

# ***Durant Industrial Authority***

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## **MINUTES OF THE DURANT INDUSTRIAL AUTHORITY MEETING OF NOVEMBER 13, 2007 AT 7:00 A.M. IN THE DURANT INDUSTRIAL AUTHORITY CONFERENCE ROOM**

### **1. Call to Order – John Cathey.**

Chairman Cathey called the meeting to order. Chairman Cathey welcome Brian Payne, Staff Reporter for the Durant Daily Democrat.

### **2. Roll Call – Kimberly Bowen.**

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

There were no Authority members absent.

The following support staff members were present: Kimberly Bowen, James Dunegan, Tommy Kramer, and Earlene Walker.

There were no support staff members absent.

The following guest was present at this month's meeting: Brian Payne – Staff Reporter for the Durant Daily Democrat.

### **3. Approval of Minutes of the Regular Monthly Meeting on October 9, 2007. – John Cathey.**

A motion was made by Greg Massey and seconded by Ron Bennett to approve the minutes of the October 9, 2007 Durant Industrial Authority meeting. Motion carried with the following vote:

Aye: Ron Bennett, John Cathey, Ron Cross, Greg Massey, Fran Mickle, Nate Morrison, and Janet Reed.

Nay: None

Abstain: None

### **4. Review the Durant Industrial Authority September 2007 Financial Report – Earlene Walker.**

Earlene Walker reviewed the monthly financial reports with the Authority Board Members. The Durant Industrial Authority total current assets as of September are \$2,576,723.08. The gross fixed assets, which include capital assets, as of September are \$1,769,824.99 for total assets of \$4,333,773.53. The current liabilities for the month of September were \$165,467.49 and the long-term debt is \$2,996,418.90. The total liabilities for the Durant Industrial Authority are \$3,161,886.39. The total fund balance for the month of September is \$1,171,887.14. Revenues for the month of September totaled \$381,994.28, which included \$190,536.06 for the Cardinal Glass Tax Increment Finance Incremental Tax Revenue from the Oklahoma Tax Commission. The September expenses totaled \$40,262.15 to result in a net income of \$341,732.13.

The Durant Industrial Authority economic development September sales tax account 110 total

current assets are \$2,051,237.74, which includes \$1,944,958.45 claim on pooled cash. The total revenue for September was \$72,311.89. There were no expenses posted for the month of September. The net change in the fund balance for September was \$72,311.89.

**5. Consider Approval of Durant Industrial Authority Claims for the Month of September 2007. – Tommy Kramer**

Tommy Kramer informed the Durant Industrial Authority of the October claims for payment approval. The payroll claims for the month was \$14,355.54 and the submitted claim reports for October totaled \$211,112.12.

Items discussed were the following expense claims:

- Oklahoma Economic Development Council – OEDC 2007 Annual Meeting Registration Fees - \$125.00
- Inwood Greeting Cards – 350 Christmas Cards & Envelopes - \$468.00
- International Economic Development Council – IEDC Annual Membership Dues - \$345.00
- Deborah’s Florist – Sympathy plant for Janet Reed’s Family in the Loss of Her Mother - \$40.00
- Cummins Construction – American Heritage Industrial Access Road (asphalt) - \$131,203.88
- Page Surveying – American Heritage Industrial Access Road (Surveying) - \$2,100.00
- Joe Atcuson Striping – American Heritage Industrial Access Road (Striping)- \$1,972.00
- Semmaterials, LP – American Heritage Industrial Access Road (Oil) - \$1,515.65
- Dolese Brothers – Eagle Suspensions Railroad Spur (Rip Rap)- \$149.40
- Lynch Lawn & Landscape – Eagle Suspensions Railroad Spur (Grass sod & Site work)- \$1,445.00
- AM Rail Construction – Eagle Suspensions Railroad Spur (Final construction payment)- \$50,089.75
- Eggenberg Plumbing – Eagle Suspensions Railroad Spur (water line)- \$1,500.00

A motion was made by Janet Reed and seconded by Ron Cross to approve the claims for the month of October 2007. Motion carried with the following vote:

Aye: Ron Bennett, John Cathey, Ron Cross, Greg Massey, Fran Mickle, Nate Morrison, and Janet Reed.

Nay: None

Abstain: None

**6. Update Cardinal FG Tax Increment Finance District Tax Apportionment Bonds Series 2003A-1 and 2004B. – Tommy Kramer**

Mr. Kramer discussed the Cardinal FG Tax Increment Finance District Tax Apportionment Bonds Series 2003A-1 and 2004B. Tim Webster – Assistant District Attorney has asked me to assist him in resolving the Tax Increment Finance District 2005 overpayment of property taxes to Cardinal Glass from the Oklahoma Tax Commission.

Mr. Kramer contacted Jeffrey Peterson the Chief Financial Officer for Cardinal Glass Industries in Eden Prairie, Minnesota concerning the Oklahoma Tax Commission overpayment based on the property tax certification for the 2005 tax year. Mr. Peterson realizes that with the overpayment of ad valorem taxes received for the 2005 tax year, he has agreed to waive the

balance of the 2007 tax funds for payment due in the amount of \$252,173. Mr. Peterson has also agreed that the July 1<sup>st</sup> payment of \$294,219 for 2008 tax year will be held to correct this overpayment error. Mr. Peterson is in total agreement and fully understanding what has occurred based on the overpayment from the Oklahoma Tax Commission. Cardinal Glass Industries has agreed to waive the balance of bonds funds payment for the balance of this year (2007) and the first payment on July 1, 2008 of \$294,219.

Mr. Kramer also contacted Barbara Bailey – Trust Administrator for Bank of Oklahoma in Oklahoma City as the administrator of the two Cardinal Glass Industries Tax Increment Bond Funds. The decision to waive the balance of the payments this year and reconcile this overpayment out of the first payment on July 1, 2008 would be the best decision for Cardinal Glass Industries. Ms. Bailey and Mr. Peterson feel that this would not create any problems within their two organizations and this would be in the best interest of Bryan County, City of Durant, the Durant Industrial Authority, and the Oklahoma Tax Commission in making this overpayment adjustment.

No action was taken on this issue and was for informational purposes only.

**1. Final Performance Community Development Block Grant – Economic Development Infrastructure Fund Report for Ed F. Davis Distributing, Eagle Suspensions, and Icon Construction. – John Cathey**

*Eagle Suspensions – Railroad Spur:*

The Durant Industrial Authority established a 5-year loan of \$175,000 for the new dedicated natural gas line for the project. The \$500,000 CDBG-EDIF railroad spur cost overruns were due to engineering expenses, publication costs for public hearing, bid advertisement, and legal consultation for easements resulted in the Durant Industrial Authority contributing \$182,046.86. The natural gas pipeline and rail spur projects had a total cost over budget of \$7,046.86 over budget. The final public hearing is scheduled at the Durant City Council Meeting on November 13<sup>th</sup>. Eagle Suspensions committed to the creation of 181 new permanent full time jobs within 3 years and to-date 178 of the new jobs have been created. The company is adding a third production line in 2008, which will result in the addition of 20 employees. The two projects for Eagle Suspensions being the \$500,000 railroad spur and the new dedicated natural gas pipeline of \$175,000 had a Durant Industrial Authority expense of \$7,046.86.

*Ed F. Davis – Water Line Extension:*

The Durant Industrial Authority original contribution was \$22,950 to the water line extension project for administration, engineering, and Oklahoma Department of Environmental Quality permit fee costs. However, the Durant Industrial Authority ended up contributing only \$10,530 to the project, which resulted in being \$12,420 under budget. The materials for this project came in under budget and there were CDBG-EDIF construction funds left over. Millie Vance – Grant Administrator has prepared a budget modification request to the Oklahoma Department of Commerce requesting to reimburse the Durant Industrial Authority for some of the engineering costs. The modification has been approved and the Durant Industrial Authority will be reimbursed \$7,370 for engineering and \$300 for the Oklahoma Department of Environmental Quality permit fees. The final city council public hearing is scheduled for November 13<sup>th</sup>. Ed F. Davis, Inc. has committed to the creation of 8 new permanent full time jobs within 3 years. To-date none of the jobs have been created because the company is in the construction phase of the new warehouse.

Icon Construction – Sewer Line Extension:

The Durant Industrial Authority original sewer line extension contribution was \$10,000 to the project. However, the Durant Industrial Authority ended up contributing \$20,530.58 to the project, which resulted in a cost overrun of \$10,530.58. Millie Vance checked with Jerry Yandell – (Durant Community Utilities Authority) Public Works Superintendent three times to insure Mr. Yandell had all the materials needed for the project and all material costs had been covered, a change order to the contractor was approved to increase the amount of construction work. Then another invoice for back ordered materials came in after the change order was approved and the work was near completion. This was the major contributing factor in the Icon project cost overrun to the Durant Industrial Authority. There were other small cost items that contributed to being over budget including: publication costs for public hearing and bid advertisement, engineering costs, sewer line survey cost more than originally estimated, legal consultation for easements, and survey required for easements. The final City Council public hearing is scheduled for November 13<sup>th</sup>. Icon Construction committed to the creation of 45 new permanent full time jobs within 3 years. By the end of October (9 months) 55 new jobs had been created and the company expects to hire additional workers by the end of December 2007.

A motion was made by Fran Mickle and seconded by Greg Massey to approve the budget amendments to share half of the cost of the overruns from these Community Development Block Grants with the City of Durant.

Motion carried with the following vote:

Aye: Ron Bennett, John Cathey, Ron Cross, Greg Massey, Fran Mickle, Nate Morrison, and Janet Reed.

Nay: None

Abstain: None

**2. Final Performance Community Development Block Grant – Economic Development Infrastructure Fund Report for Earth Biofuels and American Heritage Equine Distribution. – John Cathey**

Earth Biofuels – Railroad Spur & Industrial Access Road:

The railroad spur construction contract with AM Rail Construction, Inc. located in Tulsa was in the amount of \$308,956.25. A change order was issued for a deduction of \$10,000, which brought the total project amount to \$298,956.25. All funds were expended within budget. NRS Engineering of Durant’s contract was for \$54,920 for engineering and design fees and all funds were expended within budget guidelines. The Main Street construction project budgeted amount for construction with HUB Construction, Inc. located in Boswell was in the amount of \$74,775.00 and all funds were expended within budget. The budgeted materials for the road by the City were \$52,848.75. The total material funds expended were \$92,379.29 resulting in a cost overrun of \$39,530.54. Other project items that were not in budget: public hearing notice (\$121.75), Page Surveying (\$1,025.00), Mactec Roadway Geo-tech (\$3,740.00), and Pat Phelps for legal fees (\$337.50) for a total cost overrun of \$44,754.79 on the Main Street industrial access road.

American Heritage Equine Distribution – Industrial Access Road:

The CDBG-EDIF grant for materials on the industrial access road project were budgeted at \$100,000 and the total funds expended were \$151,876.41 to result in a cost overrun of \$51,876.41 by the public works street department. The Durant Industrial Authority project match was as follows: NRS Engineering – Design (\$3,500), materials for water/sewer (\$9,950), and grant administration – Southern Oklahoma Development Association (\$5,000) for a total project match of \$18,450.

A motion was made by Fran Mickle and seconded by Greg Massey to approve the budget amendments to share half of the cost of the overruns from these Community Development Block Grants with the City of Durant. Motion carried with the following vote:

Aye: Ron Bennett, John Cathey, Ron Cross, Greg Massey, Fran Mickle, Nate Morrison,  
and

Janet Reed.

Nay: None

Abstain: None

**3. Consideration 2008 Engage Oklahoma Full Page Advertisement with Rural Enterprises of Oklahoma. – Tommy Kramer**

Kenny Simpson with Rural Enterprises of Oklahoma has requested a partnership with the Durant Industrial Authority to share the cost of a full-page advertisement in the 2008 Engage Oklahoma magazine, which is a marketing program with the Oklahoma Department of Commerce and the Journal Record Publishing Company. The cost of a full-page color add is \$4,500. The cost to the Durant Industrial Authority would be \$2,250. Organizations that have already committed to purchase ads in the 2008 Engage Oklahoma are: Accel Financial Staffing, Ardmore Development Authority, Autry Technology Center, Boldt Construction, Chesapeake Energy Corp., Coppermark Bank, Cox Business Services, Crowe and Dunlevy, Devon Energy, Duncan Area Economic Development Foundation, Enid/Garfield County Development Alliance, Greater Oklahoma City Chamber, Lawton Ft. Sill Chamber of Commerce, Love's Travel Stops, Meridian Technology Center, Metro Technology Centers, OCAST, OGE Energy Corp., Ponca City Development Authority, Presbyterian Health Foundation, Public Service Company of Oklahoma, Sonic Corporation, Stillwater Chamber of Commerce, Tulsa Area Partnership, and the Tulsa Port of Catoosa.

A motion was made by Janet Reed and seconded by Fran Mickle to share the \$4,500 cost of a full-page advertisement in the 2008 Engage Oklahoma magazine with Rural Enterprises of Oklahoma. Motion carried with the following vote:

Aye: Ron Bennett, John Cathey, Ron Cross, Greg Massey, Fran Mickle, Nate Morrison,  
and Janet Reed.

Nay: None

Abstain: None

**4. Old Business**

There was no old business discussed.

**5. New Business**

Fran Mickle requested the board members review the guidelines for new business at the December 11<sup>th</sup> board meeting, since it has been 2 years since the guidelines have been addressed.

**6. Adjournment.**

A motion was made by Ron Bennett and seconded by Greg Massey to adjourn. Motion carried with the following vote:

Aye: Ron Bennett, John Cathey, Ron Cross, Greg Massey, Fran Mickle, Nate Morrison, and Janet Reed.

Nay: None

Abstain: None