MINUTES
LAWTON WATER AUTHORITY SPECIAL MEETING
FEBRUARY 23, 2021 - 2:00 P.M.
LAWTON CITY HALL
COUNCIL CHAMBERS/AUDITORIUM

The meeting was called to order at 2:00 p.m. by Chairman Stan Booker. Notice of meeting and agenda were posted on the City Hall notice board as required by law.

ROLL CALL

PRESENT: Mary Ann Hankins, Keith Jackson, Linda Chapman, Jay Burk, Allan Hampton, Sean Fortenbaugh, Onreka Johnson, Randy Warren.

ABSENT: Jay Burk

ALSO PRESENT: Michael Cleghorn, City Manager; John Ratliff, City Attorney; Traci Hushbeck, City Clerk.

NEW BUSINESS ITEMS:

1. Consider approval of the Lawton Water Authority meeting minutes of August 25 and September 22, 2020.

MOVED by Warren, SECOND by Fortenbaugh, to approve the Lawton Water Authority meeting minutes of August 25 and September 22, 2020. AYE: Jackson, Chapman, Hampton, Fortenbaugh, Johnson, Warren, Hankins. NAY: None. MOTION CARRIED.

2. Consider and take action with respect to a resolution of the Lawton Water Authority (the "Borrower") agreeing to file application with the Oklahoma Water Resources Board (the "Board") for financial assistance through the clean water state revolving fund loan program, with the loan proceeds being for the purpose of financing certain Wastewater Treatment Plant (WWTP) improvements; approving and authorizing a Clean Water State Revolving Fund (CWSRF) loan from the Oklahoma Water Resources Board in the total aggregate principal amount of not to exceed $47 million; approving the issuance of a promissory note or notes in one or more series in the total aggregate principal amount of not to exceed $47 million, secured by a pledge of revenues and authorizing its execution; approving and authorizing the execution of a loan agreement for CWSRF loan; designating a local trustee and approving and authorizing the execution of a trust agreement; approving and authorizing the execution of a security agreement; ratifying and confirming a lease agreement, as amended pertaining to certain water, sanitary sewer, and refuse systems; approving various covenants; approving and authorizing the establishment of a project costs disbursement account; and containing other provisions relating thereto.

Rusty Whisenhunt, Public Utilities Director, stated a little over 18 months ago he was tasked with evaluating the wastewater treatment plant and soon after that the public utilities department was created, and the water and wastewater plants were brought under his direction. They found there were a lot of issues at the wastewater treatment plant in equipment failures. It was determined they needed to do more evaluation. They hired Garver Engineering to do a condition assessment of the plant. It became apparent the issues were deep. These issues arose because in 2015-2017 they had several floods in the Lawton area and the wastewater treatment plant flooded and damaged a large amount of the equipment. With the assessment it was determined that there was more than $40 million worth of immediate repairs. The plant was also going out of compliance with its discharge limit permit with ODEQ. After they had hired Garver, they did receive a discharge limit violation that stem from 2017-2019. It was determined that we were going to have to do an extensive evaluation of the plant. They contracted with Garver to do a holistic evaluation and master plan for the wastewater treatment plant for today's needs and for a 50-year life cycle. This loan is to address immediate needs of the wastewater treatment plant.

Cleghorn stated they are asking the authority to borrow through the Oklahoma Water Resource Board, an aggregate principal amount of not to exceed $47 million; approving the issuance of a promissory note or notes in one or more series in the total aggregate principal amount of not to exceed $47 million, secured by a pledge of revenues and authorizing its execution; approving and authorizing the execution of a loan agreement for CWSRF loan; designating a local trustee and approving and authorizing the execution of a trust agreement; approving and authorizing the execution of a security agreement; ratifying and confirming a lease agreement, as amended pertaining to certain water, sanitary sewer, and refuse systems; approving various covenants; approving and authorizing the establishment of a project costs disbursement account; and containing other provisions relating thereto. He stated the cost has been determined by Garver to be right at the $47 million range to bring the plant back into compliance. He stated if they had to pay for it outright the sewer rates would increase $6. These notes are represented by $4 which is already in our sewer rates, so we are looking at $2. Essentially some of that debt will be falling off which would allow us to incur a little more debt. That 2/3rds can be paid off by notes that are being paid off and that would leave 1/3rd added to our sewer rates. It looks like we can phase that in at about 50 cents a year for about four years. This is a draw down note so we only draw down what we need. This qualifies for the CSRF loan at a very low rate, somewhere between 1.6% and 1.8%. He stated they will bring this back to council to be discussed during the budget. This is to authorize staff to proceed.

Mayor Booker stated this is work that must be done. He stated that Whisenhunt said the $47 million was near term. What are they looking at for the future?

Whisenhunt stated Garver is currently doing a 50-year master plan, and our current plan is 50 years old. They need to evaluate the current condition on whether they should build some of it new or rehab. That is part of the evaluation going on. This is looking at carrying us 8-10 years down the road before we have to start replacing the equipment we are replacing now.

Mayor Booker questioned how long it will take to do this work.

Whisenhunt stated the plan is to take the loan out quickly and they will start advertising for an interim project in May and bring to council. It will be a $4 or $5 million project. It will take about a year to complete the major part of the project.

Hampton questioned if there was some type of built-in replacement plan.

Whisenhunt stated they have implemented a software plan that tracks every piece of equipment and it creates work orders that send staff out to check. It evaluates every piece of equipment and when it starts having issues. It tracks what repairs and what maintenance is being done on the equipment.

Fortenbaugh stated he likes that this will not affect citizens that much and this is a low interest loan. The longer they wait, the more expensive it will be.

Cleghorn stated it is $47 million to bring the plan back into compliance and Whisenhunt is working on a 50-year master plan which will dictate a maintenance schedule. We are correcting issues we have found and putting policies and procedures in place.

Johnson questioned if we have been told by ODEQ that we have to do this by a certain time.

Cleghorn stated they will discuss this in executive session and this solution is part of the process.

Warren stated this is going to give us a decent bedrock to build on that will get us back into compliance and allow us to implement anything new that ODEQ mandates and we can move forward with a plan as far as how we can fund the 50 years.

Cleghorn stated they need to move more toward being proactive.

<u>MOVED by Warren, SECOND by Chapman</u>, to approve **Resolution 21-01**. AYE: Hankins, Jackson, Chapman, Hampton, Fortenbaugh, Johnson, Warren. NAY: None. MOTION CARRIED.

3. Consider and take action with respect to a resolution of the Lawton Water Authority (the "Borrower") declaring Official Intent to reimburse itself for certain capital improvement expenditures that may be made prior to receiving financial assistance from the Oklahoma Water Resources Board (the "Board") through the clean water state revolving fund loan program, with the loan proceeds being for the purpose of financing certain Wastewater Treatment Plant improvements.

Cleghorn stated we have spent approximately $3 million repairing and fixing issues at the wastewater treatment plant and if this is approved, this money will be reimbursed back to those accounts.

MOVED by Warren, SECOND by Chapman, to approve **Resolution 21-02**. AYE: Hankins, Jackson, Chapman, Hampton, Fortenbaugh, Johnson, Warren. NAY: None. MOTION CARRIED.

ADJOURNMENT

There being no further business to consider, the meeting adjourned at 2:27 p.m. upon motion, second and roll call vote.

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STAN BOOKER, CHAIRMAN

ATTEST:

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TRACI HUSHBECK, SECRETARY