MINUTES
LAWTON INDUSTRIAL DEVELOPMENT AUTHORITY
SPECIAL MEETING
SEPTEMBER 24, 2019 - 3:00 P.M.
SECOND FLOOR CONFERENCE ROOM NEW CITY HALL

Michael Tenis, Chairman, called the meeting to order at 3:04 p.m. Notice of meeting and agenda were posted on the City Hall notice board as required by law.

ROLL CALL

PRESENT:	Johnson, Albert; Tenis, Michael; Warren, Randy.
ABSENT:	Jackson, Keith; Johnson, Onreka.
OTHERS PRESENT:	W.R. Moon, Deputy City Attorney; Richard Rogalski, Planning Director; Denise Ezell, City Clerk's Office.

BUSINESS ITEMS:

2. Consider the Minutes of the August 27, 2019 meeting.

Motion by Warren, **Second** by Johnson, to approve the minutes of August 27, 2019. **Aye**: Johnson, A.; Tenis; Warren. **Nay**: None. **Motion Passed**.

3. Consider approval of a Resolution authorizing the Lawton Industrial Development Authority (the "Authority") to issue its Sales Tax Revenue Note, Series 2019 (the "Note") in the aggregate principal amount not to exceed seven million, six hundred forty thousand dollars ($7,640,000) for the financing of certain information technology hardware and software improvements to benefit the City of Lawton, Oklahoma (the "City") and paying costs of issuance related thereto; awarding the sale of the Note on a negotiated basis, the waiver of competitive bidding with respect to the sale of said Note having been authorized at the Authority meeting of August 27, 2019; approving and authorizing a Sales Tax Agreement by and between the City of Lawton, Oklahoma (the "City") and the Authority pertaining to a year-to-year pledge of certain sales tax revenue; approving and authorizing execution of a Series 2019 Note Indenture authorizing the issuance and securing the payment of the Note; providing that the organizational document creating the Authority is subject to the provisions of 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; authorizing officers of the Authority to take any action and execute all related instruments and documents to effect said issuance and containing other provisions relating thereto.

Ellis stated at the last meeting you authorized us to go out and sell the note. This is Zack Robbins with BOK and he has spent the last month putting together a package. He contacted the local bank for perspective buyers and put together the best overall financing packet. He received five (5) bids and we are going to present those options to you today. He will walk you though the packets and give you the destinations between all of them. He then will make a recommendation as to which bid is the best to select. The action you will take to day is to approve a sales tax note and authorize the use of targeting sales tax funds to be used for these purposes. We are also authorizing the officers to sign the necessary documents. I would like to point out that at the last meeting you waived competitive bidding and that allowed BOK to negotiate directly with clients. So today you will not be waiving competitive bidding.

Johnson stated part of our charter is not to determine who this goes to. Is our conservation only with BOK as it states. We are not giving a recommendation of which is the best business decision for the city or the note.

Robbins stated we will recommend who we think you should award the bid too. That is our job.

Johnson stated then we will accept their recommendation.

Warren stated if we are smart.

Johnson asked will the Resolution stipulate who the bid is being awarded to. It doesn't say that in the Resolution that we received.

Ellis stated the purchaser will be named in the Resolution.

Johnson stated the minutes will state that but it is not in the Resolution.

Ellis stated the Resolution will say who purchased the debt.

Robbins stated the name is in the document and there is an agreement they will sign as the note purchaser so that they understand what they are buying. They reviewed the credit and want to buy the debt.

Moon stated here is the Resolution and you can see here is where we will fill in the purchaser's name.

Johnson stated okay. I'm good.

Robbins stated we had a great day for the City of Lawton. We received five (5) bids and I would say between first, second and third it was a very competitive sale. JP Morgan Chase is very active in these kinds of financing across the state. They submitted an option A and B. The difference is under Option B the authority/city would have the opportunity to redeem the debt early. The other four (4) offered that but because of the nature of the note being five (5) years there isn't a lot of economic gain to call the debt after three (3) years at a higher rate. That doesn't have a lot of economic impact for the city. Our recommendation is to get the lowest rate possible. Those funds could be used elsewhere and we didn't feel there was a need to include a call feature because of the five (5) years. If it were a fifteen (15) or twenty-five (25) year note there is some material economic benefit to call the debt early. We looked at the two (2) bids submitted by Chase and we would recommend Option A at 1.86% interest rate non-callable. It will be paid to a maturity of five (5) years. Your management of this board is positive so the debt was looked at very favorably. I think getting five (5) bids is a very strong result. This rate is outstanding and this assures us more dollars are spent on the project and not on interest cost. We would recommend you award the note to JP Morgan Chase Option A with a final maturity of July 1, 2024.

Tenis stated to make certain I understand you are saying we will ride the note out for five (5) years.

Robbins stated yes. When you look at the note in three (3) years at what you will save and compare it to the higher rate it doesn't make a lot of economic sense.

Moon stated so, it is compared at the three (3) year point and not at any point after that. That is the best possible repayment date.

Robbins stated that is the earliest. You are locked into three (3) years at the higher rate and then you have the option to call it. Usually there is more time after the call date to realize economic savings. I believe they were trying to offer some different option for the city. Again, on a five (5) years note securing the lowest rate is in the best interest of the city.

Motion by Warren, **Second** by Johnson, to approve a Resolution authorizing the Lawton Industrial Development Authority (the "Authority") to issue its Sales Tax Revenue Note, Series 2019 (the "Note") in the aggregate principal amount not to exceed seven million, six hundred forty thousand dollars ($7,640,000) for the financing of certain information technology hardware and software improvements to benefit the City of Lawton, Oklahoma (the "City") and paying costs of issuance related thereto; awarding the sale of the Note on a negotiated basis, the waiver of competitive bidding with respect to the sale of said Note having been authorized at the Authority meeting of August 27, 2019; approving and authorizing a Sales Tax Agreement by and between the City of Lawton, Oklahoma (the "City") and the Authority pertaining to a year-to-year pledge of certain sales tax revenue; approving and authorizing execution of a Series 2019 Note Indenture authorizing the issuance and securing the payment of the Note; providing that the organizational document creating the Authority is subject to the provisions of 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; authorizing officers of the Authority to take any action and execute all related instruments and documents to effect said issuance and containing other provisions relating thereto. The Authority authorizes the note be issued to JP Morgan Chase, Option A, with a rate of 1.86% non-callable. **Aye**: Tenis; Warren; Johnson A. **Nay**: None. **Motion Passed**.

Robbins stated I would like to point out that the BancFirst bid was from the local branch in Lawton. I want to highlight them as supporting the City of Lawton.

Rogalski stated with interest rates being volatile these days it is tough to guess which one is going to be the right one to use.

Robbins stated all banks have a different internal cost of funds. Sometimes they are able to loan at a more competitive rate if you don't have to borrow from someone else. I don't know whether any of these are internal but that is a factor. They have to look ahead at what is going to happen in five (5) years from now. There is a lot that goes into these bids and generally speaking this range is pretty tight. I think all of them were aggressively trying. We just had a real aggressive bid from Chase that is going to help the city find the most efficient way to fund this project.

Johnson stated I should have asked this earlier but take BancFirst at 2.55%. That means at any time we could pay that off.

Robbins stated correct.

Johnson asked but the 1.86% was still a better deal.

Robbins stated yes, due to the short nature of the note. You are not able to realize the economic savings from having another seventy (70) bits on the average rate over the life of the debt. Just the additional interest cost that you are not able to recoup even if you refinanced early because it is so short.

Johnson stated okay.

Robbins asked are there any other questions.

4. Adjournment

There being no further business the meeting adjourned at 3:15 p.m.

Motion by Warren, **Second** by Johnson, to adjourn. **Aye**: Warren; Johnson A; Tenis. **Motion Passed**.