MINUTES
Lawton Economic Development Authority
Regular Meeting
Thursday, January 16, 2025 - 2:00 PM
3rd Floor Conference Room
City Hall - 212 SW 9th Street
Lawton, Oklahoma 73501

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

STATEMENT OF COMPLIANCE WITH OKLAHOMA OPEN MEETING ACT, 25 O.S. 301-314

Meeting notice and agenda were posted by the City Clerk's Office as required by State Law.

ROLL CALL:

PRESENT: Fred Fitch, Randy Warren, Ernest Sheppard, George Gill, Jason Hensley, Ron Nance, David Means, David Madigan

ABSENT: Larry Neal

OTHERS PRESENT: Richard Rogalski, LEDA Executive Director; John Andrew, City Attorney; Tammy Branstetter, City Clerk's Office; Larry Parks, Parks & Recreation Director; Matthew Modeste, Hatch, Croke & Associates

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BUSINESS ITEMS

1. Consider approving the minutes of the December 19, 2024, meeting.

A copy of the minutes from the December 19, 2024, meeting may be obtained from the City Clerk's Office upon request.

Motion by Madigan, **Second** by Hensley, to approve the minutes of the December 19, 2024, meeting. **AYE:** Sheppard, Hensley, Fitch, Gill, Warren, Madigan, Means Nance. **NAY:** None. ***MOTION PASSED.***

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

Matthew Modeste, Hatch Croke & Associates, P.C., presented the November 2024 Financial Report, which includes the following financial statements:

- Statement of Net Position dated November 30, 2024
- Statement of Revenue and Expenses – Combined for the Period Ended November 30, 2024
- Statement of Cash Flows for the Period Ended November 30, 2024
- Statement of Revenue and Expenses – Operations for the Period Ended November 30, 2024
- Statement of Revenue and Expenses – TIF District 1 for the Period Ended November 30, 2024
- Statement of Revenue and Expenses – TIF District 2 for the Period Ended November 30, 2024
- Statement of Revenue and Expenses – TIF District 3 for the Period Ended November 30, 2024
- Statement of Revenue and Expenses – TIF District 4 for the Period Ended November 30, 2024

A copy of the November 2024 Financial Report may be obtained from the City Clerk's Office upon request.

Modeste noted that Richard Rogalski, LEDA Executive Director, gave an update on the state matching funds at the last meeting. He said we're still working to collect what's outstanding.

Modeste said the only change in the Authority's long-term liabilities was as a result of the Bricktown Brewery escrow. He noted that based on the escrow agreement, every November a payment is due to FTG Brown. Modeste said a check was written this November in the amount of $14,150.97, and there was interest on the account in the amount of $120.43, so the net amount of these two is a decrease of $14,030.56, bringing the balance in escrow to $72,040.09.

Modeste noted that based on the new agreement with Lawton Lodging, LLC, two-thirds of the $38,676.00 received in hotel motel tax is paid to them. This payment is reflected in the operating expenses under "License Fee – Lawton Lodging" in the amount of $25,784.00.

Motion by Hensley, **Second** by Means, to accept the November 2024 Financial Report from Hatch Croke & Associates, P.C. as presented. **AYE:** Sheppard, Hensley, Fitch, Gill, Warren, Madigan, Means Nance. **NAY:** None. ***MOTION PASSED.***

REPORTS

1. Receive a report from the LEDA Executive Director

Rogalski said the Westwin demonstration plant is operational – they've made nickel that tested well. He noted that we've only remitted to them $2.7 million of the $3 million – what is held is the retainage. Rogalski said there was some kind of a misunderstanding during the agreement period. Parts of the agreement talked about a demonstration plant itself, and some of the costs were based on that. The other part said demonstration plant and administration building, and much of the employment was in the administration building. Rogalski said we are working on an amendment to the agreement, but more or less Westwin has said it's reasonable for us to sit on the retainage until they build the admin building. He said he pitched this idea, and Westwin said okay. Rogalski said we will hang on to the retainage in the amount of $300,000 until the agreement is perfected.

With regards to the state match, Rogalski said he sent an email to Jon Chiappe prior to Christmas. He said he sent him two additional emails today asking to meet next week in an effort to come to a resolution. Rogalski said he doesn't feel like we're not going to get it resolved, but on the other hand we're sitting on some of that revenue which we otherwise could reimburse the City of Lawton or do something else with, until we're sure that we get the $1.6 million because it's almost the same amount of the note payment we would have to make. Rogalski said we're simply waiting for now – this is sort of our backup plan if the worst came to worse and we lost the whole thing, and the state says we owe them money. Rogalski said he doesn't expect this to happen, but he said we're being cautious until we get the $1.6 million in, at which point we'd be in very good shape for the note payment.

Rogalski discussed the 2025 TIF Funds Draft Budget with Authority members.

2025 TIF Funds Draft Budget: 1/16/2024

TIF 3 Total Funds:	$ 1,245,480.82	
TIF 3 Dispursed Funds to Taxing Entities:	$ 101,762.82	8.17%
TIF 3 Adjusted STEM Funds:	$ 181,964.75	14.61%
TIF 3 Republic Assistance Payment:	$ 216,012.00	17.34%
TIF 3 Unallocated Funds:	$ 745,741.26	59.88%
Total TIF 4 Funds:	$ 164,500.51	
TIF 4 Dispursed Funds to Taxing Entities:	$ 14,725.77	8.95%
TIF 4 Adjusted STEM Funds:	$ 24,033.52	15.29%
TIF 4 LEDC Assistance Repayment (prorata of payment to City):	$ 60,000.00	36.47%
TIF 4 Unallocated Funds:	$ 65,741.21	39.96%
Total STEDI Revenue 2025	$ 1,409,981.33	

2025 STEDI TIF Revenue Apportionment (TIF 3 and 4):	**% of Total Revenue**	**Amount of Apportionment**
Construction of Public Infrastructure and Improvements:	31.53%	$ 444,584.15
Assistance in Development Financing / Project Support:	see above	$ 276,012.00
Economic Development Enhancement Fund / Financing Reserve:	3.00%	$ 42,299.44
Implementation and Administration:	estimate	$ 240,000.00
Specific Revenue for Public Entities:	see above	$ 116,488.59
STEM:	see above	$ 205,998.27
Workforce Training and Recruitment:	3.00%	$ 42,299.44
Home Buyer Assistance (sales tax):	0.00%	$ -
Contingencies:	3.00%	$ 42,299.44
Total		$ 1,409,981.33

Rogalski said this is the money that we expect to receive in TIF 3 and TIF 4. He said he didn't put anything in TIF 5 because that project will not be built and assessed by then. Rogalski said there will be income for TIF 6, but he's not sure what it's going to be. He said TIF 6 is the Westwin demonstration plant. Until we know what their taxes are going to be, Rogalski said he hasn't budgeted for this.

Rogalski noted that we are currently putting in 15.29% into STEM funding to frontload that program.

Rogalski said the Implementation and Administration costs cover his costs, as well as costs from the Center for Economic Development Law and Hatch, Croke and Associates.

Rogalski said what he programed into the costs for Assistance in Development Financing / Project Support includes $60,000 for TIF 4, which is the PepsiCo project. Rogalski noted that the Authority made a distribution to the City of Lawton around the middle of last year in the amount of approximately $237,000 on TIF 4, but we did not make the pro rata share distribution to the Lawton Economic Development Corporation. This would pay the LEDC back the pro rata share amount.

Rogalski said he also programmed into the costs for Assistance in Development Financing / Project Support the first year of payment to Republic Paper in the amount of $216,012, which is an annuity over 20 years starting next year.

Gill asked for clarification on Republic Paper.

Rogalski said in 2019 when we started all of this, Republic Paper made an $80-$90 million investment in retooling their equipment and hired 20-40 new people. Rogalski said part of the deal that the City of Lawton made with Republic is that we would reimburse them twice the annual salary of those employees, which was $4.2 million spread out over 20 years, starting on year six.

Rogalski noted that he did this budget on the calendar year because that's what property taxes are paid on.

EXECUTIVE SESSION

1. Pursuant to Section 307C.11, Title 25, Oklahoma Statutes, consider convening in executive session for 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.

Motion by Gill, **Second** by Warren, to convene in executive session. **AYE:** Sheppard, Hensley, Fitch, Gill, Warren, Madigan, Means Nance. **NAY:** None. ***Motion Passed.***

The Authority convened in executive session at 2:20 PM and remained in executive session until 3:00 PM. When back in open session, roll call reflected all members present.

Motion by Gill, **Second** by Warren, that we no longer consider building any type of residential units or complexes between Gore and Ferris east of 2nd Street. **AYE:** Sheppard, Hensley, Fitch, Gill, Warren, Madigan, Means Nance. **NAY:** None. ***Motion Passed.***

Means said the original concept of the Lawton Town Center was to have retail on the bottom and residential on the top, to make a pedestrian area and to have parking around the outside.

Rogalski said he believes what Gill is saying is that we don't want residential *only* developments, but we could be open to the possibility of mixed use.

Gill said he thinks we could be open to a combined commercial residential development.

Chairman Fitch said he and Richard both looked at a plan presented to them for development at 2nd Street and Ferris Avenue, with the frontage being on 2nd Street. From there, they would go north on 2nd Street and east some distance to build an L-shaped development with retail and residential combined. Fitch said we liked the idea, but we didn't like the way it was laid out because you're obstructing the view on everything to the east.

Gill clarified that his motion does not change this concept of a combined commercial residential development – it's just that we don't want to have any strictly residential facilities built in this area.

Chairman Fitch said a layout of the structures in the area between 2nd Street and 4th Street from Gore Boulevard to Ferris Avenue will be provided at the next meeting.

Rogalski said prior to the CIP being passed, it was going to be a tough uphill battle, but now there is money available to acquire property. He said he's probably spoken to at least 3 or 4 different developers in the last few months about residential in that area – they're all just sort of waiting for us to get rolling.

Warren said we have to do a big area, because if you do them individually, banks may not want to loan the money.

Chairman Fitch said he'd like to find a person that would be able to handle the whole thing.

Sheppard said the City of Lawton has a long list of properties being considered for demolition, and it's not progressing very fast – it would be nice to speed this up.

Gill said we're working on speeding this up. He said he's already put plans together and spoken with contractors to start doing about 50 properties a month – that is what the mayor wants. Gill said he's come up with a way to get a bid. We've changed some ordinances to get this done a little faster, so we're in the final phase. Within the next 30 days, Gill said there's going to be a lot of pressure on our departments to get this done, but he thinks we'll be able to do it. He said if the City of Lawton can provide the paperwork, the subcontractors will be able to tear down 50 properties a month.

Chairman Fitch said we could acquire a list of properties being considered for demolition from Neighborhood Services so we could target these areas first.

Rogalski said we have a meeting set up with the City Manager and the City Attorney where we're going to discuss the acquisition area, because the City of Lawton should not be targeting areas located within the Urban Renewal Plan, per say. However, it's obviously a blighted area - that's why it's in an Urban Renewal Plan, so it's hard not to target it. Rogalski said we just want to make sure we're clear on all of this. He noted that it doesn't matter if the structure is demolished or not, because it's going to be after we acquire it.

Gill said one concept came up a while back that kind of messed up what we're talking about right now, but it can be changed back. He noted that most properties demolished by the City of Lawton acquire a lien and wind up going to the sheriff sale. Gill noted that you can sell a lot with a house on it easier and faster than you can just a vacant lot.

Rogalski said if the City of Lawton has a lien on a property, the City can foreclose on that lien and take possession of that lot if the person doesn't pay the lien off. Rogalski said now that we'll have a residential redevelopment fund, there will be a fund to mow those lots. He said he will be meeting with City staff about this. Rogalski said he thinks it's worth creating a portfolio of the lots in these areas. The portfolio could be provided to interested developers.

John Andrew, City Attorney, said we need to get the City involved in this as well, because if the City is selling the property, depending on who forecloses on it, they might have to put it out for bid. He said they are checking the legality of some other options. One option being considered is instead of foreclosing on the properties, convince the owner to transfer the property to a particular developer, and then the City would alleviate the liens on the property.

Sheppard said he thinks the quicker the City can proceed on this the better. He said he knows of a particular instance where a physician sold a property that does not have gas or heat to a Spanish family who came to find out about three weeks later that it was on the list to be demolished. Sheppard said there are some things going on like this that if the house was gone, it wouldn't be a problem.

Gill said he initiated a new deal with Neighborhood Services because we ran into a couple of these problems where properties were being sold, and the new owner would never get any notification that it was on the demolition list. Gill said what happened was that the City calls Comanche County to verify the property owner information, but the County only updates their property owner files once a year. He noted that the only recourse the City has is to call the County to find out who owns the property – the County's job is to know who owns the property. Gill said he has now instructed Neighborhood Services to call the County again and double check the property owner information every time they get ready to give a contract for demolition.

ADJOURNMENT

Motion by Madigan, **Second** by Sheppard, to adjourn the January 16, 2025, meeting. **AYE:** Sheppard, Hensley, Fitch, Gill, Warren, Madigan, Means Nance. **NAY:** None. ***MOTION PASSED.***

There being no further business, the meeting adjourned at 3:17 PM.