

**STILLWATER MEDICAL CENTER AUTHORITY
BOARD OF TRUSTEES
Special Meeting, Monday, December 5, 2016
Stillwater Medical Center 2nd Floor Conference Room
4:00 p.m.**

Present: Dan Duncan, Joe Haney, Mayor Gina Noble, Lowell Barto, Beth Buchanan and Calvin Anthony

Absent: Cary Couch, MD

Others: Denise Webber, Alan Lovelace, Don Kiser and Cheryl Marshall (minutes)

Chairman Dan Duncan called the meeting to order at 4:03 p.m. It was noted that notice of this meeting was posted with the City of Stillwater City Clerk's office 48 hours prior to this meeting.

APPROVAL OF PROPOSAL FOR CAPITAL PROJECT FINANCING

Lovelace introduced Bond Counsel, Don Kiser. Lovelace directed the Board's attention to the list of capital projects scheduled over the next 24 months: Cancer Center, DME, Canopies, Cardiology building, expansion of Surgery and IT system. Total estimated cost for the projects is \$61M. To cover a portion of that cost, \$35M in financing is requested.

Lovelace requested quotes from Commerce Bank, BOK Financial, BankSNB and BancFirst for 7 and 10 year terms. 7 years brought back favorable rates. Commerce had the lowest rate at 2.13%, with BOK second at 2.20%. The interest paid over the life of each was discussed. Commerce capped their fees at \$7,500. BOK's fees are estimated at \$15,000 to \$17,000. A 45-day rate lock for Commerce is 7 basis points. BOK has offered a 30 day rate lock at no fee. Anthony asked the cost of 7 basis points. Lovelace responded that it would be \$24,500 per year. Collateral for Commerce would be revenue stream, for BOK revenue stream plus a negative pledge of real estate. Lovelace explained that negative pledge of real estate is a restriction on further debt. If some of our assets were used as collateral, we would need their approval. Commerce does have a prepayment penalty over 3 years, but Lovelace did not believe that would be an issue. Both quoted December 30 closing dates which we do not know will be possible. BOK's financial covenants included limitation of additional indebtedness.

Haney asked the original rate quote from Commerce. Lovelace responded that interest rates appear to be rising and have already increased from 1.96 to 2.13. These quotes are from 11/29 and could change as nothing is locked. Buchanan inquired about BOK being 2.2%. Lovelace explained that BOK split their rate; one note for \$10M, one for \$25M. 2.2% is the weighted average.

Anthony pointed out that the two quotes were very close. Lovelace stated that we have done recent business with Commerce, so the documentation process would be minimal. With BOK, financing would need to be split into two notes. Haney asked if a 30-day lock could be negotiated with Commerce to match the no charge of BOK. Kiser said that authorization to negotiate is being requested of the Board at this meeting. Final approval from this Board as well as the City will be needed after negotiation. Noble said that the last City Council meeting for the year is

being held today. With approaching the holiday season a 45-day lock might be necessary. Anthony asked about the cost of the issuance. Lovelace listed the fees: a charge for bond counsel; Commerce, \$7,500; BOK, \$17,000, plus the cost of tax counsel.

Anthony moved the approval of authority for Alan Lovelace to further negotiate, determine the best contract and lock in an interest rate to secure financing for the capital projects wherefore mentioned with a Resolution to follow at the appropriate time. Noble seconded the motion, and Noble, Haney, Barto, Duncan, Buchanan and Anthony voted in favor of the motion.

Anthony left the meeting as this time. Kiser said that he would plan to get information to the City attorney and the City council.

ADJOURN

There being no further business, Barto moved that the meeting be adjourned. Haney seconded the motion, and Barto, Noble, Haney, Buchanan and Duncan voted in favor of the motion. The meeting was adjourned at 4:39 p.m.



Chairman of the Board


Secretary of the Board