

CONFIDENTIAL

SITE EVALUATION

OKMULGEE, OKLAHOMA

OKMULGEE REGIONAL AIRPORT

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I. LOCATION

- A. City: Okmulgee
- B. County: Okmulgee County
- C. State: Oklahoma

II. SITE CHARACTERISTICS

- A. Size: Approx. 135 acres
- B. Price: \$15,000/acre sale or long-term lease available
- C. Current/Prior Uses: none/agricultural
- D. Surrounding land uses: industrial, aviation, commercial
- E. Rail Service Available/Provider: rail service is unavailable at this site
- F. Current Title Report Available: No, but City of Okmulgee has owned the property since . City of Okmulgee has owned property since the 1940's, and was previously a federal government facility utilized during WWII.
- G. Any roll back taxes on-site: No. The City/Public Works Authority is exempt from property taxes.

III. ENCROACHMENTS

- A. Any public roads on the site: no
- B. Any visible pipelines or other easements: no
- C. Any cemeteries or gravesites: no

IV. JURISDICTION AND ZONING

- A. Is site in the city limits: Yes
- B. Is annexation necessary: No
 - 1. Approximate time required: n/a
- C. Current zoning on the site: Light Industrial (M-1)
 - 1. Height limit: 35'
 - 2. Approximate time to rezone: 60 days
 - 3. Does zoning allow metal buildings: Yes
 - 4. Does zoning require landscaping: No
 - 5. Zoning of surrounding tracts: _____

- a) North: Light industrial
 - b) South: Light industrial
 - c) East: Light industrial
 - d) West: Light industrial, Commercial
6. Any restrictive covenants: No
7. Any common area maintenance fees: No
8. Do covenants prohibit metal buildings: No

V. BUILDING FEES

- A. Building Permit Formula: \$10.00 base fee for first \$5,000 of building. \$1.50/\$1,000 above \$5,000 base.
- B. Building Permit Fee: Assume \$30M bldg \$10 base for first \$5,000 + \$44,992.50 (1.50/\$thousand left) = \$45,002.50
- C. Impact Fee Formula: Okmulgee levies no impact fee
- D. Impact Fee Total: n/a

VI. SITE ACCESS

- A. Distance to Interstate Highway: 15 miles south to I-40, 4-lane U.S. 75 is 2/10 mile.
- B. Distance to local or state highway: .2 mile
- C. Access for trucks:
 - 1. X Road / Street / Name: Gun Club Road/Hwy. 75 Access Road
 - 2. Condition: Good
 - 3. Weight limit: Hwy.75 access is industrial weight limits (80,000 lb.), Gun Club Road weight limit is unknown at this time. Will provide information.
 - 4. X Two Lanes / Four Lanes
 - 5. State / X Local / U.S.: _____
- D. Improvements Required: Yes, some widening would be required
- E. Cost of Improvements: Unknown, until company specifications on access locations can be determined.

VII. FIRE AND POLICE PROVIDER

- A. Fire Protection Provided by: City of Okmulgee
- B. Distance: 4 miles

- C. ISO Rating: 5
- D. Police Protection Provided by: City of Okmulgee
- E. Distance: 4 miles

VIII. TAXES

A. Chart:

Taxing Entity	Real Property	Personal Property	Inventory
City	None	None	
School	55.74	55.74	
County	16.06	16.06	
Total Tax Rate	71.80	71.80	

- B. What is the tax valuation formula? tax rate x each 1,000 in assessed value. Assessed value determined by fair market value x local assessment rate (12% locally for real and personal property).
Example: \$30,000,000 building x .12 = 3,600,000 assessed value
3,600,000 x .07180 = \$258,480

IX. INCENTIVES

A. State Incentives

1. Is state infrastructure funding available? Yes
 - a) Maximum amount available: State funding on infrastructure provided through CDBG program to municipalities (\$100K grant, \$400k low interest loan)max. Oklahoma Department of Transportation also has Industrial Access Road Funds used to construct access roads from the facility to the nearest public highway. There is no maximum amount. Projects are evaluated on a case by case basis.
2. Is ad valorem tax abatement permitted by law? Yes
3. Will the state waive State Fuel Taxes? No, there is currently no statutory provision for waiving of State Fuel Taxes.
4. Is there state use tax? Yes
 - a) What is the tax rate: 4.5%
 - b) Can it be waived? If statutorily exempted, although not currently.
5. Are there credits for state income taxes, sales taxes on construction materials or machinery and equipment for distribution/warehouse facilities? There is a federal income tax exemption of a 20% tax credit through the employment of tribal members or their spouses. Exemption available through 2003, although state congressional leaders are hoping to extend. There is currently no statutory exemption for distribution/warehouse facilities for sales tax credits on construction materials. There is currently no statutory exemption for sales tax credits for machinery and equipment for distribution/warehouse facilities.

6. Are inventories taxed? Not at the state level.
- a) What is the tax rate? n/a
- b) Can they be abated? n/a
- c) Does Enterprise or Freeport exemption apply? Freeport exemption applies at the local level where inventory tax is applied, and is applicable to goods, wares and merchandise held for assembly, storage, manufacturing, processing or fabricating purposes within the state, which enter and leave the state within nine months.
7. Are Job Training funds available? Yes
- a) Is program a grant or reimbursement? Workforce Investment Act (formerly JTPA) provides on-the-job training and customized training which reimburses employers for up to 50% of the cost of training qualified participants. The state's Training for Industry Program assists new businesses by paying for training for employees in newly created jobs. Training can be done at the local Green Country Technology Center or at the company's facility. Training agreements include instructor costs, instructional materials and other relevant training costs.
8. Are there any tax credits available? There are currently no statutory state tax credits for warehouse/distribution centers.
9. Will state assist with purchase of land? State will not, but local/county assistance is possible.
10. Are there any state building permit fees? No
- a) Can they be waived? n/a
11. Are there special funds or program through Governor's office or Economic Development department? Depends on the project
12. Is it possible to waive sales tax on electrical power or natural gas usage? No, there is currently no exemption for this on the state level.
13. What is the sales tax rate for utility services? Electric 4% sales tax, 2% franchise fee. Gas 2% franchise fee and 4% sales tax. Local taxes on water and sewer are exempt.
14. Are there state licensing requirements for tractor/trailers in addition to the federal requirements? Oklahoma is a member of the International Registration Plan and the International Fuel Tax Administration for motor carriers. Motor vehicles and cargo-carrying trailers are not subject to any personal property tax in OK.
15. Describe all other incentive programs applicable to this project. Possible incentives for distribution centers include the **Oklahoma Quality Jobs Program** (currently requires \$2.5 M payroll, basic health insurance to employees and 75% of inventory shipped out of state); **ad valorem exemptions** (5 year ad valorem exemption for distribution centers in SIC 4221, 4222, 4225, 4226, and Major Groups 50 and 51 that have 100 employees and break ground before Dec. 31, 2001. The Oklahoma Legislature is expected to extend this exemption for distribution centers in the 2002 legislative session beginning February 4), **Oklahoma Freeport Law** (exempts goods, wares and merchandise from taxation which

come from outside the state and leave the state within nine months), tax incentives on former Indian Reservation Land (The depreciation schedule of the investment is for a shorter recovery period of approximately 40% for nonresidential property. Use requires depreciable property be placed in service during years 1994-2003, although Oklahoma Congressional leaders are trying to extend this term. Also provides employment tax credit of 20% of increased wages when employing tribal members or their spouses.)

B. Local

1. Is local infrastructure funding available? Yes
 - a) Maximum amount available: Depends on project specifications and local investment back to the community.
2. Does local law permit tax abatement? Tax abatement is determined on a case by case basis by the governing authorities.
 - a) Will all entities participate in an abatement? Unknown at this time until more information is known about the project and its impact on the community.
3. Are there credits for local sales taxes on construction materials or machinery and equipment? Not at this time. However, project incentives are considered on a case by case basis. If the municipal or county economic development authority constructs the facility, these organizations are exempt from state and local sales taxes.
4. Is there a local tax on inventory? Levied at the county level only
 - a) Can it be abated? There is no local or statutory provision for this abatement at this time. The Freeport Exemption would apply if eligible.
 - b) At what rate is it taxed? Inventories are valued according to the average amount on hand during the preceding year, or the average amount on hand during such part of the preceding year the inventory was at its Jan. 1 location.
5. How does the local community support job training? Okmulgee truly has one of the most unique job training partnerships in the State of Oklahoma and the region through the Workforce Oklahoma-Okmulgee Career Center, Green Country Technology Center and Oklahoma State University-Okmulgee Technical Branch--all located in Okmulgee. Green Country would offer both the state Training for Industry Program (at no cost to the new employer) plus ongoing short and long-term training and free safety training. OSU-Okmulgee's Economic Development and Training Center offers customized training programs, free safety training and can work in conjunction or independent of Green Country. The Workforce Oklahoma Okmulgee Career Center offers job matching, job fairs, referrals, and pre-screening services.
6. Will local community provide free land or assist with purchase of land? Yes, there would be a consideration of free or low-cost land depending on the investment and impact in the community. Final approval would be required by the City Council of Okmulgee/Public Works Trustees.
7. Describe all other local incentive programs available for this project. Okmulgee's City and County Economic Development Authorities offer build-to-suit programs whereby facilities are constructed by the Authority and made available to the business through lease, lease-purchase or purchase. The Okmulgee airport site is also available on a long-term lease with renewable options, which exempts ad valorem taxes on the land if

ownership remains with the Authority. Buildings owned by Authorities are exempt from ad valorem tax as well. Financing assistance can be provided through the issuance of general obligation limited tax bonds. Okmulgee county currently has approximately \$1.6 million in approved, but unissued bonds. Lease income is the primary revenue sources to retire the bonds. Financing is also possible through temporary sales tax or ad valorem increases approved by a vote of the people. Utility costs related to deposits, tap fees, inspection fees necessary for move-in may be waived.

- C. Will the state/community supply 5,000 square feet temporary office space for 120 days at no cost during construction/staffing/start-up? Yes, the local community could provide such temporary space.

X. AIRPORT

- A. Name of Local Airport: Okmulgee Regional Airport
1. Distance from site: adjacent--site is part of Airport property
 2. Runway Length: 5,150 ft.
- B. Nearest Commercial Airport: Tulsa International Airport
1. Distance from site: 50 miles
- C. Flight Path: McAlester-Tulsa general aviation flight path

XI. DRAINAGE/FLOOD CONTROL/ENVIRONMENTAL

- A. Any floodway or critical flood zone: No
- B. Creek/drainage ditch/blue line stream on site: No
- C. Obvious or known wetlands, endangered species or historic site: No
- D. Any studies completed on site: No

XII. WATER

- A. Provider: Okmulgee Public Works Authority
- B. Distance to Main: approx. 700 ft.
- C. Cost of Extension The cost of the extension from line to site boundary is not known at this time.
- D. Main Size: 8"
- E. Any connection fees or pro rata charges: Deposit and installation fees are required. Deposit is an amount equal to 10% of the estimated annual water bill for industrial users. For services larger than 1" from main to site boundary, the installation charge is the actual cost plus 25%.
- F. Water usage rate: 0-3,000 gal.: \$2.18/thousand; 3,001-5,000 gal.: \$1.77/thousand; 5,001 and higher: \$1.25/thousand

XIII. SANITARY SEWER

- A. Provider: Okmulgee Public Works Authority
- B. Nearest Main: Approx. 700'
- C. Size: 6"
- D. Cost of Extension: Cost of extension from line to site boundary is not known.
- E. Lift station required: No
- F. Cost of Lift Station: n/a
- G. Any connection fees or pro rata charges: Connection fee is \$50.00.
- H. Usage rates for sanitary sewer: 0-1,000 gal.: \$4.00/thousand; 1,000 gal. and higher: \$1.25/thousand

XIV. ELECTRICITY

- A. Provider: American Electric Power-Public Service of Oklahoma or East Central Electric Cooperative
- B. Distance to Distribution feeder: within 650-700 ft.
- C. Cost of Extension: Cost is unknown, but oftentimes cost is absorbed by the utility if load justifies.
- D. Cost to provide alternate feed to site: Cost is not available at this time. However, PSO has stated two circuits and alternative feed are available at the site. One feeder runs north on Hwy. 75 to Preston, and there is another feeder south of the site which runs to Morris. An alternative feed could be provided from this feeder circuit. East Central Electric states alternative feed would be available as well from another substation closer to Beggs.
- E. Electric service rates: All rates are dependent on load and usage factors. General rates for industrial users from PSO and East Central are attached.

XV. TELEPHONE

- A. Provider: Southwestern Bell Telephone
- B. Distance to Main: Fiber optic line runs in Hwy. 75 right-of-way west of the site. Approx. 700 ft.
- C. Cost of Extension: Cost is unknown at this time.

XVI. NATURAL GAS

- A. Provider: Oklahoma Natural Gas
- B. Distance to Nearest Main: 700 ft., 2" line, 30 lbs. pressure
- C. Cost of Extension: Cost is not known at this time.
- D. Natural Gas Rates: Dependent on volume. General schedule attached.

XVII. GEOTECHNICAL

- A. General Soil Type: DwA Dwight-Parsons silt loams, 0-1% slopes
- B. Is rock prevalent in the area? No
- C. Are there any known unusual soil conditions: No
- D. Seismic Zone: 2-4 hazard area--see attached illustration.

XVIII. TOPOGRAPHY

- A. Maximum elevation: 680'
- B. Minimum elevation: 680'
- C. X Flat / Gently Rolling / Rolling