City of Lawton

Lawton City Hall
212 SW 9th Street
Lawton, Oklahoma
73501-3944

Lawton Economic Development Authority

Minutes

Thursday, May 15, 2025 | **2:00 PM** | **Lawton City Hall 3rd Floor Conference Room**

Meeting Called to Order and Roll Call

Chairman Fitch called the meeting to order at 2:00 PM. in the 3rd floor conference room of City Hall.

ROLL CALL:

PRESENT: Fred Fitch, Jason Hensley, Randy Warren, Ron Nance, David Madigan, Brandie Page

ABSENT: Larry Neal, George Gill, David Means

OTHERS PRESENT: Richard Rogalski, LEDA Executive Director; Timothy Wilson, Interim City Attorney; Tammy Branstetter, City Clerk's Office; Matthew Modeste, Hatch, Croke & Associates; Kim McConnell, Lawton Constitution; Matina Davis, Citizen of the Community

Statement of Compliance with Oklahoma Open Meeting Act, 25 O.S. 301-314

Chairman Fitch confirmed with Branstetter that the meeting notice and agenda were posted by the City Clerk's Office as required by State Law.

Business Items

1. Consider approving the minutes of the April 17, 2025, meeting.

A copy of the minutes from the April 17, 2025, meeting may be obtained from the City Clerk's Office upon request.

Motion by Warren, **Second** by Madigan, to approve the minutes from the April 17, 2025, meeting as presented. **AYE:** Hensley, Fitch, Page, Nance, Madigan, Warren. **NAY:** None. **MOTION PASSED**.

2. Receive the March 2025 Financial Report from Hatch Croke & Associates, P.C., and take action as deemed necessary.

Matthew Modeste, Hatch, Croke & Associates, presented the March 2025 financial report.

Modeste said we will start on page 3 of the financial statements, which is the Statement of Net Position. With regard to the current assets — the bank accounts — we had four bank accounts with balances as of March 31st, 2025, totaling $6,575,482.36. A check in the amount of $72,417.29 was written during March to pay out the remaining balance in the Bricktown Brewery escrow account. That payment was approved at the meeting, so the account is no longer on the books, and its balance is zero. Modeste discussed the AR state matching for prior years. During the month, we received two payments from the Oklahoma Tax Commission, totaling $1,060,318.82. This leaves a remaining balance of $557,212.41 for matching funds from prior years. Staff and the Department of Commerce have been working extremely hard to secure these funds, as Richard has been updating you. Two payments have finally come in, and hopefully, the remaining funds won't take as long to arrive.

Chairman Fitch said so we've got the payment from 2023.

Rogalski said that there were actually two payments, but they were both paid at the same time. So, we're sort of caught up on 2023, and then we have two prior to that. We've submitted the two payments that are showing — one for the current year and one for the prior year — both have been submitted. So, we have another million dollars that we've already submitted to them. I've been keeping tabs with them. She said that she's received it and is checking to see if anything is missing or if they need anything else. So, we should see that payment forthcoming. Rogalski said that technically, the second half of 2024 is current year funding because we don't even bill that until March or so, so it's really not its current year.

Chairman Fitch thanked Rogalski for all the work he's done in securing the state matching funds.

Rogalski said the letter that I got from the Department of Commerce said our net benefit rate is now 27.5%, which it should have always been. It kind of quieted all that other stuff, because we don't have a tax rate that even approaches 27%.

Modeste said there were no changes in the fixed assets or other assets. Total assets, shown at the bottom of the page, are $12,396,430.95.

Modeste said on the next page under liabilities, the total current liabilities are $64,396.92, which includes accounts payable and the interest payable on the Truist note. For long-term liabilities, there were two changes. First, an amount of $6,420 owing to the City of Lawton was repaid. Second, the escrow funds, as mentioned earlier, were also repaid. Next month, the payable to LURA should show as zero because a check was written in April to refund them for the amount they paid on the downtown plan. So, total long-term liabilities as of March were $28,930,102.88. When you subtract all liabilities from total assets, your net position is a negative $16,598,068.85. The total liabilities and net position match your assets on the previous page.

Modeste said moving to the next page — the Statement of Revenue and Expenses — hotel-motel tax revenue was $25,783 and property tax revenue was $151,942.53. These figures make up the total revenue for the month of March.

Total operating expenses for the month were $459,463.61. Interest income received was $13,545.57. The resulting change in net position for the month was a negative $268,192.51. Details for all amounts and the combined financial statements can be found on pages 7 through 12.

As far as the things we're receiving Ad Valorem from, Chairman Fitch asked if we have any clue if any of these are outstanding or past due.

Rogalski said with the STEDI TIF Districts, you have individual payers, more or less. There are several accounts at times, but they are still individual payers. These are actually fairly easy to keep track of. They're also located in industrial centers, and they generally stay current. We can see that with TIF 2 — they generally keep current. The issues arise in TIF 1, where there are hundreds of properties, and there's really no way for us to track them individually. However, we do receive a report from the County, and a lot of those are in arrears. That’s why some of them end up on the sheriff’s sales list. Rogalski said we really haven’t tried to track TIF 1 very much, but we do keep tabs on TIF 2, which includes our retail centers and the industrial projects. With those, I can actually go in and see the tax bills that are sent out early in the year. Of course, they’re not going to get paid until sometime later in the year, but I kind of know where they’re at.

Chairman Fitch said I noticed that they print that in the newspaper, and they've changed the ink they use — now everything is one pale color, and it’s very difficult to read and distinguish between this account and that account. He asked if there is there any way they could print it like they used to. He said I bet they've got a tremendous amount of dollars passed due.

Rogalski said I remember one time I was looking at the taxes that should have been paid — we were about a million dollars down on taxes that should have been paid and weren’t paid. These properties typically go to the sheriff’s sale. A lot of times people don’t bid enough to cover the taxes, so we just never get it. It’s also very hard to track because on the TIF 1 bill, it’s just a mishmash of taxes, back taxes, and everything else. I know where everything is from TIF 2 and the other TIF Districts in the STEDI project plan — they tell me what year the taxes are from because I have to apply the millage rates when we do distributions. For TIF 1, it’s just a complete conglomeration. But that’s not specific to us — the whole city, or probably every city, is in that same situation.

Modeste said the next page is the Statement of Cash Flows. If I could direct your attention to the bottom of the page: for the month of March, there was a net increase in cash of $881,463.26. We began the period with $5,694,019.10, and we ended with cash at the end of the period, as I mentioned earlier, of $6,575,482.36. Pages 7 through 12 contain the details of the expenditures that we reviewed on the combined Statement of

Revenue and Expenses.

Motion by Hensley, **Second** by Warren, to approve the March 2025 financial report as presented. **AYE:** Hensley, Fitch, Page, Nance, Madigan, Warren. **NAY:** None. **MOTION PASSED**.

3. Consider approving an agreement with the Center for Economic Development Law for legal services, professional assistance, and advice concerning economic development objectives and strategies, to include legal support associated with the implementation, modification, and development of Project Plans and tax increment financing programs and other related activities.

Rogalski provided background information on this item. Rogalski said this is your retainer agreement with Dan and Lisa, Center for Economic Development Law, which we've had for some time. However, Tim Wilson, Interim City Attorney, has advised that the City is looking at rates with all of their attorneys, so I would ask that you table this until the next meeting, just in case we get a discount.

Motion by Warren, **Second** by Page, to **table** this item until the next meeting.
AYE: Hensley, Fitch, Page, Nance, Madigan, Warren. **NAY:** None. **MOTION PASSED**.

4. Consider approval of an amendment to the current mowing and debris removal contract between The Lawn Wizards and the Lawton Economic Development Authority (LEDA), authorizing an extension through FY 2025–2026 for services on LEDA-owned properties.

Rogalski provided background information on this item. He said this is another contract you've had for a while. We do have another extension that's allowed — it was originally put out for bid in 2024. It was awarded with the potential for two board-approved extensions, and this gives us another extension here. I think they're doing a good job for us, and I've never had any issues. They also handle the LURA property.

Motion by Madigan, **Second** by Warren, to approve the amendment to the current mowing and debris removal contract between The Lawn Wizards and the Lawton Economic Development Authority (LEDA), authorizing an extension through FY 2025–2026 for services on LEDA-owned properties. **AYE:** Hensley, Fitch, Page, Nance, Madigan, Warren. **NAY:** None. **MOTION PASSED**.

5. Consider approving a request from QUEST of Oklahoma, Inc, for LEDA to use STEM funding to purchase certain materials included in the contract with QUEST for the I AM STEM Summer Camp program, rather than QUEST purchasing those same materials and requesting reimbursement from LEDA.

Rogalski provided background information on this item. He said your STEM funding has a separate account — we moved the funding to its own separate account with City National Bank. That way, checks can be issued directly for it. In this case, rather than put the money out and ask for reimbursement, Quest has asked if LEDA would pay for it directly. It is in their budget, which is why we approved the agreement. If you look at their budget — it's on the very last page — they have I AM STEM summer camps listed at $68,000. This invoice is for materials related to that, and the total is $31,500. The company is called I AM STEM, so this ties in with the contract, and it's in accordance with the approved agreement. The question is whether you want to fund this directly or not. If STEM purchased it themselves, we would reimburse them anyway — this just takes out that middle step. Rogalski noted that there are five sites in which they'll be doing the summer camp.

Chairman Fitch asked if this is continuing the way we had it setup at the very beginning.

Rogalski said this is still the very beginning — it's only the third set. We did discuss the possibility that, for some items, they may request that we purchase them directly, so they don't have to float the amount themselves. I would say that this cost is in accordance with their agreement - for certain. So, if she bought this and submitted a request for reimbursement, we'd process the reimbursement. While it's in accordance with their agreement, the only question is whether or not you want to pay it up front.

Madigan said it's always better practice if we just pay direct, you know - it's more efficient than having two steps. He said you're paying the direct source that's providing the materials, correct?

Rogalski said yes.

Warren asked if the contract gives us the option of paying both ways.

Page asked what kind of contract it is (e.g. cost reimbursable or firm fixed price).

Rogalski said this would come out of her budget — she would no longer get this money. She doesn't get any kind of markup on the direct costs. The remainder of that $68,000 would go toward her expenses — staff, and whatever other costs there are. This is just the quote for the I AM STEM materials for the summer camps.

Madigan said so, QUEST is okay with this process.

Rogalski said yes - they requested it. She came in and requested that, rather than her paying the money and then asking for a reimbursement, LEDA consider paying it up front. Again, it would come out of her budget — it doesn't cost us anything extra. It's the same $31,500 either way. The only difference is that it saves the time involved in processing a reimbursement check.

Warren asked Wilson if he's okay with this.

Wilson said it doesn't expressly say that's how we're going to do it in her contract - that's the only concern I have. Also, we'd have to make sure we don't double pay her somehow.

Madigan asked if we should just get an addendum or some sort of acknowledgment that we're doing it, and then she could sign it, and we could sign it.

Rogalski said we can write an acknowledgment that she would sign that says that this is the amount reduced from her contract.

Nance asked if these are the STEM funds that come from the TIF funding.

Rogalski said yes, and in fact, like I said, there's a separate account now that's set up at the bank, so the checks now come from that separate account. The STEM funding for the year, which we more or less set aside, was based on the budget we created. If you recall, that was a little over $206,000 per year that we could do for ten years. The City has their resolution to frontload STEM funding a bit in order to get the program going more robustly. Based on current revenue, we would only have had about $150,000 a year, so we're frontloading a little bit. This contract is only $177,500, so that leaves about $28,000 on the table for something else that might come in this year.

Warren said my only concern is that eventually, someday, we're going to be dealing with much larger numbers, so we need to have a set way we're going to do that. We either need to reimburse or not reimburse.

With regard to the $31,000 invoice, Wilson said one thing too, is that we usually bid stuff out, but if the invoice is to her, then she's getting it.

Rogalski asked what the threshold is that we would have to get bids. If it's over, then we definitely can't do it.

Wilson said I didn't bring the purchasing policy with me, but it may be because I think it's like $12,000.

Rogalski said I thought it was $75,000 or something like that.

Wilson said well, but quotes and things like that start, I think, after $12,000.

Page noted that it's a part of her proposal, and the proposal was accepted, and I AM STEM is a part of the quote.

Rogalski said the reason we do these things as a reimbursable is because we're public funds, and they're not. We're hiring them to do a STEM project.

Wilson said I think, for that reason, we need to be leery about going this route and just let them do it and then do the reimbursement. That is my recommendation. The money is there - if she spends the money and submits for reimbursement, they'll get reimbursed.

Warren said we also need to be able to track this easily.

Chairman Fitch said I agree.

Wilson said so this would be a motion to deny then.

Motion by Warren, **Second** by Page, to deny the request for LEDA to pay the cost upfront, but to approve the reimbursement of the funds. **AYE:** Hensley, Fitch, Page, Nance, Madigan, Warren. **NAY:** None. **MOTION PASSED**.

6. Discuss the possible purchase of residential properties at the Comanche County Tax sale for the purpose of residential redevelopment, and take action as deemed necessary.

Rogalski provided background information on this item. Rogalski said you'll recall that a few meetings back, the City Manager came in and discussed the possibility of this kind of program. It relates to the Residential Redevelopment Fund that was approved through the CIP. The expectation was that the City would provide funding to LEDA, or the City would purchase the properties directly, and LEDA would then hold those properties for redevelopment within the community. This sheriff's sale is happening soon. There are probably some properties we would have considered purchasing, or at least thought it would be a good idea to purchase. So the basic concept is: if we go to a sheriff's sale, especially in cases where the City has liens on a property, we can approach it the way a bank would — we go in to protect our liens. So, for example, if our lien is $5,000 and the opening bid is $1,000, we might bid $5,000. If no one else outbids us, we buy the property. But if someone bids $5,001, we let them have it. We're not trying to outbid somebody - we're just trying to protect something. There's also the scenario where a property comes up and no one bids on it. In that case, we might consider bidding, or we might wait for a later opportunity, since they often lower the price if no bids come in initially. The goal would be to build a portfolio of "developable" properties so we can work with builders in the community to construct new homes. That's really the idea behind all of this. But again, it's coming up very soon, and we haven't identified any CIP dollars in next year's budget to buy properties. So, as it stands, if you directed me to purchase properties right now, we'd be using LEDA funds. Maybe that's not a bad idea anyway, but it just sort of snuck up on us. Mainly, this was meant for discussion.

Madigan asked if this is in reference to what John Ratliff proposed to us to consider?

Rogalski said yes.

Madigan said so if we buy, we also have to be prepared to maintain and mow all the properties.

Rogalski said Ratliff discussed that potentially the City would mow the properties, but again, all of that hasn't been worked out yet. He said this is just a discussion, because I wanted to talk to you about it before the tax sale. I didn't want it to happen and then have you ask what happened and why we didn't act. We just didn't get it worked out in time. We don't know who's going to mow the properties, and we haven't identified funding yet, unfortunately. So I think with this sale, we're just going to have to watch for now. LURA is looking at certain properties in urban renewal plan areas, but that's only a few. We did discuss some areas where it would be important that we might consider doing this, but we're probably looking at next year. Unless, like I mentioned, if certain properties don't sell, and we have time to get our ducks in a row, I might come back to you in maybe a month from now or whenever the sheriff's office puts out that sort of secondary list for this year's tax sale.

Chairman Fitch said I want to see this fully laid out so we know exactly where we stand. I don't want us to end up a year, two years, or three years from now with a large amount of money sitting somewhere that we can't touch because it's tied up in a bunch of junk property that we don't need for anything.

Nance noted that the cost of mowing and maintaining the properties is going to add up, and these might be long-term.

Chairman Fitch said what we were, I think, trying to avoid was having the property sold to someone else, and then it's in an area we want to develop, and then we have to go and differ with them over the price of the property, and it could become a $30,000 lot instead of $5,000.

Warren said that's why I think it's a good idea. I think you determine the probable areas where you're going to have developers that want to be investing in it - that way you can give them the property or make a deal on the property.

Rogalski said normally you do a forgivable loan, or something like that. Now, we would love it to be a low-interest or zero-interest loan, so then the revolving fund revolves.

Warren said I have had no less than three people in the last two months want to give us property because they can't afford to keep it mowed and they can't afford to demolish it. The City can't just take the property - we could, but we'd have to jump through all the hoops to foreclose on it or whatever the rules are. Whereas, it can be gifted to any of the Trusts. He said that's something to think about too.

Rogalski said I think the program has potential, but it's just not ready.

Chairman Fitch said we're going to miss out on one, or two or three, but I want to see a more complete program.

Warren said I think we need to look at putting together a plan.

Rogalski said you'll be working with the City through me to put a plan together.

Wilson said we had a meeting last week with the Mayor, the City Manager, Richard, Cindy Augustine and I, and the City Manager said let's wade into this - let's not just jump into it.

No action was taken on this item.

Reports

1. Receive a report from the LEDA Executive Director

Rogalski said we're doing really well now with the State of Oklahoma regarding the state matching funds. He said he thinks we're on the same page now with the Oklahoma Tax Commission (OTC). We've gotten the older stuff done, and what we have now are current requests - they aren't late, but they're currently getting processed. Rogalski said we'll complete another six-month period at the end of June. He said we'll submit another request approximately three months after that, and we'll try to get back on track in submitting these matching funds requests.

Rogalski said the Authority has about $1.8 million sitting in the IBC and BOK accounts. This is in preparation for the Authority's note payment that's due in September. Rogalski said the September note payment is $2 million. He said we're doing very well on the note payments now.

Chairman Fitch said it helped with the state paying us what they owed us.

Rogalski said this will help, and he thinks the issue with the state has been resolved. Now, it's just a matter of finalizing the formatting that the OTC requires for state matching fund requests.

Rogalski said we'll talk in executive session about some renewed interest in LEDA-owned property regarding potential development. He said there's lots of industrial activity going on, and we'll talk about a couple of those during executive session as well.

Rogalski said we're looking at updates to the Downtown Project Plan, and LURA is looking at a potential update to the Urban Renewal Plan.

Rogalski said we've made a lot of plans, and the plans are working. He noted that the FISTA is moving along very well now. Rogalski said we keep getting interest from projects related to the FISTA.

Chairman Fitch said we're working on a lot of different projects that are going to require money, and I don't want to be working on a lot of projects, and then we go to the city, and we don't have any money. He said he's concerned that we're having a hard time finding out how much money is in the CIP that's not allocated to go to a specific project.

Chairman Fitch said we spend a lot of time, effort and money putting these things together, and I'd like to know that we've got a source of money that is there - some of the projects could just go away because we don't have any money. He said he doesn't want to get into a situation where we really want a particular project, and it's going to cost us more than what it's worth to us - we've seen some of those projects. Chairman Fitch said he thinks one of the ones that we've seen has kind of gone away because of their prior record with where they were located before and things of that nature, and it sounds like a good deal, but then why do we want to become part of their problem that they had with another community. He asked for input from Wilson.

Wilson said he knows Dewayne Burk, Deputy City Manager, has been working hard in his office - he's got a whiteboard where he's been tracking the CIP and all the different projects and resources and who has all the wants. Wilson said we're looking at having to do a loan to get some of this money available up front so we can start doing some of these projects. He said he could check with Finance to see, but from the City Manager's Office, he thinks Dewayne Burk would be the guy who knows the most where things are at with the CIP.

Chairman Fitch said he knows that you can go on the webpage to view this information. He said some of the money is classified as different things, such as a loan, but nothing's really a specific project or anything. He noted that he's had difficulty understanding the information on the webpage.

Wilson said Richard and I can pass this request on to see if there's a way to determine what monies in the CIP are available for economic development.

Chairman Fitch said we've got a situation that's going to break loose here pretty quick, and we're going to have to have some money.

Rogalski said just to be clear, I think we all know what's in the CIP - it really is about the cash flow part. He said the whole thing doesn't come dropping in your hands - there's only a certain amount earned per year, and how you prioritize and spend that is what the trick is.

Warren said it also depends on what the money will be used for, whether it be capital or for operations, because you can't borrow operations money - you can only borrow capital money.

Rogalski said there are a whole lot of moving pieces to it, and it can be a little tricky, but there's a lot of prioritization. He said priorities themselves are difficult to pin down, because it's really hard to decide what project is more important than the other. Rogalski said it's a difficult process, but it is important for us to know where the LEDA and the LEDC stand in terms of more economic development funding and how we can make deals.

Warren said we've got to determine what the money is going to be used for, because some money we can borrow from the Oklahoma Water Resources Board (OWRB). The City of Lawton has to have a planned document and know what we're going to use the money for ahead of time.

Rogalski said as LEDA takes on more obligations, the Authority will need more staff time. He said he sees additional employees down the road, and there's just no way around it, because if we have any success on any of these projects, it's more than he can manage at 55%. He said we're charging forward like never before. He said he's been the LEDA Executive Director even while he was a City of Lawton employee, and there's never been this much activity.

Executive Session

1. Pursuant to Section 307C.11, Title 25, Oklahoma Statutes, consider convening in executive session for the purpose of conferring on matters pertaining to economic development, including the transfer of property, financing, and the creation of a proposal to entice a business to locate within their jurisdiction if the public disclosure of which would violate the confidentiality of prospective business entities, and if necessary, take appropriate action in open session, to include providing direction to the Executive Director, to either pursue or not to pursue further negotiations with any economic development prospects so discussed, and/or authorization to apply for grant funding in support of the project.

Motion by Warren, **Second** by Nance, to convene in executive session. **AYE:** Hensley, Fitch, Page, Nance, Madigan, Warren. **NAY:** None. **MOTION PASSED**.

The Authority convened in executive session at 2:51 PM and remained in executive session until 3:35 PM.

Motion by Nance, **Second** by Hensley, to return to open session. **AYE:** Hensley, Fitch, Page, Nance, Madigan, Warren. **NAY:** None. **MOTION PASSED**.

No action was taken on this item.

Adjournment

Motion by Warren, **Second** by Page, to adjourn the May 15, 2025, meeting. **AYE:** Hensley, Fitch, Page, Nance, Madigan, Warren. **NAY:** None. **MOTION PASSED**.

There being no further business, the meeting adjourned at 3:36 P.M.