

MINUTES
Lawton Economic Development Authority
Regular Meeting
Thursday, September 19, 2024 - 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, David Means, George Gill, David Madigan, Jason Hensley

ABSENT: Ernest Sheppard, Ron Nance, Larry Neal

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

BUSINESS ITEMS

1. Consider approving the minutes of the August 22, 2024 meeting.

Motion by Gill, Second by Warren, to approve the minutes of the August 22, 2024 meeting.
AYE: Fitch, Hensley, Gill, Warren, Madigan, Means. **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 July 2024 Financial Report, which includes the following financial statements:

- Statement of Net Position dated July 31, 2024
- Statement of Revenue and Expenses – Combined for the Period Ended July 31, 2024
- Statement of Cash Flows for the Period Ended July 31, 2024
- Statement of Revenue and Expenses – Operations for the Period Ended July 31, 2024
- Statement of Revenue and Expenses – TIF District 1 for the Period Ended July 31, 2024
- Statement of Revenue and Expenses – TIF District 3 for the Period Ended July 31, 2024

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

Modeste noted that distribution payments for TIF 3 and TIF 4 are continuing to become more current. He said all but about \$23,047.00 has been distributed to the various eligible taxing entities.

Modeste said there has been no change in the long-term liabilities, with the exception of escrow funds. He said escrow funds will always match the balance in the escrow account, so there was an additional \$145.24 of interest added to the long-term liabilities.

Modeste said under net positions, the report shows all the restrictions there are on net assets. The amount in the BOK account is \$1.3 million. He said 10% of the TIF collections are restricted for STEM, which brings us to a change in net position for the month of \$72,802.86.

Modeste said the property tax income listed on page 5 of the report includes the July collections received by the county for TIF 1 and TIF 3, which was a total of \$145,874.74.

Modeste said the most significant operating expenses for the month of July were the TIF distributions that are due to each of the eligible taxing entities. He said a TIF 3 collection check in the amount of \$173,998.04 was deposited on July 15, 2024. The total amount of TIF 3 distributions from this collection is \$23,047.20. Modeste said a breakdown of all the expenses can be found on pages 7 - 9 of the report.

Modeste said the Statement of Cash Flows on page 6 of the report reconciles \$72,802.86 in income for the month of July to the cash at the end of July of \$5.6 million.

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

3. Discuss repayment to the City of Lawton and take action as deemed necessary.

Rogalski provided Authority members with a financial report outlining the following information: TIF 3 and TIF 4 funds that have been received by LEDA, the amounts that have been distributed to the taxing entities, the amount that has been set aside by STEM, a list of remaining unallocated funds, proposed reimbursement to the City of Lawton and a long-term liability report. A copy of the financial report may be obtained from the City Clerk's Office upon request.

Rogalski said what we're talking about is making our first distribution, or payment, back to the City of Lawton. He said the ordinance that set up the STEDI Project Plan required that we pay back, as a priority, the economic development fund.

Rogalski said the City of Lawton has asked that the Authority reimburse them \$666,648.00 - \$421,854.35 would go to the City of Lawton's Economic Development Reserve Fund, and \$244,793.65 would go to the 2019 CIP Industrial Development Fund, which is the PepsiCo project in TIF 4. Rogalski noted that the City of Lawton paid \$535,000 for this project, and the Authority would be repaying a portion of this amount.

Rogalski said we have a total of \$2,021,303.74 in unallocated funds. According to the STEDI Project Plan, these funds would go towards the following categories:

- **Cost of Financing & Construction of Public Infrastructure & Improvements** – 15% of unallocated revenue / apportionment amount of \$303,195.56
- **Assistance in Development Financing / Project Support** – 15% of unallocated revenue / apportionment amount of \$303,195.56

- **Economic Development Enhancement Fund / Financing Reserve** – 5% of unallocated revenue / apportionment amount of \$101,065.19
- **Implementation & Administration** – 60% of unallocated revenue / apportionment amount of \$1,212,782.24
- **Contingencies** – 5% of unallocated revenue / apportionment amount of \$101,065.19

Rogalski said we essentially have about \$2 million that we could reimburse the City of Lawton with, but right now we're simply responding to the City of Lawton's first request of \$666,648.00. Rogalski said it's important that the Authority be cautious financially because we don't know what's going to happen in the future.

Rogalski said he is flowing 60% of our current funds towards implementation and administration. He said it won't always be funded at this high of a percentage, but implementation costs when you're first starting out are always a higher part of your costs than they are when you are further down the road. Rogalski noted that the Authority will now be paying the contractual fees for his services as Executive Director, and the Authority will also now be paying their legal fees.

Madigan asked Rogalski if he has gone over this information with Modeste.

Rogalski said he has a little bit, but he will make sure Modeste is aware that the City of Lawton might be wanting two separate checks so they can deposit them separately.

Motion by Madigan, Second by Means, to repay the City of Lawton in the amount of \$666,648.00. **AYE:** Fitch, Hensley, Gill, Warren, Madigan, Means. **NAY:** None. ***Motion Passed.***

4. Discuss the major amendment to the STEDI Project Plan and provide direction as appropriate to the Executive Director.

Rogalski said the major amendment must be accomplished by the end of the calendar year. He said the City of Lawton has annexed the 40 acres for the Westwin project, and Westwin is working on getting the land properly rezoned. Rogalski said with this project plan amendment, we'll be adding the 40 acres to the TIF district.

Rogalski said because we're going through a major amendment, we want to capture all the necessary changes that should be made with regards to the increment districts.

Rogalski provided Authority members with maps of the existing TIF districts with their total acreages as well as a draft proposal of potential changes to be made to these districts with the project plan amendment. Copies of these documents may be obtained from the City Clerk's Office upon request.

Rogalski said there are some holes in our current project plan. Right now, our current plan does not include any of our existing industries other than Republic Paper. Silver Line Plastics and other industries north of Ard Blvd are not included in the current project plan. Rogalski said this means that if one of these existing businesses want to do a major expansion like Republic did when we first implemented the project plan, we wouldn't be able to assist them or capture the improvements without undertaking another major amendment to the project plan.

Rogalski said with the way the project plan was built, the TIF districts do nothing until they are activated. He said we only want to activate these districts when we need to because we're making an investment or providing some sort of support for the company's investment.

Rogalski said he attempted to capture everything he could think of that would potentially become industrial in the next 25 years. However, this does not mean these will all get activated.

Rogalski said they are proposing to resize TIF 4 to the PepsiCo project, resize the proposed TIF 5 for the Fisher59 project, and the other districts will be left at a scale that is likely to match future development.

Rogalski said once we decide we have a set of maps that we like, we'll ask the City Council to set up the STEDI Project Plan Review Committee so we can get the amendment process going.

No action was taken on this item.

REPORTS

1. Receive a report from the LEDA Executive Director

Rogalski said another disbursement has been made to the taxing entities. He noted that this money is now disbursed as it comes in. This way, we don't have to deal with interest.

Rogalski said we will also have a STEM disbursement in the amount of \$206,150 per year over the next few years. The Authority has a separate account at City National Bank that they will transfer this money to.

Rogalski said Westwin has submitted their final draw request. He said staff will go out next week to do inspections, and the draw request will be on the next agenda. However, Rogalski noted that Westwin has yet to obtain a final Certificate of Occupancy (CO). He said the retainage will not be released until the final CO has been obtained.

Rogalski said Westwin is also working on an amendment to the building permit – they'll be adding a concrete pad to their stormwater plans. He's not sure if this will hold up their CO, or if the City of Lawton will allow them to do this as a separate item.

Rogalski said Fisher59 now owns their property. He said Fisher59 reached out to him asking if the City of Lawton would entertain doing draws to pay for the construction costs rather than paying the construction interest. Rogalski said he is working on a modification proposal to present this request to the City Council.

Rogalski said one of the items in the recently passed 2040 CIP was the redevelopment revolving fund, which will be funded at \$25 million. This fund will be used for the redevelopment of homes that are stagnated. Rogalski said it may be likely that the Authority will take part in this process. Rogalski said additional TIF districts will be created with this project.

Gill said this program will be a great asset to Lawton.

Rogalski said he will soon be meeting with the Oklahoma Department of Commerce to discuss the delay in receiving the state matching funds. However, we were able to make the note payment by borrowing money from TIF 1. Rogalski said the money borrowed from TIF 1 will be paid back when the state matching funds have been received.

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.

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

The Authority convened in executive session at 2:54 PM and remained in executive session until 3:10 PM. When back in open session, roll call reflected all members present.

No action was taken on this item.

ADJOURNMENT

Motion by Gill, Second by Means, to adjourn the September 19, 2024 meeting. **AYE:** Fitch, Hensley, Gill, Warren, Madigan, Means. **NAY:** None. ***MOTION PASSED.***

There being no further business, the meeting adjourned at 3:11 PM.