

Durant Industrial Authority

MINUTES OF THE DURANT INDUSTRIAL AUTHORITY REGULAR CALLED MEETING OF NOVEMBER 10, 2014 AT 7AM IN THE DURANT AREA CHAMBER OF COMMERCE CONFERENCE ROOM.

I. Call to Order – Chairman Tomlinson

Chairman Tomlinson called the meeting to order at 7:01am, declared a quorum present and opened the meeting.

II. Opening Invocation – Fran Mickle

III. Roll Call – Sandra Amos

The following Authority members were present: Ron Bennett, Greg Massey, Fran Mickle, Nate Morrison, Janet Reed and Chairman Tomlinson.

The following Authority members were absent: None.

The following support staff members were present: Sandra Amos, James Dunegan and Tommy Kramer.

The following support staff members were absent: None.

The following guest was present at this month's meeting: Jessica Breger – Staff Reporter for the Durant Daily Democrat, and James Dry, Co-Chair of the Magnolia Festival

IV. Consider Approval of Minutes of the Regular Monthly Meeting on September 9, 2014-Chairman Tomlinson

A motion was made by Greg Massey to accept the minutes from the Regular Monthly Meeting of September 9, 2014. This motion was seconded by Fran Mickle. The motion was carried by:

Aye: Ron Bennett, Greg Massey, Fran Mickle, Nate Morrison, Janet Reed and
Chairman Tomlinson

Nay: None

Abstain: None

V. Consider Approval of Minutes of the Special Called Meeting on September 24, 2014-Chairman Tomlinson

A motion was made by Greg Massey to accept the minutes from the Special Called Meeting of September 24, 2014. This motion was seconded by Nate Morrison. The motion was carried by:

Aye: Ron Bennett, Greg Massey, Fran Mickle, Nate Morrison, Janet Reed and
Chairman Tomlinson
Nay: None
Abstain: None

VI. Consider Approval of Minutes of the Regular Monthly Meeting on October 14, 2014-Chairman Tomlinson

Due to lack of a quorum for the regular monthly meeting on October 14, 2014, no action was required.

VII. Review the Durant Industrial Authority August 2014 Financial Report –Tommy Kramer

Tommy Kramer reviewed the August 2014 Financial Report for Durant Industrial Authority Fund 020. The Durant Industrial Authority total cash and receivables, as of August 31st, 2014 were \$3,802,702.25. The Fund 020 total current and long term liabilities are \$1,534,440.78 as of August, 31st, 2014. Ron Bennett questioned the continuation of the reduced payment by Oklahoma Department of Commerce for the Earth Biofuels deferral of the Rail Spur that is scheduled to end on November 30th, 2014. Mr. Kramer confirmed that the reduced payment will continue per the Oklahoma Department of Commerce and the City of Durant will receive a 2015 confirmation letter in November.

The total revenues collected in Fund 020 for August 2014 were \$32,929.98. Mr. Kramer pointed out the final Gorman/Phillips Pipeline Property Lease Revenue, as well as the new leasee, Dixie Mat, as the sources for the \$4,000.00 revenue from the DIA 8 acre site. A notation was also made by Mr. Kramer regarding a negative balance of \$2,000 under miscellaneous revenue. Mr. Kramer explained that there was a miss-posting in that category, so the negative balance was a result of the revenue adjustment. The oversight was corrected and the \$2,000.00 was correctly placed in the “property lease” category. The total expenses and fund reserve activity was \$38,768.12. Mr. Kramer explained the \$650 expense in the E.D. Promotion account as follows: \$600 went toward sponsorship (meal purchase) for an 8th grade Career Discovery Day at Southeastern Oklahoma State University; \$50 was for the purchase of a plant in memory of Chairman Tomlinson’s brother. The total expenses and fund reserve activity was \$38,768.12, leaving a negative fund balance of (\$5,838.14).

Economic Development Fund 110 for Job Creation total assets as of August 31, 2014 was \$5,750,864.19 with no liabilities as of August 31, 2014. Income and Expense Statement Fund 110 for August Total Revenue is \$67,164.46 with no expenses, leaving a total of \$67,164.46. PharmCare Quarterly Employee Reports were also reviewed by Tommy Kramer. Mr. Kramer reported that the company currently has 21 employees and this quarter's payroll was \$215,842.67. Texoma Manufacturing, LLC Quarterly Employee Report was also presented with 85 total employees and a total payroll for the 3rd Quarter of 2014 as \$457,006.02

VIII. Review the Durant Industrial Authority September 2014 Financial Report –Tommy Kramer

Tommy Kramer reviewed the September 2014 Financial Report for Durant Industrial Authority Fund 020. The Durant Industrial Authority total cash and receivables, as of September 30, 2014 were \$3,775,315.88. The Fund 020 total current and long term liabilities were \$1,535,405.26 as of September, 30th, 2014. Fund 020 Total Revenue was \$36,188.59. Mr. Kramer noted the DIA Property Lease Revenue of \$5,500.00 was from the following: Dixie Mat lease, \$4,000 for 8 acres near Cardinal Glass, and \$1,500 agricultural lease from Larry Weaver. Total routine expenses were \$38,185.51 with a negative net change in fund balance of (\$1,996.92). The year-to-date negative balance is (\$27, 434.98). Chairman Tomlinson noted the increase in payroll expense when comparing the August and September financials. It was determined that the increase was due to three pay periods in August and 2 pay periods in September. Ron Bennett noted an expense sited as "Transfers to Insurance Fund" and inquired what the \$55,544 per year insured. Mr. Kramer sited DIA land, vehicle and office furniture/computers as insurable items and explained that the city looks at the total insurance cost verses the portion of the department's budget and establishes that expense fund account number. James Dunegan, City Manager, agreed to look into the matter of how the proportion of insurance expense is established for the DIA and report his findings to the board next month.

Economic Development Fund 110 for Job Creation total assets as of September 30, 2014 was \$5,366,435.14. The Fund 110 had no liabilities for the month, and the fund balance was \$5,366,435.14. Income and Expense Statement Fund 110 for September Total Revenue was \$115,570.95. Mr. Kramer contributed the large increase in revenue to the sales tax adjustment from the month of August. Mr. Kramer also referenced the expense account with a transfer of \$500,000.00 to help fund the new SOSU Water Tower.

IX. Consider Approval of Durant Industrial Authority Claims for the Month of September 2014. – Tommy Kramer

A copy of the September 2014 Durant Industrial Authority Budget Analysis was electronically mailed to each Durant Industrial Authority Board Member on October 7, 2014 for their review prior to the October 14, 2014 regular scheduled meeting of the Durant Industrial Authority.

Tommy Kramer informed the Durant Industrial Authority Board of the September 2014 claims for payment approval. The payroll claims for September 2014 were \$17,648.26. The submitted claim reports for Durant Industrial Authority Fund 020 for the month of September 2014 totaled \$15,666.38.

Items discussed were the following expense claims for Fund 020:

- Durant Area Chamber of Commerce – Copy Machine Rental - \$160.00;
- Durant Area Chamber of Commerce – Office Rent - \$1,225.00;
- AT&T Phone Service (Office and Cingular Mobile Phone) - \$71.23
- Touchstone Communication (Long Distance) \$22.02
- Arledge & Associates – Professional Audit fees -\$283.19;
- JP Morgan Chase – Office Supplies, Vehicle Maintenance, Training and Travel - \$282.69;
- Fuelman-\$203.88
- E-1 Carpet Cleaners-Office Carpet Cleaning- \$120.00
- Membership Dues (Tex-21)-\$1,062.50-DIA paid half the membership for 2015;
- Membership Dues (Oklahoma Southeast, Inc.)-\$400.00
- Five CDBG Loan Payments to Oklahoma Department of Commerce - \$7,020.66;
- Cheryl Jackson – Land Acquisition Payment (principal and interest) - \$2,407.61;
- John Jackson – Land Acquisition Payment (principal and interest) - \$2,407.60;

A motion was made by Ron Bennett to approve the claims for the month of September 2014. This motion was seconded by Fran Mickle. The motion was carried by:

Aye: Ron Bennett, Greg Massey, Fran Mickle, Nate Morrison, Janet Reed, and Chairman Tomlinson.
Nay: None
Abstain: None

X. Consider Approval of Durant Industrial Authority Claims for the Month of October 2014 – Tommy Kramer

A copy of the October 2014 Durant Industrial Authority Budget Analysis was electronically mailed to each Durant Industrial Authority Board Member on November 5, 2014 for their review prior to the November 10, 2014 regular scheduled meeting of the Durant Industrial Authority.

Tommy Kramer informed the Durant Industrial Authority Board of the October 2014 claims for payment approval. The payroll claims for October 2014 were \$16,165.19. The submitted claim reports for Durant Industrial Authority Fund 020 for the month of October 2014 totaled \$15,308.74.

Items discussed were the following expense claims for Fund 020:

- Durant Area Chamber of Commerce – Copy Machine Rental - \$160.00;

- Durant Area Chamber of Commerce – Office Rent - \$1,225.00;
- AT&T Phone Service (Office and Cingular Mobile Phone) - \$127.91
- Touchstone Communication (Long Distance) \$24.44
- Crawford & Associates – Monthly Professional Audit fees (FY 14-15) -\$16.44;
- JP Morgan Chase – Postage, Office Supplies, Training and Travel, Hotel for Dr. David Shiedler - \$419.24;
- Fuelman-\$134.65
- Membership Dues (International Economic Development Corporation-IEDC)- \$385.00
- Five CDBG Loan Payments to Oklahoma Department of Commerce - \$7,020.66;
- Cheryl Jackson – Land Acquisition Payment (principal and interest) - \$2,407.61;
- John Jackson – Land Acquisition Payment (principal and interest) - \$2,407.60;
- Oklahoma Employment Security-\$112.18

The following expenses were taken from the ED Promotion Account:

- Rib Crib-\$15.00
- Dining Around Café and Catering-Food provided for Tex-21 Luncheon- \$527.00
- Cardinal Glass-Reimbursement for Catering Services for Career Pathway Day- \$326.01

A motion was made by Fran Mickle to approve the claims for the month of October 2014. This motion was seconded by Janet Reed. The motion was carried by:

Aye: Ron Bennett, Greg Massey, Fran Mickle, Nate Morrison, Janet Reed, and Chairman Tomlinson.
 Nay: None
 Abstain: None

XI. Consider Funding of Bryan County Fairground Facility Improvement-Jim Dunegan and James Dry, Co-Chairs of The Magnolia Festival

James Dunegan, Co-Chair of The Magnolia Festival gave a brief history of The Magnolia Festival’s beginning in downtown Durant and later relocation to The Choctaw Event Center. Mr. Dunegan referenced the street improvements that have already been made on South 9th Street which leads to the Bryan County Fairgrounds. Improvements include the demolition of several buildings, a new 4 acre parking lot, removal and future replacement of the front fence and improved drainage. According to Mr. Dunegan, the fairgrounds are in desperate need of repairs, and said that these facilities are utilized by many Bryan County entities. Mr. Dunegan stated that \$10,000 has been given from the Durant Area Chamber of Commerce, \$20,000 from an unnamed donor, and \$20,000 from The Magnolia Festival, and a matching fund of \$50,000 is being asked of The Durant Industrial Authority to make additional improvements that will not only benefit Durant, but the entire county. James Dry, Co-Chair of The Magnolia Festival, also gave a brief report of the new activities planned for

the upcoming 2015 Magnolia Festival. Mr. Dry explained that the Durant Roundup Club Rodeo will be involved in the festival parade, beginning on Main Street and extending to

the rodeo arena. Mr. Dry expressed that the area and buildings need to be dressed up so that more events can be hosted at the fairgrounds, which would drive money back into the area businesses. Mr. Dry shared that The Kiwanis and Rotary Club have committed to repainting the inside of the Jim Dunegan Building.

The Durant Industrial Board discussed the possibility of using donated monies from the 020 Fund to enhance the community and Bryan County.

A motion was made by Fran Mickle for the Durant Industrial Authority to contribute to the renovation of Bryan County Fairgrounds from private donations from the 020 account in the sum of \$50,000. This motion was seconded by Ron Bennett. The motion was carried by:

Aye: Ron Bennett, Greg Massey, Fran Mickle, Nate Morrison, Janet Reed, and
Chairman Tomlinson.
Nay: None
Abstain: None

At this time, Greg Massey excused himself from the meeting.

XII. Consider Approval of Durant Industrial Authority Schedule of Regular Meetings for Calendar Year 2015-Tommy Kramer

A motion was made by Janet Reed to approve the Schedule of Regular Meetings for Calendar Year 2015 as presented. This motion was seconded by Nate Morrison. The motion was carried by:

Aye: Ron Bennett, Fran Mickle, Nate Morrison, Janet Reed, and Chairman
Tomlinson.
Nay: None
Abstain: None

XIII. Presentation of City of Durant Sales Tax Report-Jim Dunegan

Mr. Dunegan noted that the presented tax report was last month's report, which reflects the receipt of the funds that were adjusted due to the August sales tax shortage. The August/September report showed a 37.82% increase and the September/October report reflected a 4.90% increase. According to Mr. Dunegan, there is an overall increase for the year of 3.56%. The Ten-Year History Report shows that the 1% Sales Tax has an average of \$283,169, which is the highest in the 2014/2015 year.

Chairman Tomlinson made a reference to the internet sales tax collection issue.

XIV. Consider Funding of Country Club Road for Industrial Project-Jim Dunegan

Mr. Dunegan discussed that the Overland Materials Asphalt Plant will be creating 17 new jobs which qualifies this project for a Grant. The proposal is for a new industrial road on Country Club Road heading east from Highway 78 to serve the new asphalt plant. Country Club Road will receive base rock and 8" asphalt with curb and guttering. The city will provide the labor, and with Durant Industrial Authority funding of \$500,000, the road can be extended further to the East. The asphalt plant will be an asset to the community, not only in jobs created, but also by providing much needed asphalt material that will be used by the State of Oklahoma, the city and Bryan County in the future.

A motion was made by Janet Reed to provide funding in the amount of \$500,000 to reconstruct Country Club Road out of the Job Creation Fund 110 Account. This motion was seconded by Ron Bennett. The motion was carried by:

Aye: Ron Bennett, Fran Mickle, Nate Morrison, Janet Reed, and Chairman Tomlinson.
Nay: None
Abstain: None

XV. Consider Possible Incentive Program for Project May-Tommy Kramer

Mr. Kramer reported to the DIA Board that there are 3 sources of frac sand in the following areas: Coleman, Yuba and along the Red River. Project May would provide a place of storage for the three types of frac sand and transport by railcar on demand, utilizing Earth Biofuels property and the Golden Peanut Property. The proposed \$2.35M DIA funding is from the following: 1) \$350,000 forgivable loan for 30 jobs to buy The Golden Peanut Property; 2) \$1M CDBG Grant that would qualify to enhance the streets and the City of Durant. (100% Grant for 30 Jobs); 3) \$1M Loan at 0% interest, principle paid back. Janet Reed asked if Project May would affect the repayment of the Earth Biofuels loan to the Oklahoma Department of Commerce. Mr. Kramer noted that Project May would be willing to incur repayment of the Earth Biofuels loan for the rail spur if the project comes to fruition. Chairman Tomlinson directed Tommy Kramer, to provide the financial board of the DIA with the company's financials. Discussion would continue regarding the risks and rewards of Project May in the near future.

XVI. Consider Funding for Advertising Placement in the Oklahoma Department of Commerce publication, *Oklahoma-The State of Success*-Tommy Kramer

Mr. Kramer presented the cost of advertising in the Oklahoma Department of Commerce publication, *Oklahoma-The State of Success*. The next three issues for January, April and July 2015 would cost \$6,210.00. Janet Reed questioned the publication's distribution, and it was unknown at the present time. Mr. Kramer agreed to provide additional information regarding distribution numbers. The matter of advertising in *Oklahoma-The State of Success* April and July issues were tabled, pending further information.

XVII. Executive Session

A) Consider Executive Session for Purpose of Discussing Job Description and the Duties of the Durant Industrial Authority Executive Director-Chairman Tomlinson

A motion was made by Nate Morrison to enter into executive session. This motion was seconded by Fran Mickle. The motion was carried by:

Aye: Ron Bennett, Fran Mickle, Nate Morrison, Janet Reed, and Chairman Tomlinson.
Nay: None
Abstain: None

B) Consider Motion to Return to Regular Session-Chairman Tomlinson

A motion was made by Nate Morrison to reconvene into open session. This motion was seconded by Fran Mickle. The motion was carried by:

Aye: Ron Bennett, Fran Mickle, Nate Morrison, Janet Reed and Chairman Tomlinson.
Nay: None
Abstain: None

XVIII. Consider Action Pursuant to Item XVII (A) above-Chairman Tomlinson

A motion was made by Ron Bennett to submit the final job description of the Executive Director at the next monthly regular meeting. This motion was seconded by Fran Mickle.

Aye: Ron Bennett, Fran Mickle, Nate Morrison, Janet Reed and Chairman Tomlinson.
Nay: None
Abstain: None

XIX. Durant Industrial Authority New Business

Jim Dunegan gave an update on the new Oct/Nov City of Sales Tax, reporting that it was up approximately 7%. Chairman Tomlinson reported that a recommendation for a new board member would be forthcoming in December of 2014. Tommy Kramer presented a written update on ongoing 2014 projects. Mr. Kramer cited The Tile Shop Project, explaining that an architect for the project has been hired, and the land has been purchased. Janet Reed reminded the DIA of the Veteran's Day Parade and mentioned the downtown Lighting Project, asking for its promotion by area businesses. Mr. Kramer gave an update on the purchase of the former JC Potter facility, saying that the purchasing company will close on the property November 20, 2014. Mr. Kramer further stated that the company will demo 30% of the Potter Sausage buildings, and they will spend close to \$20M in renovation. The meat processing company plans to hire back as many of the former JC Potter employees as possible. Chairman Tomlinson requested information regarding the JC Potter Water Well. Mr. Kramer expressed that an active permit is available for the water well located at the former JC Potter Processing plant site.

XX. Adjournment

A motion was made by Janet Reed to adjourn the monthly regular meeting at 9:46. This motion was seconded by Nate Morrison.

Aye: Ron Bennett, Fran Mickle, Nate Morrison, Janet Reed and Chairman Tomlinson.
Nay: None
Abstain: None