

**CITY OF PURCELL
PURCELL PUBLIC WORKS AUTHORITY
PURCELL MUNICIPAL HOSPITAL BOARD
JOINT SPECIAL MEETING
January 22, 2019
6:00 P.M.
DOWNSTAIRS COMMUNITY ROOM
CITY HALL
230 W. MAIN STREET**

1. Call to order and declaration of a quorum present.

Mayor/Chairman Cox called the meeting to order and declared a quorum to be present at 6:03 pm.

PMH Board Chairman Shirley called the meeting to order and declared a quorum to be present at 6:03 pm.

2. Roll Call.

Roll call was conducted for City of Purcell/PPWA by City & Public Works Treasurer Victor Lohn with the following results:

Councilmen/Trustees Present:	Danny Jacobs, Theda Engert, Ted Cox
Councilmen/Trustees Absent:	Graham Fishburn, Mike Pollok
Legal Counsel Absent:	Ted Haxel
City/Trust Staff Present:	Dale Bunn, Victor Lohn

Roll call for Purcell Municipal Hospital was conducted by Administrative Assistant Beth Herron with the following results:

Hospital Board Members Present: David Shirley, Board Chairman, Todd Clouse, Board Secretary, Kyle Nondorf, SSM Member

Hospital Board Members Absent: Justin Blankenship, Board Vice-Chairman, Rick Schmidt, M.D., Member

Hospital Staff Present: Kem Scully, CEO, Beth Herron

Others: Ben Oglesby, Municipal Finance Services

3. Pledge of Allegiance.

Mayor/Chairman Cox led the Pledge of Allegiance.

Mayor/Chairman Cox offered the invocation.

4. Welcome.

Mayor/Chairman welcomed both boards and guests.

5. Consideration and possible action concerning the future plans for the Purcell Municipal Hospital.

Mayor/Chairman Cox began with a statement that Ad Hoc Meetings had been held with four (4) developers regarding future plans for the Purcell Municipal Hospital. The candidates had been narrowed down to Miller/Neff. Miller/Neff prepared a Predevelopment Agreement which was sent to City Attorney Ted Haxel for review. Mr. Haxel recommended a few minor changes. Changes were submitted to Miller/Neff who agreed to the changes. Mr. Nondorf advised the document presented at this meeting reflected those changes. Mayor/Chairman Cox stated it was his understanding that the PMH Board would make a motion to present the Predevelopment Agreement to the City. The City would in turn make a motion whether or not to accept the PMH Board's recommendation.

Mayor/Chairman Cox asked if there was any discussion. Ben Oglesby with Municipal Finance Services advised there were some things/thoughts he would like to share but that he could do that

at a later time. Mayor/Chairman Cox advised that could be discussed at a later time as he wanted to stick to what we thought the agenda was for today's meeting – not how we go about financing. Mr. Oglesby advised he would add one piece of commentary that was pertinent to the agenda item. It was his understanding that the Predevelopment Agreement does not commit the City to any kind of financing, and the only concern he had was to make sure to preserve all financing options we have for as long as possible. Mr. Nondorf advised the Predevelopment Agreement was a routine process and customary when moving forward with this type of plan.

PMH Chairman Shirley advised that Ad Hoc Meetings comprised of two (2) PMH Board Members, two (2) City Councilmen, Purcell City Manager and PMH CEO Kem Scully met with four (4) companies that had responded to the request for bid. The PMH Board selected Miller/Neff as they presented the best options, and met the goals of PMH along with Miller/Neff's flexibility in not only working with PMH but with the City as well. Mr. Nondorf stated that Miller/Neff was willing to work with the providers (doctors) to make sure they try and come to the campus too, but that was for the developer to work through. Mayor/Chairman Cox stated that this was not the reason for tonight's meeting. This meeting is to literally agree to an agreement to allow them to start the process. PMH Board Chairman Shirley stated the intent was for the Predevelopment Agreement between PMH and Miller/Neff to be signed and approved.

City Manager Bunn asked that the commitment as far as minimum cost be reviewed, if after signing the Predevelopment Agreement, we back out on the agreement. Mayor/Chairman Cox stated it was a percentage depending on how far the developer had gone. Mr. Nondorf advised it was a percentage of the completion depending on where they were at the point the decision was made to back out but would not exceed \$170,000. City Manager Bunn stated the \$170,000 was considerably less than what the developer considered their actual expenses would be.

A motion was made (NONDORF/CLOUSE) to move forward with the Predevelopment Reimbursement Agreement between Purcell Municipal Hospital and Miller/Neff Development, LLC. The motion carried unanimously.

PMH Board Chairman Shirley stated the motion had carried and advised that the PMH Board would like to present Mayor/Chairman Cox with the Predevelopment Reimbursement Agreement between Purcell Municipal Hospital and Miller/Neff, LLC. Mayor/Chairman Cox advised that a recommendation had been received from the PMH Board and asked if there was any further discussion. Councilman/Trustee Jacobs made a motion seconded by Councilwoman/Trustee Engert to accept the recommendation of the PMH Board.

Yes: Jacobs, Engert, Cox. No: None Absent: Pollock, Fishburn

6. Council Member comments.

There were no comments.

7. Public Works Authority Trustee comments.

There were no comments.

8. Trust Manager and staff comments.

There were no comments.

9. Hospital CEO and staff comments.

PMH CEO Kem Scully expressed her appreciation to the City. PMH Board Chairman Shirley stated that Miller/Neff was selected due to their professionalism and that it would be easy for PMH to work with them. It was not the fact that PMH could not work with the others; cost factors were considered in the decision as well. Kyle Nondorf added that PMH had received four (4) good responses to the bid request. The responses were really a testimony to what this community is all about.

10. Trust Attorney comments.

There were no comments.

Mayor/Chairman Cox asked Mr. Oglesby if he had anything else to add as far as what he had found out about some financing options. Mr. Oglesby stated he had one discussion with a bank that was suggested to him by someone "in the know". The meeting was held last week and he

presented the concept of what we are trying to do here. Mr. Oglesby said he basically asked the question of “is this something that could be financed either through the developer where the developer goes out and obtains the financing however they need to with a bank and probably an equity investor”. Mr. Oglesby warned them that they might be receiving some phone calls from the developer to see if they want to help. Mr. Oglesby has also been contacted by other banks in OKC that he knows for a fact have been talking to our new developer. The banks asked questions of Mr. Oglesby about the City. Mr. Oglesby stated he knows that there is interest out there and knows that “this thing is out on the street and people are talking about it”. One of the first questions Mr. Oglesby asked the bank: “Is it possible to get a fixed rate financing all the way for a 20 year term”. The answer that Mr. Oglesby received from that bank, and probably the answer from most every bank that we’re going to talk to, is “no” – you cannot get fixed rate financing. It’s going to be some situation where you have a fixed rate for maybe the first 5 years and then readjust every 5 years thereafter. This is whether PMH or the City wanted to do more of a tax exempt with finance type deal. Mr. Oglesby said he had seen these deals done where the 5 year reset can only go up so much and can only go down so much. Those are acceptable for tax exempt purposes but there are tests that have to be met. Those can be negotiated. But, the idea that you are going to get a fixed rate of interest for 21 years from a bank is almost impossible. Mr. Oglesby stated he thought this would apply to the City or a developer, however they choose to finance. The only way you are going to get a fixed rate commitment all the way for 21 years is probably a bond deal of some sort or if we were able to do some sort of transaction with rural development or something like that which would be a fixed rate of interest.

Mayor/Chairman Cox thanked Mr. Oglesby.

Councilman/Trustee Jacobs asked when the next meeting would be scheduled to know where we actually are and to get this thing escalated. Mayor/Chairman Cox stated he would let City Manager Bunn and PMH CEO Kem Scully get together and determine when the next meeting would be. Mayor/Chairman Cox said we were taking the first step tonight. Mr. Nondorf said it was his assumption that the Ad Hoc Committee would meet every two (2) weeks and the developer would be included in the meetings.

11. Adjourn.

A motion was made (CLOUSE/NONDORF) to adjourn. The motion carried unanimously and the meeting adjourned at 6:20 pm.

Mayor/Chairman Cox declared the City of Purcell/Purcell Public Works Authority/Purcell Municipal Hospital Joint Special Meeting adjourned at 6:20 pm.

Passed and approved this 4th day of March 2019

Ted Cox, Mayor

Attest:

Dorothy Kennedy, City Clerk

Passed and approved this 4th day of March 2019

Ted Cox, Chairman

Attest:

Dorothy Kennedy, Secretary