter asked Adamson if he is recommending they do it or not recommend they do it. Adamson recommended they not join the County at this time and wait and find out about the operational cost, get a better figure on that, also

the management of the jail to see how it is going to be run because he is in favor of the concept however, there are a lot of unknowns, once we close ours then he is boxed in.

Baker said he was on this committee, it became apparent to our committee members after discussions and meetings with the County, that even though you combine the operations they couldn't see any obvious or apparent savings for the citizens of Lawton and perhaps not even the citizens of Comanche County. He said normally when you combine these type of operations you would think there would be some economy of effort or scale and some savings realized that would benefit the taxpayers but they couldn't see it in this case. He said obviously a major consideration that has been stated is the bed spaces, if the City gets out of the jail business then we've lost 40 plus bed spaces for inmates in this community and he didn't think they could afford to lose those bed spaces at this time so concurred with the rest of the committee that it did not seem to be something that the City needs to do now or should do and it is not going to save the taxpayer's any money.

Hanna asked if Doug Wells could give them a presentation on E911.

Powell said that is separate.

Shanklin said he has been out there and could have went over into the 700 or 800 block and built a community jail at half the amount of money than putting it in the courthouse because remodeling costs more than new construction. He said remodeling and sewer and water lines do not make any sense, they could have moved to the west and done that and sometimes you have to follow the money trail, that is too easy.

Purcell said Mr. Pope is here and said he may want to have some input on the jail issue.

David Pope, County Commissioner, said he has watched this very closely, the three County Commissioners have a 263 bed jail, they have the option of going back and changing it or continuing to drive on with its construction. He said if they go back and change it, it is going to cost a lot of money in architectural fees and a lot of other things associated with that cost. The contracts are supposed to be let on May 4. He said if they build a 450 bed jail it would be filled within a period of time. They have a 263 bed capacity with good management, he thinks it will accommodate both the City and County which means the management is going to have to consistently work with the judges, the district attorney and the management of the facility to keep it at an acceptable level and that acceptable level is 263; 21 short time people and 242 beds that can be used to house long term people of different sexes and kind. He said there would be some advantages to the City and County if they joined in this venture. He said it would have one booking place in the County, anyone who books a person would take them to the jail; eliminate liability, there is a lot of savings that can come from a joint venture. He said this is the only horse they have to ride, they either shoot the horse and go back to square one or continue to drive on. He said he thinks on May 4, the Commissioners will drive on with or without the City but if they come back later and look at this it is going to be operating very close to capacity, it will not be operating with a 140, they won't keep it at that, they are going to have to make it work with the cash flow so they will contract with someone for the other beds that are there. He said he appreciated the Chief's comments, he was on target, but though it would work.

Haywood said if they are convicted they are kept in the County for six months to a year before they are sent to the prisons and if they had so many spaces available for the City, like they thought they would have, if they had 40 spaces they would still be paying them every day anyway, but if the Federal Government had people and if they didn't have those spaces, what are they going to do about that. Pope said if you take the amount of money the City has in their current jail, he counted \$361,000 to \$365,000, and if you take the average of 44 a day and run that out that is \$22.73 a day, that would be a base figure and they would hold enough spaces for them for the 44 average and they have capability for a weekend if it jumps up. He said he thinks it would work but it takes some long looking and it some good management and planning. He said all they have done to this point is talk about it, they haven't gotten into the actual cost of how they would do that, the only thing they have looked at is the mass number of beds but the actually budgeting and how it would operate they haven't gotten to that point in their discussions. He said he doesn't want to see the citizens of this County fund two systems when he thinks one would work.

Devine said Pope estimated the cost to operate the jail as \$1.8 million. Pope said it would be \$1.7 to \$1.8 million. Devine said right now the City is \$300,000 and the County \$600,000 for a total of \$900,000 to operate the City/County jails and within a year it is going to double. He said that means that the City's cost if going double what it is right now and he asked this at the meeting the other day but no one can convince him and make him understand that the City's cost to operate their jail, their prisoners and maintaining 44 prisoners on an average, is not going to double which would cost the City \$600,000 a year. He said the question has not been answered, even at the meeting, and he can't see where the City will benefit by having a joint venture involved in this if it is going to double the cost and that is what they are telling them because the jail cost is going to cost them \$1.8 million which is their estimated cost to operate it because they will have to increase from 3 people to 40 people, etc. He said it will cost the City more, no matter how it is figured, by the end of the year, and if he is wrong asked to be corrected. Shanklin said it would be 4 times more than doubled.

Powell said there is a motion on the floor and a second.

Baker said the primary issue the committee had was bed spaces but they have a responsibility to take care of the tax payer's money, the citizen's of Lawton, the biggest concern the committee had is when the quarter cent sales tax expires, he understood that approximately \$600,000 a year of that tax is going to be used for operations and maintenance of the jail when that expires, that is a ten year tax, then there is going to be a tremendous void that is going to have to be made up unless the taxpayers extend that sales tax. He said the biggest fear he has is that at some point in the future the sales tax is no longer going to be available to help support that jail and then, if the City is a partner in the jail, the City's cost of running the jail is going to go up tremendously.

ROLL CALL ON MOTION: AYE: Moeller, Haywood, Baxter Smith, Devine, Purcell, Shanklin. NAY: None. OUT: Hanna. MOTION CARRIED. (Baxter initially passed and then voted yes).

There being no further business, the meeting adjourned at 11:25 a.m. upon motion, second and roll call vote.