MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
3RD FLOOR CONFERENCE ROOM
NEW CITY HALL
OCTOBER 20, 2022 2:00 P.M.

Fred Fitch, Chair, called the meeting to order at 2:05 P.M. in the Banquet Hall. Meeting notice and agenda were posted on the City Hall bulletin board as required by State Law.

ROLL CALL:
PRESENT: Fred Fitch, Randy Warren, David Madigan, David Means, Larry Neal, Jason Hensley
ABSENT: Sean Fortenbaugh, Ron Nance, Ernie Sheppard

OTHERS PRESENT: Richard Rogalski, Executive Director; Michael Cleghorn, City Manager; Jason Wells, Insight Brokers; Mike Brown, CDBL Inc; Brian Henry, Liberty National Bank; Kip Cummins, Cummins-Setters Commercial Properties; Albert Gonzalez and Michelle Gonzalez, Southern Oklahoma Brewery, Kim McConnell, Lawton Constitution

Statement of Compliance with Oklahoma Open Meeting Act, 25 O.S. 301-314

Chairman Fitch verified the posting of notice and agenda in compliance with the Oklahoma Open Meeting Act with Blazek-Scherler.

Introduction of Guests

Chairman Fitch introduced Michael Cleghorn, Jason Wells, Mike Brown, Brian Henry, Kip Cummins, Albert and Michelle Gonzalez, and new trustee Jason Hensley.

New Business

1. **Consider approving the minutes of the August 8 and August 23, 2022 meetings.**

Motion by Warren, **Second** by Means, to approve the minutes of August 8 and August 23, 2022 meetings. **AYE:** Warren, Madigan, Means, Neal, Hensley, Fitch **NAY:** None. ***Motion Passed.***

2. **Consider approving invoices, requisitions, and all other submitted materials for payments and take action as deemed necessary.**

Schlecht presented invoices for August, September, and October. These expenses included an invoice from CEDL for $2,872.50, an invoice from CEDL for $1,935.00, and an invoice from the Lawton newspaper for publishing the TIF 1 and 2 reports in the amount of $342.72.

Chairman Fitch asked if the CEDL invoices were all LEDA expenses.

Rogalski verified that the full expense was for LEDA business and clarified that the CEDL bills are separated into industrial and commercial expenses.

<u>Motion</u> <u>by Madigan,</u> **<u>Second</u>** <u>by Neal</u>, to approve the expenses for August, September, and October 2022 as presented. **AYE:** Warren, Madigan, Means, Neal, Hensley, Fitch. **NAY:** None. ***Motion Passed.***

3. **Receive Financial Report(s) and take action as deemed necessary.**

   Schlecht presented the Balance Sheet, Income & Expense Activity Report, and the LEDA Loan Sheet for July, August, and September of 2022. These reports are available in the City Clerk's Office.

<u>Motion</u> <u>by Means,</u> **<u>Second</u>** <u>by Warren</u>, to approve the financial reports for July, August, and September 2022 as presented. **AYE:** Madigan, Means, Nance, Neal, Sheppard, Hensley, Fitch, Fortenbaugh, Warren. **NAY:** None. ***Motion Passed.***

4. **Consider approving a Memorandum of Understanding between LEDA, the City of Lawton, and LURA regarding the transfer of two tracts of land located at 910 SW B Avenue and 909 SW C Avenue owned by LEDA, to the City of Lawton, in exchange for the waiver of an obligation of LURA for landfill fees incurred on behalf of LEDA and authorize the Chairman and Secretary to execute all necessary documents for the transfer of property.**

   Rogalski stated these properties were purchased some time ago for the purpose of building a parking lot. This expense was never reimbursed by the City. Another obligation you all have seen is a landfill bill to LURA for the demolition of the Coca-Cola building. During the timeframe that was done, LURA was the agent of acquisition and demolition for the Lawton Town Center. LURA would then pass those expenses on to LEDA to be paid from the original $12 million note. The Coca-Cola building was torn down at the end of this project, and LEDA ran short on funds, so the City was never paid. To make for a clean transaction on all of this, this memo states that LEDA will give the lots to the City in exchange for the City forgiving the obligation of LURA, which is really a deferred obligation of LEDA.

   Ratliff asked if the $102,000.00 includes interest.

   Chairman Fitch stated no, there was no interest accrued on that.

   Ratliff stated the difference between the landfill bill and the appraised value on the lots is about 20 grand, is that right?

   Rogalski stated I don't believe we had an appraisal done on the land. LEDA paid $90,000.00 for the property in 2008. Certainly, the value has gone up since then. The idea is that this is all an internal obligation.

   Cleghorn stated this is an issue between two entities that doesn't need to be left out there hanging, and we can resolve it. I think they are pretty close on the value. It might be 10 or 15 grand.

Motion by Madigan, **Second** by Hensley, to approve a Memorandum of Understanding between LEDA, the City of Lawton, and LURA regarding the transfer of two tracts of land located at 910 SW B Avenue and 909 SW C Avenue owned by LEDA, to the City of Lawton, in exchange for the waiver of an obligation of LURA for landfill fees incurred on behalf of LEDA and authorize the Chairman and Secretary to execute all necessary documents for the transfer of property.

5. **Consider approving an Engagement Letter from Richard Rogalski to provide economic development consulting services to the Authority and authorize the Chairman to execute said letter.**

   Chairman Fitch stated that Rogalski recently left his employment with the City of Lawton. While he was employed by the City, he also acted as the Executive Director of LEDA. Chairman Fitch stated I was a little worried when he left his employment because he has been a tremendous asset to us. I asked Rogalski about putting him on a retainer. We discussed billing by the hour but settled on $1,000.00 a month because it is far less recording keeping.

   Rogalski stated I am on terminal leave with the City until around April. The mindset is that once Cleghorn finds someone he wants to transition into the LEDA role, we'll start transferring that over.

   Chairman Fitch stated to Rogalski, I'm very glad you would allow us to retain you. You have been such a valuable asset for this board. You have so much up top, you have so many of the records, and you've been through so much of this since the very beginning of the downtown project.

   Chairman Fitch stated I'm going to ask for a motion that back dates the letter to the date Rogalski left the City. That would cover him for September and October.

   Rogalski stated his first day with Anadarko was August 1st, but he is okay with September and October.

Motion by Neal, **Second** by Warren, to approve an engagement letter back dated to include payment for September and October from Richard Rogalski to provide economic development consulting services to the authority and authorize the Chairman to execute said letter.

6. **Consider a request for development assistance, financing, and the sale and/or acquisition of property in respect to the Lawton Downtown Redevelopment Project and in particular the development of a portion of Lot 8, Block 1, Lawton Downtown Center, Part 2, and approve a Letter of Interest/ Term Sheet for a Redevelopment Agreement with Southern Oklahoma Brewery that includes the sale/transfer of land to the redeveloper.**

   Rogalski stated that the board members were aware of a different deal on a larger portion of this property, but it doesn't seem to be progressing. This new opportunity has come forward, and they are ready to go now. It's a great opportunity even though it's a smaller portion of the property.

Chairman Fitch gave details about the previous deal on the entire property and stated it was a very lop-sided deal. This new deal would put a brewery at the corner of 2nd and Ferris, where the Coca-Cola facility was. There is another prospect that is interested in the South side of Coca-Cola down to Mattress Firm.

Rogalski stated what we are looking at is an LOI or a term sheet. It is a non-binding basic framework on whether or not we should spend the money to do the redevelopment. We're asking if the terms are agreeable.

Rogalski provided the board members with a rendering of the site plan and stated they are requesting to purchase a one-acre lot on the corner.

Albert and Michelle Gonzalez gave their backgrounds and presented their ideas for Southwest Oklahoma Brewery.

Cleghorn asked how many types of different brews will be available.

Mrs. Gonzalez stated the goal is to have 10-12, but they will have space for up to 20. Of the 10-12 brews, a few will be staples but most will be rotated seasonally.

Madigan asked what the estimated capital investment is, not including the land acquisition fees.

Mrs. Gonzalez stated the building itself is approximately $1.1 to $1.3 million, and the equipment included in the taproom, kitchen, and brewery would be about $460,000.00.

Chairman Fitch stated he has seen the projected sales over three years, and he believes this will be an asset to LEDA.

Rogalski reviewed the term sheet. He stated the property address is 531 2nd Street. They would be purchasing 41,215 square feet, which is less than one-acre, and it would need to be platted. There are no road improvements needed, so all of the improvements would be on the site itself. This is a redevelopment property, so they would be buying it at a reduced amount of $178,048.00. The value is determined at $10.00 a square foot, so the incentive totals $234,102.00. For each year they operate over a ten-year period, a portion of that would be forgiven. Other than the platting, there would be no out-of-pocket expenses for LEDA. The term sheet states LEDA will take care of their broker and the Gonzalez would take care of their broker. The term sheet also says that LEDA will investigate the option of removing the concrete adjacent to their property. More than likely, LEDA would get a cost estimate from the Gonzalez's contractor.

Madigan asked for Rogalski to walk through the forgivable portion of the term sheet again. He questioned if the total value would be paid up front.

Rogalski stated they will pay the reduced amount up front, and we will hold a lien on the property for the incentive amount.

Madigan asked if LEDA will file a mortgage.

Rogalski stated in the past, it was somehow written into the deed. We would have to do a little bit of research, but we didn't have the first mortgage.

Neal asked about the water and sewer.

Rogalski stated the water, sewer, and electricity are all there. There is one thing I forgot: their most Eastern entrance lines up with the North-South entrance on the entire property. There is a line between the front buildings and the back buildings that is kind of like a drive lane. The reason that is there is because there's an electrical easement and it's an impediment. The drive lane would provide connectivity to the rest of the development. Even though the driving lane is not on their property, they will be constructing. LEDA would be granting them an access easement. They will not own that entrance; it will just be a common entrance to the property.

Means asked who will maintain the public easement.

Rogalski stated the developer will. We don't want to be the developer for very long. We are hoping that a larger redeveloper will come in and take care of it.

Madigan stated it would be helpful for the members of this authority to have the term sheet for things like this ahead of time.

Chairman Fitch stated we didn't know we would have a term sheet that was agreeable until a day or two ago.

Ratliff asked if the term sheet could retroactively be attached to the agenda.

Chairman Fitch stated yes.

Motion by Madigan, **Second** by Warren, to approve a Letter of Interest/Term Sheet for a Redevelopment Agreement with Southwest Oklahoma Brewery that includes the sale/transfer of land to the redeveloper.

Discussion Items and Reports

Adjournment

Motion by Warren, **Second** by Fitch, to adjourn the meeting of October 20, 2022. **AYE:** Hensley, Fitch, Warren, Madigan, Means, Neal. **NAY:** None. ***Motion Passed.***