MINUTES
Lawton Economic Development Authority
Special Meeting
August 22, 2024—2:00 PM
City Attorney's Conference Room
City Hall - 212 SW 9th Street
Lawton, Oklahoma 73501

Chairman Fitch called the meeting to order at 2:00 PM. in the City Attorney's 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, Ernest Sheppard, George Gill, David Madigan

ABSENT: Jason Hensley, Ron Nance, Larry Neal

OTHERS PRESENT: Richard Rogalski, LEDA Executive Director; Tim Wilson, City Attorney's Office; Tammy Branstetter, City Clerk's Office; Scott Hatch, Hatch, Croke & Associates

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BUSINESS ITEMS

1. Consider approving the minutes of the July 18, 2024 meeting.

Motion by Sheppard, **Second** by Means, to approve the minutes of the July 18, 2024 meeting. **AYE:** Fitch, Warren, Means, Madigan, Gill, Sheppard. **NAY:** None. ***MOTION PASSED.***

2. Receive the June 2024 Financial Report from Hatch Croke & Associates, P.C., and take action as deemed necessary.

Scott Hatch, Hatch Croke & Associates, P.C., presented the June 2024 Financial Report, which includes the following financial statements:

- Statement of Net Position dated June 30, 2024
- Statement of Revenue and Expenses – Combined for the Periods Ended June 30, 2024 and 2023
- Statement of Cash Flows for the Period Ended June 30, 2024
- Statement of Revenue and Expenses – Operations for the Periods Ended June 30, 2024 and 2023
- Statement of Revenue and Expenses – TIF District 1 for the Periods Ended June 30, 2024 and 2023
- Statement of Revenue and Expenses – TIF District 2 for the Periods Ended June 30, 2024 and 2023
- Statement of Revenue and Expenses – TIF District 3 for the Periods Ended June 30, 2024 and 2023
- Statement of Revenue and Expenses – TIF District 4 for the Periods Ended June 30, 2024 and 2023

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

Hatch noted that this is a year end report. He said unfortunately his staff did not receive information from the City of Lawton regarding the receivables on the sales tax. He said these receivables are booked when the City of Lawton collects the money, and the City of Lawton wasn't sure what these numbers were when the June 2024 Financial Report was issued.

Richard Rogalski, LEDA Executive Director, said he will be discussing these figures today during his report.

Hatch said with regards to the note payment, there is plenty of money in the TIF 3 account that could be borrowed and used to make the payment.

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

3. Consider approving a Function Space License Agreement by and between the Lawton Economic Development Authority, a public trust and Lawton Lodging, LLC, a Texas limited liability company.

Rogalski provided background information on this item. A copy of the Function Space License Agreement by and between the Lawton Economic Development Authority, a public trust and Lawton Lodging, LLC may be obtained from the City Clerk's Office upon request.

Rogalski said the Authority recently approved a term sheet that laid out the terms for this agreement. He said this agreement is very similar to the previous agreement the Authority did with Lawton Lodging ten years ago. The previous agreement began on April 12, 2012, and it terminated in March of this year (2024). According to the previous agreement, originally $2.8 million was going to be provided to Lawton Lodging (including interest payments), but the most they could get was ten years of hotel motel tax, which came out to just over $2 million over the ten-year period of the agreement.

Rogalski said there are two major changes with the newly proposed agreement with Lawton Lodging. One change is that Lawton Lodging will be keeping 2/3 of the occupancy taxes, and LEDA will keep 1/3 of the occupancy taxes. Rogalski noted that in the previous agreement, Lawton Lodging received 100% of the occupancy taxes. He said the newly proposed agreement puts a maximum of $2.4 million for the occupancy taxes received by Lawton Lodging over the ten-year period of the agreement.

Rogalski said the second change in the newly proposed agreement has to do with how the function space is used. He said he met with Lawton Lodging and Chamber of Commerce President John Michael Montgomery to discuss ways to best use the function space in a way that promotes tourism in Lawton. Rogalski said what they came up with can be found on page 3 of the agreement, which states:

> (b) LEDA or its authorized designees shall be entitled to (i) free room rental (Great Plains, or an approved equivalent) and the provision of food and beverages at a discounted rate of fifty percent (50%) for the Lawton Fort Sill Chamber of Commerce (the "Chamber") Annual Banquet, (ii) subject to availability, one (1) complimentary suite to be used by the meeting planner or a designated VIP for each event at the Hotel Conference Center resulting from the efforts of the Chamber and banquet guests utilizing a minimum of thirty (30) rooms per night, (iii) happy hour for up to twenty-five (25) people, including meeting space, Chef's choice of hors d'oeuvres (four items per person), and a cash bar up to six (6) times per year for meeting planners invited by the Chamber for the purpose of soliciting

new events at the Hotel Conference Center, (iv) happy hour for up to twenty-five (25) people, including meeting space, Chef's choice of hors d'oeuvres (four items per person), and a cash bar four (4) times per year for quarterly meeting planner events hosted by the Chamber to encourage tourism and to appeal to non-local meeting planners; and (v) complimentary meeting space (Great Plains A, Great Plains B, Great Plains AB, or an approved equivalent) for monthly luncheons up to twelve (12) times per year. The Function Space shall not be available to LEDA on the first, second, and third Friday and Saturday evenings of December, nor on December 31 of each year. In the event Function Space or guest rooms are not available at the times requested by LEDA, Licensor is responsible for providing LEDA with suggested alternate times of comparable utility to LEDA when the Function Space or guest rooms are available. LEDA shall reserve Function Space and guest rooms not earlier than thirty (30) days prior to the desired date, provided, however, that one (1) time per calendar year, with respect to ballroom and prefunction Function Space, and two (2) times per calendar year with respect to the board room, LEDA may reserve the Function Space up to one hundred eighty (180) days in advance. Licensor and Licensee shall work together in good faith to resolve any conflicts in reservations for Function Space.

Madigan said the City of Lawton benefits in a number of ways when tourism is brought to the community.

Chairman Fitch noted that many other communities pay a percentage of money to their local convention centers to promote tourism.

Sheppard asked if the agreement outlines any requirements for Lawton Lodging regarding the condition of the facilities.

Rogalski said these requirements are found on page 2 of the agreement under paragraph 4, which states that:

> 4. Function Space. Licensee shall be entitled to the use of the Function Space and guest rooms as particularly set forth in Paragraph 5 below. Licensor shall equip and furnish the Function Space in such manner that it is readily usable by LEDA for the intended and scheduled activities. The reservation and use of Function Space and guest rooms as specified in Paragraph 5 shall be at no additional cost to LEDA except as otherwise provided in Paragraph 5. Licensor shall operate and maintain the Function Space and furnishings in a first-class manner for the Term of this Agreement, and Licensee shall have no obligation or responsibility, financial or otherwise, to operate or maintain the Function Space and/or the furnishings therein.

Sheppard said the requirements are rather general, but they are notated.

Madigan said if Lawton Lodging keeps their franchise flag with the Hilton, this type of first-class standard will remain. He noted that Property Improvement Plans (PIPs) are general required by the Hilton every 7-10 years.

Rogalski said Lawton Lodging has agreed to a $2 million upgrade on the hotel.

Means asked when this is supposed to happen.

Rogalski said this will happen soon.

Chairman Fitch said he thinks they'll start the process next fiscal year.

Motion by Madigan, **Second** by Means, to approve the Function Space License Agreement by and between the Lawton Economic Development Authority, a public trust and Lawton Lodging, LLC. **AYE:** Fitch, Warren, Means, Madigan, Gill, Sheppard. **NAY:** None. ***MOTION PASSED.***

REPORTS

1. Receive a report from the LEDA Executive Director

Rogalski said the groundbreaking ceremony for Fisher59 Properties was last week. He said this event was successful and well attended. He said according to the Development Agreement with Fisher59, the City of Lawton will refund Fisher59 up to $2.9 million for the offsite public improvements that are part of this development.

Rogalski said the ribbon cutting for the Westwin Elements demonstration plant also occurred last week. He said this was an exciting event, and this project is moving forward. Rogalski said the month of September will be an important month for this project. He anticipates a project update from Westwin sometime in September or early October.

Means asked how Westwin is doing on staff and asked if they have enough staff to be operational.

Rogalski said Westwin has hired some staff, but right now they only need to hire enough employees for the demonstration plant.

Chairman Fitch said there's expected to be a maximum of 80-85 employees hired for the demonstration plant, but only 45 of these employees will be hired initially.

Sheppard asked what type of documentation Westwin is accumulating to present to the lenders regarding the pilot plant.

Rogalski said Westwin has a website that they've put together specifically for investors that has a lot of documentation. He said the biggest thing is that the pilot plant must be able to produce nickel that can be sent to the lab and pass inspection(s).

Gill said there is a huge demand for nickel, even without the electric battery or the electric car business. Being the only plant in America, Gill said he can't see how Westwin could do anything but good.

Rogalski noted that there are also opportunities for Westwin to produce other types of elements, such as manganese and iron, by adjusting the temperature during the refining process.

Rogalski provided Authority members with a STEM budget that was part of a resolution passed by the City Council recently to frontload STEM funding at $206,130 a year. He said TIF 3 projections can fund this for ten years. If there is no additional STEM revenue in year eleven, we would run short. However, Rogalski noted that Westwin alone is projected to fund STEM somewhere around $250,000 - $300,000 a year. Rogalski said the current earnings for STEM are around $150,000, and it's difficult to run a program off this amount of money.

Rogalski said a separate account will be set up at City National Bank to transfer the STEM funding into. This is to avoid any confusion when it comes to earned interest. Rogalski said there is also a large possibility that people will be donating to STEM, and it has been determined that the Authority will be the entity that receives and holds STEM funding.

With regards to the note payment, Rogalski provided Authority members with a spreadsheet of the Authority's obligations. A copy of this spreadsheet may be obtained from the City Clerk's Office upon request.

Rogalski said the top part of the spreadsheet is the truist note payment. Rogalski said with AR, we should have $1.15 million more than the note payment, which is a great position to be in. However, there are a few entities that have been slow to pay. Because of this, the bank account reflects we will be $181,000 short of the note payment. However, the City of Lawton recently cut a check for almost $64,000. The City of Lawton will be cutting another check for $122,800 on Friday. Rogalski said he's been told that the $94,000 that is due in occupancy tax should be coming soon.

Gill asked how much the note payment is.

Rogalski said the payment is $2,060,228.50. We already have $1,382,339.63 in the bank to make the payment.

Gill asked if this is an annual payment.

Rogalski said there is an interest payment in the spring, and there is an interest and principal payment in the fall, which changes every year.

Gill asked where the funding for the state match comes from. He said it's his understanding the state still owes us some of this money.

Rogalski said the state does owe us money. He said with this being a state match, the state is giving us money that really wasn't ours to begin with. Back in 2012, the state determined that the value of the project would create $37 million in value to the state, and they agreed to match our funding up to that amount.

Rogalski said the state has never been this late in paying. He said he's provided the state with all the documents they've requested. Rogalski said he's reached out to the Department of Commerce in an effort to determine what the holdup might be. He said there's a possibility that the state has something they're correct about that limits the amount of hotel occupancy tax that they were supposed to match. However, Rogalski said he's discussed this issue with Dan Batchelor and Lisa Harden, Center for Economic Development Law (CEDL), and they are of the opinion that the City of Lawton is in a good position to argue the validity of the state match.

Chairman Fitch said we will stay on top of this.

Rogalski said we will be making the note payment on September 1st because we have plenty of money to do so – it's just a matter of borrowing money from ourselves for a short period of time. Rogalski said the STEDI Project Plan has a category of funding that can be used to help cover shortfalls on any note payment that the city is having trouble with.

Rogalski said he has been working with Dan and Lisa, CEDL, on drafting a major amendment to the STEDI Project Plan that includes major expansion(s). He said he will be presenting this documentation to the Authority as it's drafted.

Rogalski said he does not believe he has anything that needs to be addressed in executive session.

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. - **STRICKEN**

ADJOURNMENT

Motion by Gill, **Second** by Warren, to adjourn the August 22, 2024 meeting. **AYE:** Fitch, Warren, Means, Madigan, Gill, Sheppard. **NAY:** None. ***MOTION PASSED.***

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