

MINUTES
Lawton Economic Development Authority
Regular Meeting
Thursday, November 21, 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, Ernest Sheppard, George Gill, Larry Neal, Jason Hensley, Ron Nance

ABSENT: David Means, David Madigan

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

BUSINESS ITEMS

1. Consider approving the minutes of the October 17, 2024, meeting.

Motion by Gill, **Second** by Hensley, to approve the minutes of the October 17, 2024 meeting.
AYE: Fitch, Hensley, Gill, Warren, Neal, Nance, Sheppard. **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 September 2024 Financial Report, which includes the following financial statements:

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

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

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

REPORTS

1. Receive a report from the LEDA Executive Director

Rogalski provided an updated on the state match. He said the state is concerned about the net benefit ratio that is listed in our grant letter we received when the state match was approved. The letter said we said we are approved up to \$37 million, with a 2% net benefit ratio. Rogalski said we read this as \$37 million, so we've been sending our state match requests in every six months. The state had been paying these requests for the past 12 years, but in spring of last year the state requested the percentages of taxes being sent to them. Rogalski said he advised the state that the occupancy tax is 7.5%, the use tax is 4 1/8% and the sales tax is 2%. The state then advised that we can't go over the 2% net benefit ratio. Rogalski said this means that we would not be able to claim the other 5.5% of the occupancy tax.

Rogalski said that after reading the original letters, it was his understanding that we were approved as a military community and the \$37 million was based on employment at Ft. Sill (not people buying things at the Lawton Town Center), and the net benefit ratio was to be 2% of all their purchases of a theoretical number. However, Rogalski said we couldn't find the calculations that were backup to the original letters.

Rogalski said he's had a couple of conversations with Jon Chiappe with the Oklahoma Department of Commerce. Rogalski said Mr. Chiappe sent him a spreadsheet last week indicating what the number was based on. He said the spreadsheet shows the number was based on 5,100 soldiers at Ft. Sill. Rogalski said we will be drafting a letter to the OTC stating our understanding of what the grant is based on and explaining that we've since been submitting these requests in accordance with the Local Development Act. Rogalski noted that the Local Development Act limits sales tax matches to 4.5%, but it doesn't give you a limit on occupancy tax, so we've absolutely been in compliance with the statute other than the line that states that it can't go over the net benefit ratio – this is what the OTC is hitting us with. Rogalski said the letter to the OTC will state that we understand that the net benefit ratio doesn't apply to our collections within the Lawton Town Center – it applies to a calculated number of troops at Ft. Sill. Rogalski noted that the number of troops is probably higher now, which would mean they need to give us more money.

Rogalski said it's possible that the OTC will say yes and it's done. It's also possible that they say yes but will require a new grant letter stating the new net benefit, which will accommodate how we've been charging it. He emphasized that the spreadsheet from Mr. Chiappe was just what we were needing. Rogalski said he did not want to resubmit a request for less money because we did not do anything wrong – he believes the OTC is misunderstanding things.

Chairman Fitch said Dan Batchelor did the first two or three submittals to the state for us to get the state match and everything seemed fine – our belief was that we were doing it correctly.

Rogalski said he still believes we were doing it correctly. He thinks the OTC is misunderstanding the nature of our grant. We do not have a normal grant – ours was a military community grant and it's completely different.

Chairman Fitch said we feel very good with where we are, and he thinks things will work out just fine without hurting us financially.

Rogalski said we are in a very strong position – what we are doing is very fair.

Chairman Fitch said he commends Rogalski for his tenacity in staying on top of this.

Rogalski said Westwin is trying to get their Certificate of Occupancy (CO) wrapped up by the end of the year. Westwin had a few issues with their mechanical inspections, but they finally got it passed inspection yesterday. Rogalski said it's his understanding that they'll be issued a CO this week for the pilot plant, which will be the very first important step for them to make nickel and do the bankable feasibility study for us. Rogalski said he is confident that things will roll forward and we'll have a commercial plant groundbreaking in 2025. He said this is all speculation, but he's feeling good about it.

Rogalski said things are close to moving forward with Fisher59. There is a proposed request to do draws rather than a final payment at the end. Rogalski said if we get this language worked out, we'll be bringing it forward to this body, the LEDC and the City Council. He said it looks like this might work out.

Rogalski said Fisher59 didn't get their easements, and they're suddenly realizing they need them. The easements from themselves and from the LEDC are easy, but the ones from the Commissioners of Land Office north of the project will take some time. Rogalski said he's been helping them with this process.

Rogalski gave a presentation on the STEDI Project Plan to let Authority members know what's been done and where we are in the process. A copy of the presentation may be obtained from the City Clerk's Office upon request.

Rogalski noted that the median family income in Lawton is \$10,000 lower than the average for the state. He said he believes every single problem or issue we have in this community can be tied to this number. If we were just at the state average, our citizens would have \$331 million a year more income in their pockets – this would change the community remarkably.

Rogalski said the STEDI Project Plan and the PROPEL CIP work hand in hand to fuel industrial development.

Rogalski said the STEDI Project Plan Review Committee met on November 12th and unanimously approved a Statement of Findings recommending approval of the Amended STEDI Project Plan to the City Council. The City Planning Commission met on November 14th and unanimously recommended approval of the Amended STEDI Project Plan and stated that the plan is in conformance with the Land Use Plan.

Rogalski said we have a noticed public hearing for Monday, December 2nd at 3:30 P.M. – this is a hearing only. On Tuesday, December 10th at 6:00 P.M. there will be another public hearing at the City Council meeting, after which the City Council could consider an amendment adopting the Amended STEDI Project Plan.

Chairman Fitch said this involved a lot of long-range planning, and he thinks we've got ourselves very well covered for the future.

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

The Authority convened in executive session at 2:42 PM and remained in executive session until 3:12 PM. When back in open session, roll call reflected all members present.

Motion by Warren, Second by Hensley, to direct the Executive Director to move forward with discussions that would encompass things discussed in executive session. **AYE:** Fitch, Hensley, Gill, Warren, Neal, Nance, Sheppard. **NAY:** None. ***Motion Passed.***

Gill left the meeting at 3:13 P.M.

Chairman Fitch asked Rogalski to provide a report on how the sales tax and occupancy tax is apportioned.

Rogalski said he's been working with the City of Lawton on how they apportion the sales tax and the occupancy tax. For twelve years they've had reports for Chairman Fitch to sign, certifying the amount that supposed to be apportioned. Rogalski said he explained to the City's new Finance Director that Chairman Fitch isn't the one creating the numbers – the City's Finance staff is creating the numbers, so they should be the ones certifying them. Rogalski said he worked with the Finance Director to develop an internal process within the City of Lawton for apportioning sales tax and occupancy tax to LEDA.

Chairman Fitch said this is one of the many things that Rogalski has done to streamline a lot of the things that we're doing. He noted that we're making quite a few different changes.

Neal asked when operations will begin at the Westwin pilot plant.

Rogalski said they will start making nickel in December. He's unsure exactly how long the process takes.

Warren said he believes it takes less than a week.

ADJOURNMENT

Motion by Warren, Second by Neal, to adjourn the November 21, 2024 meeting. **AYE:** Fitch, Hensley, Warren, Neal, Nance, Sheppard. **NAY:** None. ***MOTION PASSED.***

There being no further business, the meeting adjourned at 3:22 PM.