MINUTES
LAWTON ECONOMIC DEVELOPMENT AUTHORITY
SPECIAL MEETING
PUBLIC MEETING ROOM #200
NEW CITY HALL
OCTOBER 19, 2021 AT 9:00 A.M.

Fred Fitch, Chair, called the meeting to order at 9:05 a.m. in Public Meeting Room #200. Meeting notice and agenda were posted on the City Hall bulletin board as required by State Law.

ROLL CALL:
PRESENT: Sean Fortenbaugh; Keith Jackson (1:00 p.m.); David Madigan (1:00 p.m.); David Means (9:22 a.m.); Ron Nance; Ernie Sheppard; David Denham; Fred Fitch
ABSENT: Larry Neal.

OTHERS PRESENT: Richard Rogalski, Executive Director; Susan Schlecht, Finance Department; Tim Wilson, City Attorney's Office; Donalynn Blazek-Scherler, City Clerk's Office; Michael Cleghorn, City Manager. Lynne Driver, Floyd Law Firm; Chris Gander, BOK.

BUSINESS ITEMS

1. Approve the minutes of the September 16, 2021 meeting.

   Denham stated that pages 3 and 4 reference both Bank of America and Bank of Oklahoma.

   Blazek-Scherler stated it should only say Bank of Oklahoma.

   Motion by Denham, **Second** by Sheppard, to approve the minutes of September 16, 2021 with the noted corrections. **Aye:** Nance, Sheppard, Denham, Fitch, Fortenbaugh. **Nay:** None. **Motion Passed.**

2. Consider approving invoices, requisitions, and all other submitted materials for payment and take action as deemed necessary.

   Schlecht stated for the month of September, there are two invoice: $2,000.00 to the Bank of Oklahoma for a trust payment and $29,269.14 to Comanche County Industrial Authority for the CCIDA loan principle and interest payments.

   Motion by Sheppard, **Second** by Fortenbaugh, to approve invoices, requisitions, and all other submitted materials for payment. **Aye:** Nance, Sheppard, Denham, Fitch, Fortenbaugh. **Nay:** None. **Motion Passed.**

3. Receive Financial Report and take action as deemed necessary.

Schlecht presented the Balance Sheet and the Income and Expense Activity Report. Reports are available in the City Clerk's Office.

Denham asked when we can anticipate receiving the matching funds.

Schlecht stated it usually takes about 3 months.

Motion by Denham, **Second** by Nance, to accept the financial report. **Aye:** Nance, Sheppard, Denham, Fitch, Fortenbaugh. **Nay:** None. **Motion Passed.**

4. Approve the Annual Meeting Notice for 2022.

   Motion by Denham, **Second** by Nance, to approve the 2022 Annual Meeting Notice. **Aye:** Nance, Sheppard, Denham, Fitch, Fortenbaugh. **Nay:** None. **Motion Passed.**

   To ensure the availability of a Super Quorum on the next business item, the Authority adjourn into Recess at 9:24 AM until 1:00PM.

   Motion by Means, **Second** by Sheppard, to adjourn into Recess until 1:00PM. **Aye:** Sheppard, Denham, Fitch, Fortenbaugh, Means, Nance. **Nay:** None. **Motion Passed.**

   At 1:00PM, the Authority reconvened the meeting.

   Motion by Jackson, **Second** by Fortenbaugh, to reconvene into the October 19, 2021 meeting. **Aye:** Sheppard, Denham, Fitch, Fortenbaugh, Jackson, Madigan, Means, Nance. **Nay:** None. **Motion Passed.**

5. Consideration and action upon a resolution authorizing and approving the incurring of indebtedness by the Lawton Economic Development Authority (herein the "Authority") to be accomplished by the issuance of its Sales Tax Revenue Refunding Note, Series 2021 or other evidences of indebtedness in one or more series on a tax-exempt or taxable basis, at a premium or discount, in the aggregate principal par amount of not to exceed Twenty-Seven Million, Five Hundred Thousand Dollars ($27,500,000) (the "Note") for the purpose of refunding the outstanding portion of the Authority's Tax Apportionment Note Series 2019 (Taxable) and the outstanding portion of the Authority's Comanche County Industrial Development Authority Note the proceeds of which were used to provide development assistance to the City of Lawton, Oklahoma (the "City"); and pay costs of issuance related thereto; approving the award of the sale of said Note on a negotiated basis, waiving competitive bidding in regard to the sale of said Note; approving and authorizing a Sales Tax Agreement (the "Sales Tax Agreement") by and between the City and the Authority pertaining to a year-to-year pledge of certain sales tax revenues; approving and authorizing execution of a Note Indenture (the "Note Indenture"); approving disbursements of the proceeds of the Note; authorizing and directing the execution of the Note and other documents relating to the transaction; designating a trustee/registrar and paying agent; authorizing the issuance and securing the

payment of the Note; approving and authorizing officers of the Authority to take action and execute all related instruments and documents to effect said issuance and containing other provisions relating thereto; and the taking of other action with respect thereto.

Rogalski stated the 2006 note had an original rate of prime plus 1.25%. The principal payment was setup to increase over time, but the development has not occurred as hoped. In 2019, the note was refinanced with the same structure at a flat prime rate, with an $8.7 million balloon payment at the end.

Chairman Fitch stated the current prime rate is not the 4.4% that is being paid now.

Rogalski stated that is correct. This is a prime rate with a minimum of 4.5%. By 2025, the payment was set to increase substantially in anticipation of phase 2 beginning.

Chairman Fitch stated rates peaked 6.75% before they started coming down, and it was only changed to the 4.5% at the anniversary date of the note in September. Rates kept going down and we have seen loans being worked at rates as low as 1.77%. Dropping from 6.75% to 4.5% was great, but if rates go back up, we have a cap of 14% and we just don't know what it's going to do over the next few years. We are evenly cash flowing at the $2 million revenue that we have, but with the escalation in the principal in 2025, we would be looking at an additional almost $6 million by 2033. We won't be able to make the revenue to reduce that note in that period of time. We began looking at the Bank of Oklahoma offering a 2.47% flat rate with a $2 million principal payment. This eliminates the balloon payment and the uncertainty of interest rates on a refinance of that payment. We made a decision because the local banks would not come down to the interest rate that Bank of Oklahoma is offering with a flat rate.

Rogalski stated the current note is pledged by a quarter-cent of the 2-cent sales tax. This new note is pledged by a firmer 3/8-cent pledge. The only other thing is this is not quite 15 years because the TIF district ends in 2035. This is set to end with the TIF district.

Madigan asked what the all in closing cost is, and if there is a pre-payment penalty.

Gander stated it is $368,820.00 for all fees and the loan is not prepayable prior to halfway through.

Motion by Nance, **Second** by Means, to approve the incurring of indebtedness by the Lawton Economic Development Authority. **AYE:** Denham, Fitch, Fortenbaugh, Jackson, Madigan, Means, Nance, Sheppard **NAY:** None. **Motion Passed.**

DISCUSSION ITEMS AND REPORTS

ADJOURNMENT

There being no further business. The meeting adjourned at 3:18 p.m.

Motion by Nance, **Second** by Sheppard, to adjourn. **Aye:** Madigan, Fortenbaugh, Nance, Neal, Sheppard, Denham, Fitch. **Nay:** None. **Motion Passed.**