

Durant Industrial Authority

MINUTES OF THE DURANT INDUSTRIAL AUTHORITY REGULAR SCHEDULED MEETING OF AUGUST 12, 2014 AT 7:00 A.M. IN THE DURANT AREA CHAMBER OF COMMERCE CONFERENCE ROOM.

I. Call to Order – Chairman Tomlinson

Chairman Tomlinson called the meeting to order at 7:05 a.m., declared a quorum present and opened the meeting.

II. Opening Invocation – Nate Morrison

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 guests were present at this month's meeting: Jessica Breger – Staff Reporter for the Durant Daily Democrat and Rod Miller, Southeast Area Manager of Oklahoma Natural Gas.

IV. Consider Approval of Minutes of the Regular Monthly Meeting on July 8, 2014 – Chairman Tomlinson

A motion was made by Fran Mickle to accept the minutes from the Regular Monthly Meeting on July 8, 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

V. Consider Approval of Minutes of the Special Called Monthly Meeting on July 17, 2014 – Chairman Tomlinson

A motion was made by Janet Reed to accept the minutes from the Special Called Monthly Meeting on July 17, 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 Special Called Monthly Meeting on July 21, 2014 – Chairman Tomlinson

A motion was made by Nate Morrison to accept the minutes from the Special Called Monthly Meeting on July 21, 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

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

Tommy Kramer reviewed the June 30, 2014 Financial Report for Durant Industrial Authority Fund 020. The Durant Industrial Authority total cash and receivables, as of June 30, 2014 were \$3,863,029.70. The Fund 020 total current and long term liabilities are \$1,556,588.13 as of June 30, 2014. Janet Reed opened discussion of the Earth Bio Fuels Liability line item of \$354.17 and asked about the status of this account as forgivable. Mr. Kramer explained that an annual letter was written in October to the Oklahoma Department of Commerce, and the repayment amount for the Rail Spur was forgiven each year, for a total of 3 years to date. However, Mr. Kramer explained that the Main Street Project portion of the loan which is \$354.17 per month is still a liability at zero percent interest for 20 years (September 01, 2026).

The total revenues collected in Fund 020 for June 2014 were \$44,582.24. Mr. Kramer pointed out the Gorman/Phillips Pipeline Property Lease Revenue of \$2,000.00 for July/August 2014 and explained that this would probably be their final payment of the property lease. The total expenses and fund reserve activity was \$40,984.65. Mr. Kramer explained the \$87 expense under E.D. Promotion was for a flower arrangement for funeral services and a promotional clock for Cindy Price, former staff assistant to Mr. Kramer. The net change in the fund balance as of June 30, 2014 is \$3,597.59. The 2013-2014 fiscal year-to-date net change in fund balance as of June 30, 2014 is \$151,072.56.

Economic Development Fund 110 for Job Creation total assets as of June 30, 2014 was \$5,595,780.69 with no liabilities as of June 30, 2014. Fund 110 Account had a surplus deficit in the amount of \$1,025,438.31 for June 2014. The total liabilities and fund balance as of June 30, 2014 was \$5,595,780.69. The total revenue received for the month of June 2014 was \$88,939.40. There were no expenses for the month of June 2014. Therefore, the net change in fund balance as of June 30, 2014 was \$88,939.40. Mr. Kramer reviewed the Quarterly Reports for Texoma Manufacturing, stating that the company currently has 66 employees and has created over \$4.4M in payroll over the last 11 quarters. Ron Bennett questioned why the number of employees had dropped. Comments were made by Greg Massey and Chairman Tomlinson that indicated employee drop off might be due to the type of jobs the company is currently undertaking. Mr. Bennett asked about the contract requirements of Texoma Manufacturing, Inc., specifically the number of employees necessary to secure the company's incentive. Mr. Kramer explained that Mr. Crain's contract stated 100 employees were to be secured over a 5 year period. Mr. Kramer stated that the employee figures were annually adjusted, and he would review the contract for more information.

PharmCare Quarterly Reports were also reviewed by Tommy Kramer. Mr. Kramer reported that the company currently has 20 employees and a combined payroll of \$1.5 Million over the last six quarters. Mr. Kramer noted that this quarter's payroll had dropped to \$175,754.74 from last quarter's payroll of \$257,254.55. Chairman Tomlinson commented on the restructuring of the CDBG loan/grant over the last few years. Mr. Kramer stated that the Oklahoma Department of Commerce previously offered a \$400,000 loan and a \$100,000 grant for a maximum of \$500,000. Today, the new Community Development Block Grant Economic Development Infrastructure difference is 100% grant funds at a maximum amount of \$1,000,000. Bio-Fuels was referenced, stating that this company divided the \$100,000 grant with the city, giving each entity \$50,000 each for the Main Street Enhancement Project.

VIII. Consider Approval of Durant Industrial Authority Claims for the Month of July 2014 – Tommy Kramer

A copy of the July 2014 Durant Industrial Authority Budget Analysis was electronically mailed to each Durant Industrial Authority Board Member on August 7, 2014 for their review prior to the August 12, 2014 regular scheduled meeting of the Durant Industrial Authority.

Tommy Kramer informed the Durant Industrial Authority Board of the July 2014 claims for payment approval. The payroll claims for June 2014 were \$17,246.38. The submitted claim reports for Durant Industrial Authority Fund 020 for the month of July 2014 totaled \$14,171.98.

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, Long Distance) - \$157.17;
- JP Morgan Chase – Office Supplies, Vehicle Maintenance, Training and Travel - \$299.66;
- JP Morgan Chase: Economic Development Promotional Account for Gift Bags from The Peanut Shoppe - \$227.60 (Project Cannonball)
- Fuelman: \$44.70
- 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;
- Crawford & Associates – Audit Fees - \$221.98

A motion was made by Ron Bennett to approve the claims for the month of June 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

IX. Present Bryan County Ad Valorem Property Tax Data – Chairman Tomlinson

Chairman Tomlinson gave a report regarding the Ad Valorem Tax, which, he remarked, has tripled since 1998. Chairman Tomlinson cited the TIF District and Cardinal Glass as contributors to this 206% growth. Tommy Kramer remarked that The Department of Commerce Project Impact Reports look at the taxation of local sales tax and gives the county property taxes a great benefit when investing in large industrial projects. Mr. Kramer further commented that Industry jobs and payroll drives retail sales. Greg Massey inquired about the 5 Bryan County Tax Entities who receive the total Ad Valorem taxes of \$23,676,369 and their percentages. Mr. Kramer cited the Bryan County Schools (69%), Kiamichi Technology Center (14%), County Commissioners Property Taxes (11%), Health Department (3%) and the EMS (3%) as the 5 entities who share the tax revenue.

X. Discussion of DIA Funds for Renovation of Crawford Industrial Street – Jim Dunegan

Jim Dunegan requested \$110,000 to rebuild Crawford Street for Best Fenders Production, Inc. Since locating in Durant, Best Fenders has enlarged its facility to 68,000 sq. ft. According to Mr. Kramer, the company has increased employment to 55 workers, and its annual payroll is \$1.65 million. Best Fenders Production, Inc. has invested \$3.5 million in the property and has not been incentivized in eight years. Ron Bennett inquired if the 110 account could be used to rebuild Crawford Street. Mr. Kramer affirmed that the project materials and supplies could be funded from the 110 Jobs Account. Mr. Dunegan informed the council that the city would be sharing the cost 50/50 with The Durant Industrial Authority

CORRECTION:

Mr. Dunegan informed the council that the city would provide the equipment and labor.

A motion was made by Greg Massey for the Durant Industrial Authority to complete the project of rebuilding Crawford Street in the amount of \$110,000. The motion was seconded by Janet Reed. The motion was carried by:

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

XI. Durant Industrial Authority New Business

Mr. Dunegan updated the council on the rebuilding progress of Waldron Drive. Chairman Tomlinson inquired about the airport runway project, and Mr. Dunegan stated the city is in the process of obtaining federal funds to increase this 17/35 runway.

Mr. Kramer made comments about Project Lion. He informed the DIA Board that the West Coast food company that was looking to buy JCP Specialty Foods purchased a former Sara Lee Bacon Processing Plant in Mississippi. Mr. Kramer remarked that the company found the Durant proposal to be superior, but curb appeal and a newer facility was the deciding factors for their decision. Other companies are still interested in the JCP Specialty Foods facility.

Mr. Kramer discussed the Cannonball Project and told the council that the deciding factor between Durant and one other city in Missouri was a large existing building with a rail spur versus Durant's green field with New Markets Tax Credits. Mr. Kramer remarked that Durant's biggest advantage is its location to the Southern building market where these building products will be shipped. The Project Cannonball Company should make its decision this week per Jones Lang LaSalle.

Mr. Kramer updated the council about The Tile Shop and confirmed that the project is moving forward. The staff of the Durant Industrial Authority has been providing information about New Markets Tax Credits to Harrison Walker Harper, and the CDBG Grants will be discussed tonight (Tuesday, August 12, 2014) at the Durant City Council Meeting.

XII. Adjournment

A motion was made by Janet Reed and seconded by Ron Bennett to adjourn the meeting at 7:50 a.m. Motion carried with the following vote:

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

Nay: None

Abstain: None