MINUTES
Lawton Economic Development Authority
Regular Meeting
Thursday, February 20, 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

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

ROLL CALL:

PRESENT: Fred Fitch, Jason Hensley, Randy Warren, David Means, Ron Nance, *Larry Neal, **George Gill, **David Madigan

ABSENT: Ernest Sheppard

OTHERS PRESENT: Richard Rogalski, LEDA Executive Director; John Ratliff, City Manager; John Andrew, City Attorney; Tammy Branstetter, City Clerk's Office; Rusty Whisenhunt, Public Utilities Director; Larry Parks, Parks & Recreation Director; Matthew Modeste, Hatch, Croke & Associates; Brad Cooksey, LEDC; Barry Ezerski, LEDC; Mark Scott, Arvest Bank; Matina Davis, Citizen of the Community

*arrived at 2:05PM, **arrived at 2:13PM

BUSINESS ITEMS

1. Consider approving the minutes of the January 16, 2025, meeting.

A copy of the minutes of the January 16, 2025, meeting may be obtained from the City Clerk's Office upon request.

Motion by Means, **Second** by Hensley, to approve the minutes of the January 16, 2025, meeting. **AYE:** Hensley, Fitch, Warren, 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 December 2024 Financial Report, which includes the following financial statements:

- Statement of Net Position dated December 31, 2024
- Statement of Revenue and Expenses – Combined for the Period Ended December 31, 2024
- Statement of Revenue and Expenses – Operations for the Period Ended December 31, 2024

- Statement of Revenue and Expenses – TIF District 1 for the Period Ended December 31, 2024
- Statement of Revenue and Expenses – TIF District 2 for the Period Ended December 31, 2024
- Statement of Revenue and Expenses – TIF District 3 for the Period Ended December 31, 2024
- Statement of Revenue and Expenses – TIF District 4 for the Period Ended December 31, 2024
- Statement of Cash Flows for the Period Ended December 31, 2024

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

Modeste discussed the Statement of Net Position found on page 3 of the financials. The first five accounts listed under assets total $3,306,706.23. The interest receivable from the BOK account in the amount of $676.08 was received in January. There is a small balance with the sales and use tax receivable from the City of Lawton. Modeste noted that Richard has been in contact with the City of Lawton this week to get up to date on the remaining sales tax. The property tax receivable for TIF 1-4 were December collections which were received and deposited in January. Modeste said there's been no change in the state matching funds for the current year and prior year. Richard is still working with the state on this matter, and they're making good progress. With regards to the fixed assets, Modeste said there was only one change – there was a 6/30/2023 audit adjustment of $146,519, which reduced the value of the land on Lots 3 & 8. Modeste said there was no change in the note receivable from Westwin Elements, so you have total assets of $12,033,151.12.

Modeste discussed the Liabilities and Net Position found on page 4 of the report. Modeste said the total current liabilities are $224,086.38, made up of your accounts payable and your accrued interest payable. The total long-term liabilities are $26,994,827.74. There's been no change in any of the items for the note payables, except for an additional payable this month that occurred when the City of Lawton mistakenly paid an invoice in the amount of $6,220 for professional fees that should have been paid out of LEDA's account. The change in the Bricktown Brewery account is interest in the amount of $107.07. The total net position is -$15,185,763. The total liabilities and net position are $12,033,151.12.

Modeste discussed the Combined Statement of Revenue and Expenses found on page 5 of the report. Modeste said the total revenue is $650,832.35, which is made of your hotel motel tax and your property income tax. Modeste noted that the December property income tax was received in January. The hotel motel tax was received in December, and two-thirds of this amount was paid to Lawton Lodging. The payment to Lawton Lodging is listed as "License Fee - Lawton Lodging" under the Operating Expenses in the amount of $20,372.67. The total expenses for the month are $102,743.24. The interest income is $8,317.34. Modeste said your revenue minus your expenses, plus your interest income, gives you a change in net position for the period of $556,406.45. The details of the combined revenue and expenses can be found on pages 6-10 of the report.

Modeste discussed the Cash Flow Statement found on page 11 of the report. Modeste said this is where we reconcile the net income of $556,446 to the end in cash you had in the five bank accounts of $3,306,706.23.

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

3. Receive a report from Rusty Whisenhunt, Director of Public Utilities for the City of Lawton, and consider approving Reimbursement Request #1 from Fisher59 Properties for the cost of public improvements associated with the construction of a new warehouse and distribution center made in accordance with the First Amended Redevelopment Agreement between LEDA and Fisher59 Properties, approved on January 14, 2025.

Richard Rogalski, LEDA Executive Director, noted that the Fisher59 Agreement was approved last year, and there was an amendment that allowed them to receive draws on their construction payments. The certified amount that they've said their construction is going to cost is a little over $2 million. Rogalski said LEDA invoiced the City of Lawton and the LEDC for their respective shares of this cost. We've received the money from the City of Lawton, but we have not yet received the check from the LEDC. Rogalski said the Authority does have the income from the City of Lawton to make this payment.

Rusty Whisenhunt, Public Utilities Director, provided a report regarding Reimbursement Request #1 from Fisher59 Properties. He said their first pay request includes the cost of the bonds for the main project as well as the cost of the bonds for the change order for the project, which was a total of just over $22,000. Whisenhunt said we've got cashiers checks and certifications of payment for those funds, and there's $2,268 in retainage, so there's a net payment to Fisher59 in the amount of $20,419.79.

Whisenhunt said the project is well underway. They are nearly finishing up with the waterline construction for the entire project, which is not included on this pay request.

Motion by Hensley, **Second** by Neal, to approve payment of Reimbursement Request #1 from Fisher59 Properties. **AYE:** Hensley, Fitch, Neal, Warren, Means, Nance, Madigan, Gill. **NAY:** None. ***MOTION PASSED.***

4. Discuss the possible acquisition of properties declared dilapidated by the City Council and subsequently demolished at the City's expense in order to protect the City's lien to include potential retention, management, and the sale/transfer of said properties to interested investors, provide direction and/or take action as deemed necessary.

John Ratliff, City Manager, provided background information on this item. Ratliff thanked Authority members for the opportunity to present to them today. He said at the last Council meeting, Council approved a Kids First Initiative, and part of that initiative was ramping up the demolitions of dilapidated properties. Ratliff said that beginning April 1st, the City of Lawton will be ramping these numbers up to 40 properties a month. As we start knocking down these structures and tacking blight in our neighborhoods, knocking down the structures is only dealing with half the issue. Ratliff noted that often, these properties go unattended, and they end up going through the tax sale process because the owners of the property are no longer willing to maintain the property. Often, these properties do not sell at the tax sale because the liens exceed the value of the property. The properties then become beacons of vagrancy, and you get a lot of homeless and drug related issues on these empty lots in our neighborhoods.

Ratliff said part of us getting after this problem of blight will take a more comprehensive approach, and we must incentivize redevelopment in our neighborhoods in order to address these spots where there are no structures. As part of the initiative, Ratliff said he and Mayor Booker think it would make a lot of sense for LEDA to take over the management and potential transfer of sale of the properties once they come back to the City of Lawton. Ratliff said to protect its financial interests, the City of Lawton is going to increase our foreclosure actions. He said the City of Lawton will not allow these properties to go to the county tax sale – we're going to assert our liens, obtain the properties, and we would like to be able to turn over the management of these properties to this Authority. Ratliff said we really think in this Authority, there's a lot of subject matter expertise here that can get these properties back on the tax rolls and incentivize developers to come in and build on these vacant lots. Ratliff said once that happens, it really benefits everyone. It benefits the school system, because those properties go back on the tax rolls. It also provides affordable housing for individuals moving here.

Rogalski noted that the 2024 CIP included an item for a residential redevelopment fund, so there is a fund that is available to incentivize developers to redevelop here. If this is the case, there would be an economic redevelopment agreement with any potential developer. Rogalski said in essence, the community is going to have a portfolio of available lots and available incentives to offer developers.

Means asked why LURA cannot take over management of these properties.

Rogalski said traditionally, LURA only operates within the confines of an Urban Renewal Plan. Rogalski said this project would be outside of an Urban Renewal Plan – it would be potentially anywhere that there are unattended dilapidated properties, and we want to incentivize developers to rebuild quality housing in these neighborhoods.

Nance asked what the Authority would be expected to do with these properties financially, and he asked if the Authority would inherit any liens.

Ratliff said the City of Lawton wouldn't transfer the property to one of its authorities for the purpose of getting the money back for its liens – this wouldn't make sense. Ratliff said from a property management standpoint, it would be somebody managing what's going on at the property, physically laying eyes on the property occasionally, bringing in investors and incentivizing redevelopment.

Gill asked if the City of Lawton will maintain the properties, to include mowing them.

Ratliff said this is something we would lean on the Authority to do.

Rogalski said in his experience with mowing the LURA lots, we've always worked with Neighborhood Services, and they would let us know when the property needed to be mowed. The Authority would then put in a work order to get the property mowed. Rogalski said he's sure this is how LEDA will do things going forward.

Madigan said it's his understanding that the City will foreclose on the properties or purchase them at the county tax sale or the commissioner sale, the properties will be kept titled to the City of Lawton, and there will be an agreement of some sort between the City of Lawton and the LEDA for the management of these properties.

Ratliff said he thinks there's a lot of potential creativity here with this - there's no set outcome in that the City will not impose any limitations outside of the required legal limitations for zoning requirements.

Gill asked if the City would have to sell these properties at appraised value.

Ratliff said there is some legal flexibility in terms of public entities giving to other public entities and transferring land between public entities – you don't necessarily have to sell the property at appraised value. Ratliff said the City of Lawton wants to get value for the property, but the overall picture is that we want these properties to be redeveloped.

Rogalski said it will probably be a mixture of everything. Some properties will get appraised, and we'll make a deal with someone who will purchase the property for its appraised value, but perhaps we give them a low interest rate. Other times, we'll do more of an economic development agreement and we might give the developer the property. It's all going to be based on what proposal comes before the Authority. Rogalski said LEDA is being considered to manage the properties because the City of Lawton needs someone to be able to make those decisions on what the appropriate course of action might be with each proposal. Rogalski noted that properties acquired by the City of Lawton that are in an active Urban Renewal Plan would probably go to LURA and not LEDA.

Nance asked how many properties the Authority could end up managing.

Ratliff said the end goal is to have at least 99% of neighborhood blight removed within 18 months. If we were to do 40 dilapidated structures a month for the next 18 months, this would put us at 560 properties.

Nance said one thing we need to think about is that managing these properties is going to take a lot of time.

Ratliff said the City of Lawton will not be foreclosing on all properties – we'll be foreclosing on the properties that are smart to foreclose on. He said we'll probably be more aggressive at purchasing the properties, especially if they get to the commissioner's sale and no one is buying them. However, Ratliff noted that the liens are wiped out at this point. He said if the City forecloses on the property, the liens are also gone because we got the property in exchange for our liens, so we won't be passing these liens onto the Authority.

Nance said we don't want Richard to be distracted or not be able to do all the other things he's doing right now because he's taking care of this. Nance said we've got to find a way to pay someone to do a lot of this.

Richard said it may be that Ratliff lets LEDA use some of City staff to help manage some of this, but it depends on how we decide to fund the project. Rogalski said that we haven't worked out all the details just yet.

Ratliff said this was his attempt to socialize the issue – we're not going to take any action today.

Gill said he thinks the idea of having the Authority manage the properties has merit.

Ratliff said he thinks it's a good idea, but if LEDA says they're not interested in managing the properties, then he will be creating another Authority to do so. However, he'd like to see LEDA managing the properties because there's a lot of expertise on the Authority.

Ratliff said it's important to note that when these properties get through the entire process, a lot of times they won't sell at all, and the property becomes property of the county. If that property is within the city limits of Lawton, often the county's assets are allocated elsewhere, and the City of Lawton ends up having to maintain the properties anyhow.

Gill said he thinks this has merit because LEDA has discussed many times about having blocks of land available for a developer to come in and do some sort of planned housing situation. Gill said at least we'll have control of things if the Authority is managing the properties.

Madigan asked if the Authority should anticipate some sort of draft memo of understanding or management agreement.

Ratliff said he just wanted to get a sense from this body if this is something they'd be willing to explore before he did anything formal.

Madigan said he likes the idea.

Warren said he likes the idea.

Chairman Fitch thanked Ratliff for his presentation.

No action was taken on this item.

5. Consider authorizing a payment/reimbursement of $466,392.25 to the Lawton Renewal Authority (LURA) to eliminate a long-term liability stemming from the Downtown Lawton Revitalization project and provide funding for LURA to proceed with a study to determine the extent of blighted conditions remaining within and adjacent to the downtown Urban Renewal Plan areas and to update the D-6, Downtown I and Civic Center Urban Renewal Plans as determined to be necessary.

Rogalski provided background information on this item. He said this debt to LURA is one of the Authority's long-term debts – it was on the financial statements that the Authority approved today. Rogalski said LURA incurred those costs as part of the Downtown Project. His understanding at the time is that LEDA ran out money to pay LURA because they'd expended all the capital that was available at that time.

Rogalski said this item ties into what we just talked about in that there's a desire with the residential redevelopment revolving fund to look at some of our neighborhoods and determine how we can do a better job in our neighborhoods.

Rogalski said LEDA and LURA both undertook the original downtown redevelopment when they updated the Urban Renewal Plans in 2006 and acquired property for the Lawton Town Center. Rogalski said we've had some good commercial interest in the downtown area. The FISTA is basically taking over and reinvigorating a failing mall. However, Rogalski said the residential properties need to be evaluated. The Authority would essentially be paying LURA back so they can start the process of evaluating some of these areas.

Rogalski noted that the Authority does have the money to make this payment. Currently, there's money in the STEDI Project Plan and the Downtown Plan. Rogalski said this would likely be paid with STEDI funds because the state match still hasn't come in yet.

Motion by Madigan, **Second** by Means, to authorize a payment/reimbursement of $466,392.25 to the Lawton Renewal Authority (LURA) to eliminate a long-term liability stemming from the Downtown Lawton Revitalization project. **AYE:** Hensley, Fitch, Neal, Warren, Means, Nance, Madigan, Gill. **NAY:** None. ***MOTION PASSED.***

REPORTS

1. Receive a report from the LEDA Executive Director

Rogalski said he been working very closely with the Department of Commerce on the state match. Rogalski said he has a letter from the Department of Commerce telling the OTC that our benefit can be up to 4.5%. Rogalski said the OTC has not yet responded to the letter. However, Rogalski said he feels like we're in a good spot now, and they next thing we'll be seeing is checks. He noted that we've submitted two match requests for about $1 million. There's another $600,000 that we haven't submitted yet.

Rogalski said the next note payment is March 1st, and it's an interest only payment of $278,492.50. Currently in the apportionment fund we have just under $200,000, so we'll be transferring in $82,000 from the IBC account to cover that note payment. Rogalski said we're all set to make this payment.

Rogalski said we're looking at doing a major update of the Downtown Project Plan. Rogalski said we'll be focusing on different areas of the Downtown Plan that need a focused TIF District, and we'll also be looking at restarting the areas in TIF 2 that never developed.

Rogalski said Westwin is still moving along fine. They've been contacting us with information for Phase 1 of their commercial plant. There is still no confirmation from the state, but Rogalski said he believes Westwin feels good about what they're doing in talking with the state regarding obtaining state funding.

Rogalski said we received more funding from TIF 3 and 4. We got our first 2024 tax funding, and the distribution checks will be signed by Chairman Fitch today. Rogalski noted that TIF 5 and 6 have been activated, but there's not revenue for these districts yet.

Rogalski said we're working on an agreement with a community partner to manage a community STEM program. This agreement will soon be presented to the STEM Board. Rogalski said after this, we'll start seeing STEM funding come through the Authority. The STEM Board will be approving the payments, and the Authority will be cutting the checks. Rogalski noted that this is being done as a reimbursement grant.

Rogalski said we're working with the Great Plains Technology Center (GPTC) on a P3 Grant for workforce training. He said the GPTC has a new workforce center at 67th and Gore, and the grant would help build this workforce training area.

Rogalski provided Authority members with a copy of the 2025 TIF Funds Draft Budget. A copy of the 2025 TIF Funds Draft Budget may be obtained from the City Clerk's Office upon request.

Rogalski said we expect to get about $1.3 million from TIF 3 and $164,000 from TIF 4. A certain percentage goes to the taxing entities, and a certain amount goes to STEM. He noted that in TIF 3, Republic Paper assistance will begin this year. The unallocated funding for TIF 3 funding for the year is about $782,000. Rogalski noted that the Authority owes the LEDC the pro rata share of the payment to the City of Lawton for the PepsiCo Project in TIF 4.

Rogalski said the cash on hand for the STEDI Project Plan is $2.5 million. Of this, $300,000 is Westwin's retainage, roughly $472,000 is STEM funding, $466,000 is the payment to LURA, $250,000 is for implementation and administration costs, and $500,000 has been placed in reserve for things that may come up. Rogalski said the uncommitted cash on hand is around $572,000. It would be possible to reimburse the City of Lawton with this money.

Rogalski noted that the projected revenue for TIF 1 and 2 is roughly $700,000 more than the expenses.

Gill asked if there's any reason why we would not get the state matching funds back.

Rogalski said he believes we will get the state matching funds, so long as they follow the letter sent to them from the Department of Commerce.

EXECUTIVE SESSION

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

The Authority convened in executive session at 2:53 PM and remained in executive session until 3:46 PM.

Motion by Gill, **Second** by Warren, to return to open session. **AYE:** Neal, Hensley, Fitch, Gill, Warren, Madigan, Means Nance. **NAY:** None. ***Motion Passed.***

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.

No action was taken on this item.

2. Pursuant to Section 307B.1, Title 25, Oklahoma Statutes, consider convening in executive session to review the employment of Richard Rogalski as Executive Director, and in open session take other action as necessary.

Motion by Madigan, **Second** by Hensley, to extend the contract with our Executive Director for LEDA, Richard Rogalski, for one year, as well as increase his base salary by $5,000. **AYE:** Sheppard, Hensley, Fitch, Gill, Warren, Madigan, Means, Nance. **NAY:** None. ***Motion Passed.***

ADJOURNMENT

Motion by Means, **Second** by Neal, to adjourn the February 20, 2025, meeting. **AYE:** Neal, Hensley, Fitch, Gill, Warren, Madigan, Means Nance. **NAY:** None. ***MOTION PASSED.***

There being no further business, the meeting adjourned at 3:49 PM.