

CHICKASHA MUNICIPAL AUTHORITY

AGENDA
LOCATION OF MEETING
CITY HALL COUNCIL CHAMBERS
117 NORTH FOURTH STREET
CHICKASHA, OKLAHOMA 73018

TIME OF MEETING
6:30 PM

DATE OF MEETING
SEPTEMBER 5, 2023

All items on this agenda, including but not limited to any agenda item concerning the adoption of any ordinance, resolution, contract, agreement, or any other item of business, are subject to amendment, including additions and/or deletions. This rule will apply to every individual agenda item without exception, and without providing this same amendment language with respect to each individual agenda item. Such amendments should be rationally related to the topic of the agenda item, or the governing body will be advised to continue the item.

The governing body may adopt, approve, ratify, deny, defer, recommend, amend, strike, or continue any agenda item. When more information is needed to act on an item, the governing body may refer the matter to its City/Trust Manager, staff, attorney or to the recommending board, commission or committee.

- 1. Call to Order / Roll Call.**
- 2. Consent Docket:**
 - a. Acceptance of the Minutes of the August 21, 2023 regular meeting.
 - b. Acceptance of the Claims List.
- 3. Discussion/Approval of Items Removed from Consent Docket:**
- 4. Consideration and Discussion Items:**
 - a. CONSIDER AND TAKE ACTION WITH RESPECT TO A
RESOLUTION OF THE CHICKASHA MUNICIPAL AUTHORITY

(THE “AUTHORITY”) AUTHORIZING THE MODIFICATION OF THE SECURITY WITH RESPECT TO CERTAIN OUTSTANDING INDEBTEDNESS OF THE AUTHORITY, SPECIFICALLY ADDING ONE AND ONE-QUARTER PERCENT (1.25%) OF SALES TAX REVENUE TO THE SECURITY PLEDGE; APPROVING AND AUTHORIZING THE EXECUTION OF ANY AND ALL NECESSARY DOCUMENTS, INCLUDING BUT NOT LIMITED TO A SALES TAX AGREEMENT, AN AMENDED TRUST AGREEMENT, AN AMENDMENT TO LOAN AGREEMENT, AND AMENDED SECURITY AGREEMENT; AND CONTAINING OTHER PROVISIONS RELATING THERETO.

- b. CONSIDER AND TAKE ACTION TO APPROVE AN AMENDMENT TO THE CONTRACT DOCUMENTS FOR OPERATION OF WATER AND WASTEWATER SYSTEMS BY AND BETWEEN THE CHICKASHA MUNICIPAL AUTHORITY AND U.S. WATER SERVICES CORPORATION D/B/A USW UTILITY GROUP.

5. Motion for Adjournment.



City of
CHICKASHA

Meeting Type: CMA Agenda 9-5-2023

Meeting Date: 9/5/2023

Department: City Clerk

Agenda Item No. 2.a.

AGENDA ITEM: Acceptance of the Minutes of the August 21, 2023 regular meeting.

I. BACKGROUND/DESCRIPTION:

II. RECOMMENDED ACTION:

Accept the Minutes of the August 21, 2023

III. FISCAL INFORMATION -

IV. FUND INFORMATION:

Dept. Director: Susan M. McDaniel, City Clerk	Fund	Account	Amount
	(To)		
	FUND	ACCOUNT	AMOUNT
Meeting Date: September 5, 2023	(From)		

V. ATTACHMENTS:

1. CMA 8-21-2023

August 21, 2023

The **REGULAR** meeting of the **CHICKASHA MUNICIPAL AUTHORITY** was held in the council chambers in city hall on the 21st day of August 2023 as specified by advance public notice with a properly prepared agenda stating the subject matter or matters to be discussed at said meeting. Chairman Mosley called the meeting to order at 7:16 p.m.

ITEM 1.

Call to Order / Roll Call:

CHAIRMAN AND TRUSTEES

PRESENT:

Chris Mosley, Chairman
Zachary Grayson, Vice Mayor
Kelly Boyd
Oscar Nelson
Kea Ginn
Georgianne Hebblethwaite

ABSENT:

Rick Croslin
R. P. Ashanti-Alexander
Brian Gerdes

STAFF

PRESENT:

Keith Johnson, City Manager
Amanda Mullins, City Attorney
Rachel Bernish, Asst. City Manager
Susan M. McDaniel, City Clerk
G. G. Music, Interim Police Chief
Spencer Winzenried, Parks & Rec. Director
Robert Brooks, Controller
Lille Huckaby, Library Director
Tony Samaniego, Fire Chief
Jim Crosby, Public Works Director
Darren Martin, Chief Building Inspector
Elaine Jensen, Finance Director
Tracey Austin, HR Director
Shae Mortimer, Marketing and Civic Engagement Manager

ITEM 2.

Consent Docket: ITEM 2a thru ITEM 2b

ITEM 2a.

Acceptance of the Minutes of August 7, 2023, regular meeting.

ITEM 2b.

Acceptance of the Claims List.

*Motion by Trustee Boyd, second by Trustee Grayson to approve Item 2a thru Item 2b.

Roll call vote:

Ayes:” Nelson, Ginn, Hebblethwaite, Grayson, Boyd, and Mosley.

“Nays:” None

“Abstain:” None

Motion carried. 6-0

ITEM 3. **Discussion / Approval of Items Removed from Consent Docket:**

No action taken on Item 3.

ITEM 4. **Discussion and Consideration Items:**

ITEM4a. Discussion, consideration, and possible action to authorize an extended lease agreement with It’s a Hitt Corp. for the Rock Island Train Depot located at 100 E. Chickasha Avenue, Chickasha, Oklahoma for use as a Special Events Venue.

*Motion by Council Member Hebblethwaite and second by Council Member Nelson to authorize an extended lease agreement with It’s a Hitt Corp for the Rock Island Train Depot located at 100 E. Chickasha Avenue, Chickasha, Oklahoma for use as a Special Events Venue.

Roll call vote:

“Ayes:” Hebblethwaite, Grayson, Boyd, Nelson, Ginn, and Mosley.

“Nays:” None.

“Abstain:” None.

Motion passed. 6-0

ITEM 5. **Motion to Adjourn.**

*Motion by Trustee Grayson, second by Trustee Hebblethwaite to adjourn.

Meeting adjourned.

TIME: 7:20 PM

Approved this 5th day of September 2023.

Chris Mosley, Chairman

(ATTEST)

Susan M. McDaniel, CMC
City Clerk



City of
CHICKASHA

Meeting Type: CMA Agenda 9-5-2023

Meeting Date: 9/5/2023

Department: Finance

Agenda Item No. 2.b.

AGENDA ITEM: Acceptance of the Claims List.

I. BACKGROUND/DESCRIPTION:

II. RECOMMENDED ACTION:

Accept the Claims List.

III. FISCAL INFORMATION -

IV. FUND INFORMATION:

Dept. Director:	Fund	Account	Amount
	(To)		
	FUND	ACCOUNT	AMOUNT
Meeting Date: September 5, 2023	(From)		

V. ATTACHMENTS:



City of
CHICKASHA

Meeting Type: CMA Agenda 9-5-2023

Meeting Date: 9/5/2023

Department: Administration

Agenda Item No. 4.a.

AGENDA ITEM: CONSIDER AND TAKE ACTION WITH RESPECT TO A RESOLUTION OF THE CHICKASHA MUNICIPAL AUTHORITY (THE "AUTHORITY") AUTHORIZING THE MODIFICATION OF THE SECURITY WITH RESPECT TO CERTAIN OUTSTANDING INDEBTEDNESS OF THE AUTHORITY, SPECIFICALLY ADDING ONE AND ONE-QUARTER PERCENT (1.25%) OF SALES TAX REVENUE TO THE SECURITY PLEDGE; APPROVING AND AUTHORIZING THE EXECUTION OF ANY AND ALL NECESSARY DOCUMENTS, INCLUDING BUT NOT LIMITED TO A SALES TAX AGREEMENT, AN AMENDED TRUST AGREEMENT, AN AMENDMENT TO LOAN AGREEMENT, AND AMENDED SECURITY AGREEMENT; AND CONTAINING OTHER PROVISIONS RELATING THERETO.

I. BACKGROUND/DESCRIPTION:

II. RECOMMENDED ACTION:

APPROVE A RESOLUTION OF THE CHICKASHA MUNICIPAL AUTHORITY (THE "AUTHORITY") AUTHORIZING THE MODIFICATION OF THE SECURITY WITH RESPECT TO CERTAIN OUTSTANDING INDEBTEDNESS OF THE AUTHORITY, SPECIFICALLY ADDING ONE AND ONE-QUARTER PERCENT (1.25%) OF SALES TAX REVENUE TO THE SECURITY PLEDGE; APPROVING AND AUTHORIZING THE EXECUTION OF ANY AND ALL NECESSARY DOCUMENTS, INCLUDING BUT NOT LIMITED TO A SALES TAX AGREEMENT, AN AMENDED TRUST AGREEMENT, AN AMENDMENT TO LOAN AGREEMENT, AND AMENDED SECURITY AGREEMENT; AND CONTAINING OTHER PROVISIONS RELATING THERETO.

III. FISCAL INFORMATION -

IV. FUND INFORMATION:

Dept. Director:	Fund	Account	Amount
	(To)		
	FUND	ACCOUNT	AMOUNT
Meeting Date: September 5, 2023	(From)		

V. ATTACHMENTS:

1. Res. 2023-18R Authority Resolution

RESOLUTION NO. 2023-18R

A RESOLUTION OF THE CHICKASHA MUNICIPAL AUTHORITY (THE “AUTHORITY”) AUTHORIZING THE MODIFICATION OF THE SECURITY WITH RESPECT TO CERTAIN OUTSTANDING INDEBTEDNESS OF THE AUTHORITY, SPECIFICALLY ADDING ONE AND ONE-QUARTER PERCENT (1.25%) OF SALES TAX REVENUE TO THE SECURITY PLEDGE; APPROVING AND AUTHORIZING THE EXECUTION OF ANY AND ALL NECESSARY DOCUMENTS, INCLUDING BUT NOT LIMITED TO A SALES TAX AGREEMENT, AN AMENDED TRUST AGREEMENT, AN AMENDMENT TO LOAN AGREEMENT, AND AMENDED SECURITY AGREEMENT; AND CONTAINING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Chickasha Municipal Authority (the “Authority”) currently has outstanding its Series 2023 Promissory Note to Oklahoma Water Resources Board dated August 10, 2023, issued in the original principal amount of \$67,660,000.00 (the “Existing Indebtedness”); and

WHEREAS, pursuant to the provisions of the loan documents securing the Existing Indebtedness, the Authority has covenanted to maintain sufficient rates and charges to ensure a debt coverage requirement of at least 125% of the maximum annual amount required for debt service on all obligations on a parity with or secured by a lien senior to the lien on the Existing Indebtedness (the “Rate Covenant”); and

WHEREAS, the Authority can either raise rates and charges in an amount sufficient or pledge additional security to meet said Rate Covenant; and

WHEREAS, the Authority desires to pledge additional collateral for the Existing Indebtedness by modifying the security to include a year to year pledge of one and one-quarter percent (1.25%) of sales tax revenue, in addition to the water, sanitary sewer, and sanitation system revenues (the “Modification”); and

WHEREAS, this Modification shall not constitute a new debt obligation of the Authority or the City of Chickasha, Oklahoma (the “City”); and

WHEREAS, the Authority hereby authorizes and approves the modification of the collateral.

NOW, THEREFORE, BE IT RESOLVED BY THE TRUSTEES OF THE CHICKASHA MUNICIPAL AUTHORITY, POTTAWATOMIE COUNTY, OKLAHOMA:

SECTION 1. MODIFICATION OF COLLATERAL. The Authority hereby approves the Modification and specifically authorizes the pledge of revenues from a one and one-quarter percent (1.25%) sales tax in addition to the existing pledge of water, sanitary sewer, and sanitation system revenues for purposes of securing the Existing Indebtedness, provided however, said Modification shall not constitute a new debt obligation the Authority or the City.

SECTION 2. EXECUTION OF NECESSARY DOCUMENTS. The Chairman or Vice Chairman and Secretary or Assistant Secretary of the Authority are hereby authorized and directed

on behalf of the Authority to execute a Sales Tax Agreement by and between the City and the Authority pertaining to the year-to-year pledge of the sales tax revenue for purposes of securing the Existing Indebtedness, and to further execute and deliver all necessary documentation and closing and delivery papers required by Bond Counsel in connection with the Modification, including but not limited to (i) an Amended Trust Agreement by and between the Authority and BOKF, NA, as Trustee (the “Local Trustee”); (ii) an Amendment to Loan Agreement, as it supplements and amends that certain Loan Agreement dated as of August 1, 2023, by and between the Authority and the Oklahoma Water Resources Board (the “OWRB”), and (iii) an Amended Security Agreement relating to the Existing Indebtedness; and to execute, record and file any and all the necessary documents, and to consummate the transaction contemplated hereby.

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ADOPTED AND APPROVED THIS 5TH DAY OF SEPTEMBER, 2023.

CHICKASHA MUNICIPAL AUTHORITY

Chris Mosley, Chairman

ATTEST:

Susan M. McDaniel, Secretary

(SEAL)

CERTIFICATE
OF
AUTHORITY ACTION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Chickasha Municipal Authority.

I further certify that the Trustees of the Chickasha Municipal Authority held a Regular Meeting at 6:30 o'clock P.M. on September 5, 2023, after due notice was given in full compliance with the Oklahoma Open Meeting Act.

I further certify that attached hereto is a full and complete copy of a Resolution that was passed and approved by said Trustees at said meeting as the same appears in the official records of my office and that said Resolution is currently in effect and has not been repealed or amended as of this date.

I further certify that below is listed those Trustees present and absent at said meeting; those making and seconding the motion that said Resolution be passed and approved, and those voting for and against such motion:

PRESENT:

ABSENT:

MOTION MADE BY:

MOTION SECONDED BY:

AYE:

NAY:

WITNESS MY HAND THIS 5TH DAY OF SEPTEMBER, 2023.

CHICKASHA MUNICIPAL AUTHORITY

(SEAL)

Secretary of Authority



City of
CHICKASHA

Meeting Type: CMA Agenda 9-5-2023

Meeting Date: 9/5/2023

Department: Administration

Agenda Item No. 4.b.

AGENDA ITEM: CONSIDER AND TAKE ACTION TO APPROVE AN AMENDMENT TO THE CONTRACT DOCUMENTS FOR OPERATION OF WATER AND WASTEWATER SYSTEMS BY AND BETWEEN THE CHICKASHA MUNICIPAL AUTHORITY AND U.S. WATER SERVICES CORPORATION D/B/A USW UTILITY GROUP.

I. BACKGROUND/DESCRIPTION:

The Chickasha Municipal Authority (the "Authority") issues tax exempt debt from time to time to finance improvements to the Authority's water and wastewater treatment plants, which are managed pursuant to an agreement with U.S. Water Services Corporation d/b/a USW Utility Group ("USWUG"). The Authority enjoys the benefit of tax-exempt financing by virtue of the fact that the Authority is a governmental issuer and the projects are governmental in nature. Certain arrangements with private entities, such as USWUG, can create "private business use", which may impact the tax-exempt status of the Authority's debt obligations. The proposed amendment is not intended to modify the arrangement or compensation structure set forth in the existing agreement, but specifically addresses certain management agreement safe harbor provisions set forth in IRS Rev. Proc. 2017-13 so that the agreement does not adversely affect the tax-exempt status of the Authority's outstanding and future utility system debt.

II. RECOMMENDED ACTION:

APPROVE THEAMENDMENT TO THE CONTRACT DOCUMENTS FOR OPERATION OF WATER AND WASTEWATER SYSTEMS BY AND BETWEEN THE CHICKASHA MUNICIPAL AUTHORITY AND U.S. WATER SERVICES CORPORATION D/B/A USW UTILITY GROUP AND AUTHORIZE THE MAYOR TO EXECUTE THE SAME.

III. FISCAL INFORMATION -

IV. FUND INFORMATION:

Dept. Director:

Fund	Account	Amount
(To)		

	FUND	ACCOUNT	AMOUNT
Meeting Date: September 5, 2023	(From)		

V. ATTACHMENTS:

1. Amendment to USW Agreement-2023

**Fourth Amendment to the CONTRACT DOCUMENTS for
OPERATION OF WATER AND WASTEWATER SYSTEMS**

This Fourth Amendment to the Contract Documents for Operation of Water and Wastewater Systems (the “Fourth Amendment”) is entered into on the ____ day of _____, 2023 (the “Effective Date”), by and between the Chickasha Municipal Authority (the “Authority”), whose sole beneficiary is the City of Chickasha, Oklahoma, and U.S. Water Services Corporation, d/b/a USW Utility Group (the “USWUG”) for the purpose of evidencing compliance with the requirements of Internal Revenue Code of 1986 and regulations adopted thereunder (collectively, the “Code”) and the safe harbors found in Internal Revenue Service (“IRS”) Rev. Proc. 2017-13 as hereinafter set forth:

WITNESSTH:

WHEREAS, the Authority and USWUG entered into Professional Services Agreement dated June 1, 2015, as amended by a First Amendment dated as of December 1, 2015, a Second Amendment dated as of July 1, 2017, and a Third Amendment dated as of July 1, 2018 (collectively, the “Original Agreement”, and collectively with this Fourth Amendment, the “Agreement”) whereby USWUG agreed to perform the operation and maintenance of the Unit’s water treatment facilities and wastewater treatment facilities (the “Facilities”); and

WHEREAS, the Authority and USWUG desire to execute this Fourth Amendment to evidence compliance with the safe harbors found in IRS Rev. Proc. 2017-13.

NOW THEREFORE, in consideration of the mutual premises set forth above, and the terms and conditions hereinafter set forth, the Authority and USWUG hereby amend the Original Agreement as follows:

1. Article 13 is added to the Agreement as follows:

ARTICLE 13 QUALIFIED MANAGEMENT AGREEMENT SAFE HARBOR

The parties understand that all or a portion of the Facilities have been or will be financed by the proceeds of tax-exempt debt. Accordingly, this Agreement shall be interpreted in a manner that is in compliance with the safe harbors found in IRS Rev. Proc. 2017-13 (the “Rev. Proc.”). In connection therewith, notwithstanding any other parts of this Agreement that might be interpreted to the contrary, the parties agree as follows (with the meaning of such representations interpreted consistent with the terms of the Rev. Proc.):

Section 13.1 This Agreement shall not be interpreted as a lease.

Section 13.2 Both parties represent and agree that the payments to USWUG under this Agreement are reasonable compensation for the Services to be rendered by USWUG under this Agreement.

Section 13.3 No element of USWUG’s compensation paid hereunder shall take into account, or be contingent upon, either the Facilities’ net profits or both the Facilities’ revenues and expenses (other than any reimbursements of

direct and actual expenses paid by USWUG to unrelated third parties) for any fiscal period. Furthermore, USWUG shall not be required to bear a share of the net losses from the operation of the Facilities.

Section 13.4 The Authority or other qualified user shall bear the risk of loss upon damage or destruction of the Facilities to the extent required by the Rev. Proc. This provision is expressly NOT intended to relieve USWUG or any other person or entity from any liability or obligation owed to the Authority or any other person or entity as a result of, or relating to, damage or destruction of the Facilities to the extent not required by the Rev. Proc., but merely to intended meet the minimum requirements of the Rev. Proc. and shall not be interpreted more broadly. For example, without limitation, as provided in the Rev. Proc., a qualified user does not fail to meet this risk of loss requirement as a result of insuring against risk of loss through a third party or imposing upon the service provider a penalty for failure to operate the managed property in accordance with the standards set forth in this contract. Without limitation, USWUG shall be liable to the Authority for any damage or destruction of the Facilities caused by, or arising out of, USWUG's acts and/or omissions or breach of this Agreement to the extent set forth in this Agreement.

Section 13.5 USWUG shall not take any tax position that is inconsistent with being a service provider to the Authority with respect to the Facilities. For example, USWUG agrees not to claim any depreciation or amortization deduction, investment tax credit, or deduction for the payment as rent with respect to Facilities.

Section 13.6 The Authority must approve the annual budget for the Facilities, Capital Improvements with respect to the Facilities, each disposition of property that is part of the Facilities, rates charged for the use of the Facilities, and the general nature and type of use of the Facilities.

Section 13.7 The Authority will not allow this Agreement to be renewed for any period without consulting with bond counsel.

Section 13.8 Not more than 20 percent of the voting power of the governing body of the City of Chickasha or the Chickasha Municipal Authority (collectively, together with their successors and assigns, the "Potential Qualified Users") shall be vested in the directors, officers, shareholders, partners, members and employees of USWUG; the governing body of the Potential Qualified Users shall not include the chief executive officer of USWUG or the chairperson (or equivalent executive) of USWUG's governing body; and the chief executive officer of USWUG shall not be the chief executive officer of any of the Potential Qualified Users or any of their related parties as defined in Treasury Regulation 1.150-1(b).

2. This Fourth Amendment together with the Original Agreement constitute the entire agreement between the Parties and supersedes all prior oral and written understandings with respect to the subject matter set forth herein, and shall be binding upon the parties hereto and their respective legal representatives, successors and assigns. All remaining terms and provisions of the Original Agreement are hereby ratified and confirmed and shall remain in full force and effect to the extent they do not conflict with this Fourth Amendment. In the event of any conflict between the provisions of this Fourth Amendment and the provisions of the Agreement, the provisions in this Fourth Amendment shall control. Neither this Fourth Amendment nor the Agreement may be modified except in writing signed by an authorized representative of the Parties.

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IN WITNESS WHEREOF, the Parties hereto have entered into this Fourth Amendment to the Contract Documents for Operation of Water and Wastewater Systems as of the date first written above.

CHICKASHA MUNICIPAL AUTHORITY

By: _____
Name: _____
Title: _____

**U.S. WATER SERVICES CORPORATION,
D/B/A USW UTILITY GROUP**

By: _____
Name: _____
Title: _____