MINUTES
Lawton Economic Development Authority
Special Meeting
Thursday, March 13, 2025 - 2:00 PM
2nd 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 2nd floor conference room of City Hall.

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.

ROLL CALL:

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

ABSENT: None

OTHERS PRESENT: Richard Rogalski, LEDA Executive Director; Garrett Lam, Assistant City Attorney; Tammy Branstetter, City Clerk's Office; Rusty Whisenhunt, Public Utilities Director; Matthew Modeste, Hatch, Croke & Associates; Bernita Taylor, QUEST of Oklahoma, Inc; Nate Slate, STEM Consortium; Mike Brown & Spencer Brown, FTG Brown; Matina Davis, Citizen of the Community

*Arrived at 2:12 PM

BUSINESS ITEMS

1. 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 January 2025 Financial Report, which includes the following financial statements:

- Statement of Net Position dated January 31, 2025
- Statement of Revenue and Expenses – Combined for the Period Ended January 31, 2025
- Statement of Cash Flows for the Period Ended January 31, 2025
- Statement of Revenue and Expenses – Operations for the Period Ended January 31, 2025
- Statement of Revenue and Expenses – TIF District 1 for the Period Ended January 31, 2025
- Statement of Revenue and Expenses – TIF District 2 for the Period Ended January 31, 2025
- Statement of Revenue and Expenses – TIF District 3 for the Period Ended January 31, 2025
- Statement of Revenue and Expenses – TIF District 4 for the Period Ended January 31, 2025

A copy of the January 2025 Financial Report may be obtained from the City Clerk's Office upon request.

Modeste reviewed the statement of net position found on page 3 of the financial statements. Modeste said at the end of January, the total in the Authority's five back accounts was $3,912,364.49. Modeste said the interest receivable with BOK was $657.52, all of which was received in February. With regards to the sales tax receivable, there is $196.79 still owed from the City of Lawton. The property tax receivables for TIF 1, 2 and 4 are all January collections, which we received and deposited in February. Modeste said there was no change in the state matching funds for the current and prior year. He said Rogalski has been working with the Department of Commerce to get this worked out, and they seem to be making some headway in collecting these payments. Modeste said the total fixed assets are $1,781,688, and there were some fair market value adjustments made. There was no change in the note receivable for Westwin Elements in the amount of $2.7 million, giving you total assets in the amount of $10,315,922.87.

Modeste reviewed the liabilities and net position found on page 4 of the financial statements. Accounts payable total $7,320.00, the accrued interest payable related to the BOK loan totals $250,190.40, and the combined total of the TIF distributions payable for TIF 3 and TIF 4 is $25,394.71. The distribution checks were written in February. Modeste said there was no change in the long-term liabilities, with the exception of the escrow account for Bricktown Brewery - there was an increase of $107.23, which was all interest on the Arvest bank account. Modeste said your assets minus your liabilities gives you a total net position of -$16,961,914.21.

Modeste reviewed the combined statement of revenue and expenses found on page 5 of the financial statements. The details of these and the breakdown of the various TIF Districts can be found on pages 7-11 of the financial statements. Modeste said property income tax totaled $23,876.50 – this was property tax from January, which was received in February. The interest expense on the BOK loan totals $50,038.08. Modeste said the last five items are the TIF distribution payments that were made in February, and the combined total of these payments equals $25,394.71, which matches the payables listed on page 4 of the financials. Modeste said interest income totaled $9,093.18, leaving you with a change in net position of -$49,683.11.

Modeste reviewed the statement of cash flows found on page 6 of the financial statements. Modeste said this statement reconciles the change in net position of -$49,683.11 to the cash at the end of the period of $3,912,364.49.

Motion by Madigan, **Second** by Means, to accept the January 2025 Financial Report from Hatch Croke & Associates, P.C. as presented. **AYE:** Hensley, Fitch, Neal, Means, Nance, Gill, Madigan. **NAY:** None. ***MOTION PASSED.***

2. Consider approving a request from FTG Brown, LLC, to release the remaining escrow amount pursuant to the 2022 Escrow Agreement created as security for the 2019 Redevelopment Agreement for the Bricktown Brewery located within the Lawton Town Center.

Richard Rogalski, LEDA Executive Director, introduced Mike and Spencer Brown, FTG Brown, and asked them to share more information regarding their request. A copy of the request from FTG Brown, LLC, to release the remaining escrow amount pursuant to the 2022 Escrow Agreement may be obtained from the City Clerk's Office upon request.

Mike Brown said part of the escrow account that the Authority holds right now was to ensure the success of the project, and if for some reason the project wasn't as successful as we thought it would be, the Authority would be able to be remunerated in some degree.

Mike Brown said Bricktown Brewery has been in operation for over five and a half years, and they've entered into their second five-year lease. They've been averaging sales of around $60,000 a week.

As an overview, Brown said investment in the construction of the building was around $35,000 in taxes paid for materials when we built the building. The city sales tax piece of the $16 million that's been generated is about $673,000, and since it's been open, Bricktown Brewery has paid around $109,000 in ad valorem tax. Brown said adding these up equals about $818,000.

Brown said it would behoove us to get this money out of escrow so we can use it for something else. Brown said he and his team are dedicated to redevelopment efforts in the downtown area.

Gill asked for the amount currently held in escrow.

Rogalski said the original amount that was put on a 10-year forgivable note was approximately $150,000. At the time the escrow was created, we accredited 3 years, so there was $97,000. Rogalski said as of January of this year, there's $72,250 in the escrow account. All that money would be washed back to FTG Brown, as long as Bricktown Brewery stays operational.

Madigan noted that the escrow account was originally set up as a safety net in case Bricktown Brewery wasn't successful. However, they've made it very successful for the first five years, and they've just renewed their lease for another five years. He said he doesn't believe the Authority's risk is there any longer.

Motion by Madigan, **Second** by Hensley, to release the remaining escrow amount to FTG Brown. **AYE:** Hensley, Fitch, Neal, Means, Nance, Warren, Gill, Madigan. **NAY:** None. ***MOTION PASSED.***

3. Consider approving a funding agreement between QUEST of Oklahoma Inc., and the Lawton Economic Development Authority for a community STEM program for the 2025 calendar year to be funded by the STEDI Project Plan designated STEM funding.

Rogalski provided background information on this item. A copy of the funding agreement between QUEST of Oklahoma Inc., and the Lawton Economic Development Authority, may be obtained from the City Clerk's Office upon request.

Rogalski said the STEDI Project Plan provides 10% of the funding to STEM. Last year, we discussed creating a ten-year program to frontload the STEM program. Rogalski said we've came up with an annual allocation of about $206,000, based on the revenue the Authority already receives.

Rogalski said there are specific goals in the agreement with regards to the number of kids they are going to reach. He asked Bernita Taylor, QUEST of Oklahoma Inc, to share more information regarding the STEM program.

Taylor said she represents the nonprofits, not the entire STEM Consortium. The STEM Consortium is made up of multiple groups of people, to include the following: Lawton Public Schools, Cameron University, Great Plains Technology Center, the nonprofits, and the FISTA.

Taylor said this part is for the nonprofits. She said we have STEM camp every year, and we have added the Boys and Girls Club this year. We expect to serve 175-200 kids. We are also starting a Lego League in the fall, and we expect to have teams for that. Taylor said they'll be starting Lego

League at the pre-k level. We have found drones that 4- and 5-year-olds can build. The full age range will be from pre-k up to twelve years old.

Taylor said we plan to be a part of City of Lawton functions – we will be at the Open Streets and Juneteenth events. Taylor said we'll be doing hands on experiments with the children, and these children will all be wearing "STEM City of Lawton" t-shirts.

Taylor said this also incorporates our Teen Program, which is a work program where we work with and mentor youth.

Nate Slate introduced himself as the Chairman of the STEM Consortium. He said he is very excited about what's going on here. Slate said there are over 64 entities involved with the STEM Consortium. He noted that there are eight churches that have STEM programs for children within low economic areas. He noted that Lawton-Ft. Sill is starting to get more recognition for their STEM programs.

Taylor noted that this money will be going strictly to low-income students. She noted that one of their students from their Teen Program has gone on to pursue his master/doctorate degree at a prestigious school in Boston for physics. Taylor said this program is reaching kids who would normally not have such an opportunity, and it's changing their lives.

Chairman Fitch said there is a STEM Board that will communicate with Taylor and give the approval of what she's wanting money for. The STEM Board will then come to the Authority with their support and commitment of the funding request, and the Authority will then vote to release the funds to the STEM program.

For clarification, Rogalski noted that the STEM funding is owned by LEDA – it's a portion of the Authority's TIF funds. The STEM Board is more of an ad hawk board, so they can't have an agreement to spend money - they don't have any money to spend. Rogalski said the STEM Board is an advisory committee. Rogalski said the STEM Board will be meeting tomorrow morning to consider offering a concurrence with this agreement, just so that we know everyone's on the same page.

Garrett Lam, City Attorney's Office, clarified that the money will not be going to the STEM Board – the money will come from LEDA and go to Quest.

Madigan asked if a report will be provided by QUEST to review their performance of the scope of services referred to in the agreement.

Rogalski said QUEST will be submitting a report of what they did along with their request for funds. Rogalski said he will be reviewing these reports and approving the invoices. Rogalski noted that all invoices that he approves must also be signed off on by the Chairman or Vice-Chair.

Motion by Madigan, **Second** by Hensley, to approve funding agreement between QUEST of Oklahoma Inc., and the Lawton Economic Development Authority. **AYE:** Hensley, Fitch, Neal, Means, Nance, Warren, Gill, Madigan. **NAY:** None. ***MOTION PASSED.***

4. Receive a report from Rusty Whisenhunt, Director of Public Utilities for the City of Lawton, and consider approving Reimbursement Request #2 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.

Rusty Whisenhunt, Public Utilities Director, provided a report regarding Reimbursement Request #2 from Fisher59 Properties.

Whisenhunt said what they're billing for this time are some of their general conditions, which is very minimal. With regards to earthwork, they're billing at 10% complete. For site utilities, they're billing at 57% complete. Whisenhunt said they're also billing for their general liability and builder's risk insurance as well as the project management fee, for a total of $352,142.11, of which there's $35,214.21 in retainage. We have the cleared cashier's check for the combination of the earthwork and site utilities, which is the part being done by the subcontractor.

Gill said he noticed that the builder's risk and insurance has been pulled out – that's payable by the contractor. However, Gill asked if we've received a copy of the certificates.

Whisenhunt said Rogalski should have insurance certificates with the agreement.

Gill asked if we've received a payment bond or performance bond. He asked if this was mandatory.

Whisenhunt said this does require bonds.

Rogalski said Fisher59's first pay request was for payment of the required insurance bonds. Rogalski said we do have a copy of the bonds.

Gill asked Rogalski to verify this, because they should furnish this information before we pay them.

Motion by Neal, **Second** by Gill, to approve Reimbursement Request #2 from Fisher59 Properties in the amount of $316,927.90. **AYE:** Hensley, Fitch, Neal, Means, Nance, Warren, Gill, Madigan. **NAY:** None. ***MOTION PASSED.***

REPORTS

1. Receive a report from the LEDA Executive Director

With regards to the state matching funds, Rogalski said a letter from the Oklahoma Department of Commerce was sent to the Oklahoma Tax Commission (OTC) that confirms the net benefit ratio is 4.5%, and the letter also clarifies that we've met the net benefit ratio if the state sales tax from retail sales from the project is more than our request. Rogalski said the OTC responded to the letter by requesting the certifications for the two prior years be resubmitted in different formatting. Rogalski said he will be finalizing the certifications and will get them signed by the Mayor tomorrow morning. Once signed, the certifications will be sent to the OTC.

Rogalski said with regards to the Authority's budget, we've talked about having a certain amount of the TIF revenue set aside as a reserve fund in the amount of approximately $500,000. Rogalski said he and Chairman Fitch recently met with a bank representative where the STEDI Project Plans are, and we're going to look at putting funding into an account that would earn more interest.

Rogalski said when he was working with Modeste on some of the Authority's financials, Modeste advised him that the auditor was asking where the Authority got their basis of value for the two properties in Lawton Town Center that the Authority owns. In researching this, Rogalski said he got a copy of the Authority's listing agreement. Rogalski said this agreement started in January of 2022, and it was for 12 months, so as of now this agreement is expired.

Chairman Fitch said he would like to hold of on this until April.

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. - **STRICKEN**

ADJOURNMENT

Motion by Gill, **Second** by Hensley, to adjourn the March 13, 2025, meeting. **AYE:** Neal, Hensley, Fitch, Gill, Warren, Madigan, Means Nance. **NAY:** None. ***MOTION PASSED.***

There being no further business, the meeting adjourned at 2:47 PM.