



P.O. BOX 850 | COWETA, OKLAHOMA 74429 | PH. (918) 486-2189 | FAX (918) 486-5366 | www.cityofcoweta-ok.gov

**AGENDA - REGULAR MEETING
COWETA PUBLIC WORKS AUTHORITY
COWETA CITY HALL, 310 S. BROADWAY
IMMEDIATELY FOLLOWING THE MEETING
OF THE COWETA CITY COUNCIL
MONDAY, JULY 1, 2019 6:00 P.M.**

MEETING PROCEDURE: Comments on all scheduled agenda items will be heard immediately following the presentation by staff or the petitioner. Please wait until you are recognized by the Chairman and keep your comments as brief as possible. Individuals addressing the Trustees must identify themselves by name prior to making any comments. The Trust Authority will act on an agenda item after comments from staff and the Trust Authority have been heard.

I. CALL TO ORDER

II. ROLL CALL

EVETTE MORRIS _____
HAROLD CHANCE _____
NAOMI HOGUE _____
LOGAN BROWN _____
RANDY WOODWARD _____

III. CONSENT

(All matters under the "Consent Calendar" are considered by the Board of Trustees to be routine and will be enacted by one motion. Any Trustee may, however, remove an item from consent by request.)

1. Declaration of Surplus

Approval on a declaration of surplus on the following and authorization for the Trust Manager to dispose of accordingly; 2007 International Trash Truck with Pak More packer.
(Rob Werley, Public Works Director)

Documents:

[190701 STAFF REPORT ON DECLARATION OF SURPLUS.PDF](#)

2. Approval of Minutes for June 3, 2019 Joint Special Meeting

Approval of the minutes of the Coweta City Council/Coweta Public Works Authority/Coweta Industrial Development Authority Joint Special Meeting held on June 3, 2019.

Documents:

[190701 MINUTES OF JOINT SPECIAL MEETING 190603.PDF](#)

3. Minutes for June 3, 2019

Approval of the minutes of the Coweta Public Works Authority Regular Meeting held on June 3, 2019.

Documents:

[190701 PWA MINUTES JUNE 3 2019.PDF](#)

4. Minutes for June 19, 2019 Special Meeting

Approval of the minutes for the Coweta Public Works Authority Special Meeting held on June 19, 2019.

Documents:

[190701 MINUTES SPECIAL PWA MEETING 190619.PDF](#)

IV. OLD BUSINESS

1. Approval of Joint Resolution Appointing a Treasurer

Discussion and possible action on the adoption of Resolution 2019-25 a Joint Resolution of the City Council of the City of Coweta, Oklahoma, the Trustees of the Coweta Public Works Authority, and the Trustees of the Coweta Industrial Development Authority appointing a Treasurer to act for and on behalf of each entity.

(Roger Kolman, Trust Manager)

Documents:

[190701 RESOLUTION APPOINTING A TREASURER.PDF](#)

2. FY19 Audit Contract with Arledge & Associates

Discussion and possible action to approve the engagement of Arledge & Associates to provide auditing services for fiscal year ending June 30, 2019, in the amount of Twenty One Thousand Two Hundred Dollars (\$21,200.00), with half being paid by the Coweta Public Works Authority and authorization for the Chairman to accept and sign all related documents.

(Julie Casteen, Assistant City Manager/City Clerk)

Documents:

[190701 STAFF REPORT ON AUDIT ENGAGEMENT.PDF](#)

[190701 ENGAGEMENT LETTER AUDITORS.PDF](#)

3. Joint Resolution Adopting Environmental Information Document

Discussion and possible action on the adoption of Resolution 2019-24, a Joint Resolution of the City Council of the City of Coweta, Oklahoma and the Trustees of the Coweta Public Works Authority adopting the Environmental Information Document for the proposed wastewater treatment plant improvements.

(Chip Cohrs, Community Development Director)

Documents:

[190701 STAFF REPORT ON JOINT RESOLUTION 2019-24.PDF](#)

[190701 NOTICE ON PUBLIC HEARING FOR EID.PDF](#)

[190701 JOINT RESOLUTION 2019-24.PDF](#)

4. Resolution on OWRB Financing

Discussion and possible action to adopt Resolution 2019-26, a resolution of the Trustees of the Coweta Public Works Authority agreeing to file application with the Oklahoma Water Resources Board for financial assistance through the clean water state revolving fund loan program, with loan proceeds being for the purpose of financing certain wastewater system improvements; approving and authorizing professional services agreements; and containing other provisions related thereto.

(Roger Kolman, Trust Manager)

Documents:

[190701 STAFF REPORT ON OWRB FINANCING.PDF](#)

[190701 RESOLUTION ON OWRB ACTION.PDF](#)

[190701 ENGAGEMENT LETTER LEGAL COUNSEL.PDF](#)

[190701 MUNICIPAL ADVISOR SERVICES AGREEMENT.PDF](#)

[190701 REPORT ON OWRB FINANCING.PDF](#)

V. NEW BUSINESS

(Business which was not foreseen prior to the posting of the agenda.)

VI. ADJOURNMENT

IF YOU REQUIRE SPECIAL ACCOMMODATIONS PURSUANT TO THE AMERICANS WITH DISABILITIES ACT,
PLEASE CONTACT CITY HALL BY 9:00 A.M. THE DAY OF THE MEETING.



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Memorandum

To: Honorable Mayor and City Council

From: Rob Werley, Public Works Director

Date: 1 July 2019

Re: Surplus equipment: 2007 International Trash Truck with Pak More compactor, 07-5774; vin #1HTWGAAR27J555774;

BACKGROUND:

At the May Public Works Authority meeting trustees approved the purchase of a new 2019 Freightliner trash truck with a Heil packer due to the age and numerous mechanical issues with the 2007 trash truck. The Public Works Authority would like to declare this vehicle surplus.

STAFF RECOMMENDATION

Staff would recommend that that the 2007 trash truck and Pak More compactor be declared for surplus.

MINUTES OF THE COWETA CITY COUNCIL/COWETA PUBLIC WORKS AUTHORITY
COWETA INDUSTRIAL TRUST AUTHORITY JOINT SPECIAL MEETING
JUNE 3, 2019 6:00 P.M.

The members of the Coweta City Council, and Trustees of Coweta Public Works Authority and Coweta Industrial Trust Authority, met in a joint special session on Monday, June 3, 2019, at 6:00 p.m. at Coweta City Hall located at 310 S Broadway, Coweta, Oklahoma.

COUNCILMEMBERS/TRUSTEES PRESENT: Evette Morris, Harold Chance, Naomi Hogue, Logan Brown, Randy Woodward.

COUNCILMEMBERS/TRUSTEES ABSENT: None.

STAFF PRESENT: Roger Kolman, Ron Cates, Brittany Long, Rob Werley, Chip Cohrs, Greg Edwards, Julie Casteen, Mike Bell, Julia Stephens, Kory Soendker.

- I. The meeting was called to order by Mayor/Chairman Morris.
- II. Pledge of Allegiance was given.
- III. Roll call taken. Councilmembers/Trustees present and absent as shown above.
- IV. OLD BUSINESS

Assistant City Manager Julie Casteen presented the \$12,662,431 budget (excluding transfers and reserves), which includes a 2.5% pay increase for non-represented employees, 1% increase to retirement pledge for non-represented employees, 10% insurance premium increase, 10% workers' compensation premium increase, and a 2.4% utility rate increase. Revenues are generally flat to the previous fiscal year. Budgeted projects include new police vehicle, body armor for the police department, new Comprehensive Plan, upgrades to the bathrooms at the Sports Complex, Roland Park splash pad and upgrades, new monument signs, overflow parking lot downtown, and various pieces of equipment.

Mayor/Chairman Morris opened public hearing at 6:15 p.m. The public hearing was closed at 6:16 p.m. with no public comments.

- V. ADJOURNMENT

Mayor/Chairman adjourned all meetings at 6:16 p.m.

Minutes of the Coweta City Council/Coweta Public Works Authority/Coweta Industrial Development
Authority Joint Special Meeting held on June 3, 2019

Evette Morris, Mayor

Julie Casteen, City Clerk

Evette Morris, PWA Chairman

Julie Casteen, PWA Trust Secretary

Evette Morris, CIDA Chairman

Harold Chance, CIDA Trust Secretary

MINUTES OF THE COWETA PUBLIC WORKS AUTHORITY REGULAR MEETING
June 3, 2019 7:49 P.M.

The Trustees of the Coweta Public Works Authority met in regular session on Monday, June 3, 2019 at 7:49 p.m. in the Coweta City Hall, 310 South Broadway, Coweta, Oklahoma.

TRUSTEES PRESENT: Evette Morris, Harold Chance, Naomi Hogue, Logan Brown, Randy Woodward.

TRUSTEES ABSENT: None.

STAFF PRESENT: Roger Kolman, Ron Cates, Brittany Long, Rob Werley, Chip Cohrs, Greg Edwards, Julie Casteen, Mike Bell, Julia Stephens, Kory Soendker.

I. CALL TO ORDER

The meeting was called to order by Chairman Morris.

II. ROLL CALL

Trustees present and absent as shown above.

III. CONSENT

Motion by Harold Chance, second by Randy Woodward, to approve consent calendar items:

1. Minutes of the Coweta Public Works Authority Regular Meeting held March 4, 2019.
2. Minutes of the Coweta Public Works Authority Special Meeting held on April 15, 2019.
3. Minutes of the Coweta City Council/Coweta Public Works Authority/Coweta Industrial Development Authority Joint Special Meeting held on April 26, 2019.
4. Minutes of the Coweta City Council/Coweta Public Works Authority Joint Emergency Meeting held on May 25, 2019.

Aye: Randy Woodward
Logan Brown
Naomi Hogue
Harold Chance
Evette Morris

IV. OLD BUSINESS

Discussion held regarding possible action on the adoption of Resolution No. 2019-13, a Resolution of the Trustees of the Coweta Public Works Authority, Coweta, Oklahoma, adopting the budget for the Coweta Public Works Authority Utility Services Fund and the Ambulance Service Fund for the fiscal year beginning July 1, 2019 and ending June 30, 2020, and providing for the investment of said funds.

Motion by Randy Woodward, second by Harold Chance, to approve the adoption of Resolution No. 2019-13, a Resolution of the Trustees of the Coweta Public Works Authority, Coweta, Oklahoma, adopting the budget for the Coweta Public Works Authority Utility Services Fund and the Ambulance Service Fund for the fiscal year beginning July 1, 2019 and ending June 30, 2020, and providing for the investment of said funds.

Aye: Randy Woodward
Logan Brown
Naomi Hogue
Harold Chance
Evette Morris

Discussion held regarding possible action on the purchase and installation of a replacement engine for the 2015 International Garbage Truck from Poplin's Diesel Service in the amount of Twenty Seven Thousand Dollars (\$27,000.00). Public Works Director presented information regarding the quotes obtained and selection of Poplin's Diesel Service for \$27,000.00 due to the warranty offered and it being a local shop that is familiar with the current equipment.

Motion by Randy Woodward, second by Evette Morris, to approve the purchase and installation of a replacement engine for the 2015 International Garbage Truck from Poplin's Diesel Service in the amount of Twenty Seven Thousand Dollars (\$27,000.00).

Aye: Randy Woodward
Logan Brown
Naomi Hogue
Harold Chance
Evette Morris

Discussion held regarding possible action of the adoption of Resolution No. 2019-18, a Resolution of the Trustees of the Coweta Public Works Authority adopting amendments to the annual revenues and appropriations for the budget of the Coweta Public Works Authority for Coweta, Oklahoma, for fiscal year ending June 30, 2019.

Motion by Evette Morris, second by Harold Chance, approving the adoption of Resolution No. 2019-18, a Resolution of the Trustees of the Coweta Public Works Authority adopting amendments to the annual revenues and appropriations for the budget

Minutes of the Coweta Public Works Authority Regular Meeting held on June 3, 2019

of the Coweta Public Works Authority for Coweta, Oklahoma, for fiscal year ending June 30, 2019.

Aye: Randy Woodward
Logan Brown
Naomi Hogue
Harold Chance
Evette Morris

V. NEW BUSINESS

There was no new business.

VI. ADJOURNMENT

Chairman Morris adjourned the meeting at 7:55 p.m.

Evette Morris, Chairman

Trust Secretary

MINUTES OF THE COWETA PUBLIC WORKS AUTHORITY SPECIAL MEETING
June 19, 2019 6:07 P.M.

The Trustees of the Coweta Public Works Authority met in special session on Monday, June 19, 2019 at 6:07 p.m. in the Coweta City Hall, 310 South Broadway, Coweta, Oklahoma.

TRUSTEES PRESENT: Evette Morris, Harold Chance, Naomi Hogue, Logan Brown, Randy Woodward.

TRUSTEES ABSENT: None.

STAFF PRESENT: Roger Kolman, Brittany Long, Rob Werley, Chip Cohrs, Greg Edwards, Julie Casteen, Mike Bell, Julia Stephens.

I. CALL TO ORDER

The meeting was called to order by Chairman Morris.

II. ROLL CALL

Trustees present and absent as shown above.

III. OLD BUSINESS

Discussion held regarding possible action on the approval of the payment of vehicle rental fees to American Waste Control for the period of April 19, 2019 through June 14, 2019 for one 20 yard rear loader garbage truck and one 25 yard rear loader garbage truck in the amount of Twenty One Thousand One Hundred Eighty dollars (\$21,180.00). Public Works Director Rob Werley stated that when we were down to one truck, we had to rent trucks to still be able to collect garbage in a timely manner.

Motion by Evette Morris, second by Harold Chance to approve the payment of vehicle rental fees to American Waste Control for the period of April 19, 2019 through June 14, 2019 for one 20 yard rear loader garbage truck and one 25 yard rear loader garbage truck in the amount of Twenty One Thousand One Hundred Eighty dollars (\$21,180.00).

Aye: Randy Woodward
Logan Brown
Naomi Hogue
Harold Chance
Evette Morris

Discussion held regarding possible action of the adoption of Resolution No. 2019-23, a Resolution of the Trustees of the Coweta Public Works Authority adopting amendments to the annual revenues and appropriations for the budget of the Coweta Public Works Authority for Coweta, Oklahoma, for fiscal year ending June 30, 2019.

Minutes of the Coweta Public Works Authority Special Meeting held on June 19, 2019

Motion by Harold Chance, second by Evette Morris approving the adoption of Resolution No. 2019-23, a Resolution of the Trustees of the Coweta Public Works Authority adopting amendments to the annual revenues and appropriations for the budget of the Coweta Public Works Authority for Coweta, Oklahoma, for fiscal year ending June 30, 2019.

Aye: Randy Woodward
Logan Brown
Naomi Hogue
Harold Chance
Evette Morris

IV. ADJOURNMENT

Chairman Morris adjourned the meeting at 6:10 p.m.

Evette Morris, Chairman

Trust Secretary

RESOLUTION NO. 2019-25

A JOINT RESOLUTION OF THE COWETA CITY COUNCIL, THE TRUSTEES OF THE COWETA PUBLIC WORKS AUTHORITY, AND THE TRUSTEES OF THE COWETA INDUSTRIAL DEVELOPMENT AUTHORITY APPOINTING A TREASURER TO ACT FOR AND ON BEHALF OF EACH OF THE BODIES.

WHEREAS, 11 O.S. §10-118 creates the Office of the Treasurer and charges that officer with certain duties including the deposit of funds on behalf of the entity; and

WHEREAS, the Treasurer is appointed by the City Council and the Trustees of the Public Trusts to serve for an indefinite term; and

WHEREAS, in accordance with Sections 2-401 and 2-403 of the Coweta City Code, the City Clerk is the head of the finance department and may also serve as the Treasurer; and

WHEREAS, the position of Treasurer is currently vacant.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COWETA, THE TRUSTEES OF THE COWETA PUBLIC WORKS AUTHORITY, AND THE TRUSTEES OF THE COWETA INDUSTRIAL DEVELOPMENT AUTHORITY THAT

Section 1. City Clerk Julie Casteen is hereby appointed as Treasurer for the City of Coweta, the Coweta Public Works Authority and the Coweta Industrial Development Authority.

ADOPTED BY THE COWETA CITY COUNCIL THE TRUSTEES OF THE COWETA PUBLIC WORKS AUTHORITY, AND THE TRUSTEES OF THE COWETA INDUSTRIAL DEVELOPMENT AUTHORITY IN A REGULAR MEETING ON THIS 1ST DAY OF JULY, 2019.

EVETTE MORRIS, MAYOR/TRUST
CHAIRMAN

ATTEST:

JULIE CASTEEN, CITY CLERK

APPROVED AS TO FORM:

RONALD D. CATES, CITY/TRUST ATTORNEY



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Memorandum

To: Honorable Mayor and City Council

From: Julie Casteen, Assistant City Manager/City Clerk

Re: FY19 Audit Engagement Letter/FY18 Compilation Engagement Letter

Date: June 28, 2019

BACKGROUND

Title 11, Section 17-105 of the Oklahoma State Statutes requires a full and complete annual audit of the City's financial statements to be conducted by an independent auditor. The objective of the audit is for the auditor to express an opinion on whether the City's financial statements are fairly presented and whether they conform to generally accepted accounting principles and standards.

During the audit, the auditor will examine items such as customer accounts, revenues received, cash disbursements, check reconciliations, debt reconciliations, pledged collateral, general ledger entries, and capital asset inventory.

Attached for your review is an Audit Engagement letter from Arledge & Associates of Edmond, Oklahoma to conduct the annual Financial and Compliance Audit for the Fiscal Year Ending June 30, 2019. Arledge is a CPA firm specializing in governmental auditing and has extensive experience auditing municipalities and other local governments. This firm provided these same services to the City for the last fiscal year.

The Audit Engagement letter is an industry standard letter that is required to properly engage the audit firm for the annual financial and compliance audit of the City's financial statements. The fee for this service is \$21,200. The cost of the audit is split between the City and the Public Works Authority.

STAFF RECOMMENDATION:

Staff recommends that Council accept the letter and direct the Mayor to sign on behalf of the City government and authorize the City Manager to sign the letter on behalf of Management.

ATTACHMENTS:

2019 Audit Engagement Letter



ALG-CL-1.3: Audit Engagement Letter—Yellow Book

June 14, 2019

To the Honorable Mayor, City Council, and Management
City of Coweta, Oklahoma

We are pleased to confirm our understanding of the services we are to provide the City of Coweta for the year ended June 30, 2019. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Coweta as of and for the year ended June 30, 2019. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City of Coweta's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City of Coweta's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Pension Plan Funding Information.
- 3) Budgetary Comparison Information.

We have also been engaged to report on supplementary information other than RSI that accompanies the City of Coweta's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- 1) Combining Non-Major Funds Statements.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the City of Coweta and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the City of Coweta's financial statements. Our report will be addressed to the mayor and city council of the City of Coweta. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the City of Coweta is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City of Coweta's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Management Responsibilities

Management is responsible for designing, implementing, and maintaining effective internal controls, including evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the City of Coweta; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Arledge & Associates, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to an oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Arledge & Associates, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by an oversight agency. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

LaDonna Sinning, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be \$21,200. This fixed price includes an electronic pdf copy of the report for distribution to your board members and others and 1 bound copy. Additional bound copies are available for \$.50 per page. This fee includes our miscellaneous charges, such as travel and meals. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Because our Engagement Letter provides ongoing access to the accounting and business advice you need on a fixed-price basis, you are not inhibited from seeking timely advice from us. While the fixed price entitles you to unlimited consultation with us, if your questions or issues require additional research and analysis beyond consultation, that work will be subject to an additional price negotiation before the service is to be performed, an Addendum to the Engagement Letter will be issued before delivery of the additional service is to be performed, with payment terms agreed to in advance. By virtue of signing this document, you have indicated that your reporting entity has been appropriately defined, all trial balances will be reasonably adjusted, your key accounts will be reconciled, unusual transactions, significant financial estimates and disclosures have been communicated to us prior to the date at the top of this letter. Also, you have indicated that the entity has competent personnel in key financial positions and there has been no turnover in the accounting/finance department. If we find that the facts are different for any of the preceding assumptions, we will negotiate an Addendum to the Engagement Letter and negotiate a new engagement fee before we issue our final report.

Cost of Consequential Damages

Any liability of Arledge & Associates, P.C. and its personnel to the City of Coweta is limited to the amount of the annual fee the client paid for this audit engagement as liquidated damages.

The City of Coweta agrees that any dispute regarding this engagement will, prior to resorting to litigation, be submitted to mediation upon request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The American Arbitration Association will administer any such mediation in accordance with its Commercial Mediation Rules. The results of the mediation proceeding shall be binding only if both Arledge & Associates, P.C. and the City of Coweta agree to be bound. Arledge & Associates, P.C. and the City of Coweta will share any cost of mediation equally.

We appreciate the opportunity to be of service to the City of Coweta and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign a copy and return it to us.

Sincerely,



Arledge & Associates, P.C.

RESPONSE:

This letter correctly sets forth the understanding of the City of Coweta.

City Manager's signature: _____

Title: _____

Date: _____

Mayor's signature: _____

Title: _____

Date: _____



POST OFFICE BOX 850 • COWETA, OKLAHOMA 74429 • PH. (918) 486-2189 • FAX (918) 486-5366 • www.cityofcoweta-ok.gov

Memorandum

To: Honorable Mayor and City Council
From: Wm. H. Cohrs, III, P.E., Community Development Director
Re: Wastewater Treatment Facility Environmental Information Document
Date: June 25, 2019

BACKGROUND

At the March 25, 2019 Coweta Planning Commission Meeting, a public hearing was held to obtain public comments on the Wastewater Treatment Facility Environmental Information Document (EID). David Wyatt with WDB Engineering PLC was present to present a summary of the EID. There were no public comments to be heard and the public hearing was closed. OWRB who is working with the City on the financing of the project is now requesting a Resolution from the City approving the EID. Since the Planning Commission held the public hearing on the EID there now needs to be a recommendation from the Planning Commission to the City Council to approve the EID.

At the June 24, 2019 Planning Commission Meeting the Planning Commission voted to recommend the adoption of the Environmental Information Document for the Wastewater Treatment Plant Improvements to the City Council and Coweta Public Works Authority.

STAFF RECOMMENDATION

Staff recommends approval of the Joint Resolution adopting the Environmental Information Document.

ATTACHMENTS

Public hearing Notice
EID
Resolution 2019-24

NOTICE OF PUBLIC HEARING
COWETA PLANNING COMMISSION
CWSRF PROJECT NO. ORF-19-0002-CW

The Coweta Planning Commission will hold a public hearing at 6:30 P.M. on March 25, 2019 in the council chambers of the City Hall. The hearing is to discuss proposed improvements to the Coweta Wastewater Treatment Facility along with alternatives and their associated costs. One purpose of the hearing is to discuss the potential environmental impacts of the project.

The proposed project is identified in the Planning and Environmental Information Document and consists of upgrading the existing WWTP to accommodate an average daily flow of 1.5 MGD. The project includes: a new influent lift station; lagoon system improvements; aeration basin improvements; two (2) new aerobic sludge digesters; a new flow equalization basin; two (2) new secondary clarifiers, an activated sludge pump station; sludge drying beds improvements; and disinfection basin modifications.

The Planning document which includes environmental information is on file and available for public inspection at City Hall, 310 South Broadway, Coweta, Oklahoma. These documents provide a detailed description of the project, cost, alternatives considered, and environmental effects.

RESOLUTION NO. 2019-24

**A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COWETA, OKLAHOMA
AND THE TRUSTEES OF THE COWETA PUBLIC WORKS AUTHORITY ADOPTING THE
ENVIRONMENTAL INFORMATION DOCUMENT FOR THE PROPOSED WASTEWATER
TREATMENT PLANT IMPROVEMENTS.**

Whereas, the Coweta City Council and the Trustees of the Coweta Public Works Authority certify that a Public Hearing was held before the Coweta Planning Commission, in accordance with the Coweta Comprehensive Plan, to accept public input regarding the proposed improvements at the wastewater treatment plant on March 25, 2019 in accordance with the notice attached hereto; and

Whereas, the Coweta Public Works Authority, acting through the City Council of the City of Coweta, Oklahoma hereby adopts the Environmental Information Document for the proposed wastewater treatment plant improvements dated February 2019 as prepared by WDB Engineering P.L.L.C.; and

Whereas, The Coweta Public Works Authority hereby sets forth the intent to construct, operate, and maintain such proposed facilities in accordance with state and federal requirements if said facility is approved and funded with a loan from the Clean Water State Revolving Fund.

PASSED AND ADOPTED THIS 1st DAY OF JULY, 2019

ATTEST:

MAYOR/CHAIRMAN

City Clerk/Trust Secretary

APPROVED AS TO FORM:

CITY/TRUST ATTORNEY



POST OFFICE BOX 850 • COWETA, OKLAHOMA 74429 • PH. (918) 486-2189 • FAX (918) 486-5366 • www.cityofcoweta-ok.gov

Memorandum

To: Honorable Chairman and Trustees
From: Roger Kolman, City Manager
Re: Resolution on OWRB Financing
Date: 7/1/2019

BACKGROUND

In 2018, the Public Works Authority engaged WDB Engineering P.L.L.C. to study Coweta's wastewater treatment facility and prepare an engineering report providing options to expand the capacity of the plant. That engineering report details three options: construction of a new plant, expansion of the current plant, or construction of a sequential batch processing (mechanical) plant. Of the three options, the expansion of the current plant was determined to be the most cost effective at approximately \$11.1 million.

The financing for the project will likely come from a line of credit with the Clean Water State Revolving Fund (CWSRF) which will allow for drawdowns during the design/construction process. As project funding is only drawn as needed, the carrying costs of the debt will be minimized as compared to a revenue bond issue. The general details of the financing are included in the presentation from Municipal Finance Services attached hereto.

This project will likely take two years or more to go from engineering report to completion of construction at the expanded plant.

STAFF RECOMMENDATION

Staff recommends adoption of the resolution to finance the improvements at the wastewater treatment plant.

ATTACHMENTS

Resolution 2019-26
Engagement Letter Legal Counsel
Engagement Letter Municipal Advisors
Presentation on OWRB Financing

RESOLUTION NO. 2019-26

A RESOLUTION OF THE TRUSTEES OF THE COWETA PUBLIC WORKS AUTHORITY AGREEING TO FILE APPLICATION WITH THE OKLAHOMA WATER RESOURCES BOARD (THE “OWRB”) FOR FINANCIAL ASSISTANCE THROUGH THE CLEAN WATER STATE REVOLVING FUND LOAN PROGRAM, WITH THE LOAN PROCEEDS BEING FOR THE PURPOSE OF FINANCING CERTAIN WASTEWATER SYSTEM IMPROVEMENTS; APPROVING AND AUTHORIZING PROFESSIONAL SERVICES AGREEMENTS; AND CONTAINING OTHER PROVISIONS RELATED THERETO.

WHEREAS, The Coweta Public Works Authority (the “Authority”) has under consideration the financing of certain wastewater system improvements, along with related costs (the “Project”); and

WHEREAS, it is deemed desirable for the Authority to give preliminary authorization for the issuance of obligations for such purpose; and

WHEREAS, the Oklahoma Water Resources Board has made monies available to qualified entities for the financing or refinancing of certain qualifying projects; and

WHEREAS, the Authority hereby agrees to file an application(s) with the Oklahoma Water Resources Board for financial assistance in the aggregate amount which will be sufficient to accomplish the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE TRUSTEES OF THE COWETA PUBLIC WORKS AUTHORITY, THAT:

Section 1. Application. The Authority shall file an Application(s) with the Oklahoma Water Resources Board seeking financial assistance through the Clean Water State Revolving Fund Loan Program; and the Chairman or Vice Chairman and Secretary or Assistant Secretary of the Authority are hereby authorized to execute said Application(s) for and on behalf of the Authority. The Authority is further authorized to advance to the Oklahoma Water Resources Board the necessary application fees in connection with the referenced Application(s).

Section 2. Professional Services Agreement. The Authority is authorized to enter into a legal services agreement with The Public Finance Law Group PLLC, as Bond Counsel, Ronald D. Cates, as Authority Counsel, and Municipal Finance Services, Inc., as Financial Advisor.

Section 3. Other Matters. The Chairman or Vice Chairman and Secretary or Assistant Secretary of the Authority are hereby authorized and directed to do all other lawful things necessary to carry out the terms and conditions of this Resolution.

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PASSED, ADOPTED AND APPROVED THIS 1ST DAY OF JULY, 2019.

THE COWETA PUBLIC WORKS
AUTHORITY

(SEAL)

ATTEST:

Chairman

Julie Casteen, Trust Secretary

APPROVED AS TO FORM;

Ronald D. Cates, Trust Attorney



t 405.235.3413 • f 405.235.2807
5657 N. CLASSEN BOULEVARD, SUITE 100 • OKLAHOMA CITY, OK 73118

RONALD D. CATES

Attorney at Law
202 E. 2ND Avenue, Suite 112
Owasso, OK 74055-3131
TELEPHONE 918-970-4097

AGREEMENT FOR BOND COUNSEL AND ISSUER COUNSEL SERVICES

THE COWETA PUBLIC WORKS AUTHORITY
CLEAN WATER SRF PROMISSORY NOTE
TO OKLAHOMA WATER RESOURCES BOARD

THIS AGREEMENT is entered into as of July 1, 2019, by and among THE PUBLIC FINANCE LAW GROUP PLLC (“PFLG”), RONALD D. CATES (“CATES” or “Issuer’s Counsel”), and THE COWETA PUBLIC WORKS AUTHORITY (the “Issuer”), a public trust with the City of Coweta, Oklahoma (the “City”) as its beneficiary, as follows:

RECITALS

WHEREAS, the Issuer desires to engage PFLG as bond counsel and CATES as Issuer’s Counsel in connection with the financing of certain wastewater system capital improvements, along with related costs (the “Project”); and

WHEREAS, to accomplish the financing, the Issuer intends to issue or cause to be issued its Clean Water SRF Promissory Note to Oklahoma Water Resources Board in the principal amount of approximately \$11,400,000.00 (the “Note”); and

WHEREAS, PFLG and Issuer’s Counsel each possess the necessary professional capabilities and resources to provide the legal services required by Issuer as described in this Agreement.

AGREEMENTS

1. Scope of Services.

A. *Bond Counsel Services.* PFLG will render the following services as bond counsel to the Issuer:

- (1) Consultation with representatives of the Issuer and the City, including the manager of the Issuer/City, City Attorney, Issuer’s Counsel, Finance Director, financing and

accounting staff, financial advisors, and others, with respect to the timing, terms and legal structure of the proposed financing.

- (2) Preparation of loan, security and other authorizing documents (the “Financing Documents”).
- (3) Review of documentation with respect to any letter of credit, bond insurance and/or reserve fund surety policy provided in connection with the Note, if any.
- (4) Attendance at such meetings or hearings of the Issuer and the City and working group meetings or conference calls as the Issuer may request, and assistance to the Issuer staff in preparation of such explanations or presentations to the governing body of the Issuer and the City as they may request.
- (5) Preparation of final closing papers to be executed by the Issuer required to effect delivery of the Note and coordination of the Note closing.
- (6) Rendering of bond counsel's customary final legal opinion on the validity of the debt obligations and, with respect to tax-exempt debt obligations, the exemption from gross income for federal income tax purposes and from Oklahoma personal income tax of interest thereon.

PFLG and Issuer acknowledge that Issuer shall be represented by CATES for the purpose of rendering day-to-day and ongoing general counsel legal services. PFLG shall circulate documents to and coordinate its services with Issuer’s Counsel to the extent requested by Issuer or Issuer’s Counsel.

PFLG and Issuer further acknowledge that the Issuer shall be represented by Municipal Finance Services, Inc., a municipal advisor pursuant to the terms of SEC Rule 15Ba1-1 (referred to herein as an “Independent Registered Municipal Advisor” or “IRMA”). PFLG is a firm of attorneys who provide legal advice or services of a traditional legal nature to a client, and PFLG and its attorneys do not represent themselves to be a financial advisor or financial expert. Therefore, PFLG is excluded from the definition of Municipal Advisor, and PFLG does not intend to provide any advice with respect to municipal financial products or the issuance of municipal securities outside of the scope of traditional legal services and advice customarily rendered by bond counsel in public finance transactions. Notwithstanding the foregoing, in the event certain advice may be construed as beyond the scope of traditional legal services, the Issuer specifically acknowledges that PFLG may avail itself of the IRMA exemption under SEC Rule 15Ba1-1 on the basis that (i) the Issuer is represented by an Independent Registered Municipal Advisor not associated with PFLG, (ii) the Issuer hereby advises PFLG that the Issuer is represented by and will rely on the advice of its duly retained Independent Registered Municipal Advisor, and (iii) the Issuer has been advised that PFLG is not a municipal advisor and PFLG owes no federal statutory fiduciary duty to the Issuer.

In rendering opinions and performing legal services under this Agreement, PFLG shall be entitled to rely on the accuracy and completeness of information provided, certifications made by, and opinions provided by counsel to, Issuer, the Independent Registered Municipal Advisor,

property owners and other parties and consultants, without independent investigation or verification.

PFLG's services are limited to those specifically set forth above. PFLG's services do not include representation of Issuer or any other party to the transaction in any litigation or other legal or administrative proceeding involving the Note, the Project or any other matter. PFLG's services also do not include any responsibility for compliance with state blue sky, environmental, land use, real estate or similar laws or for title to or perfection of security interests in real or personal property. PFLG will not be responsible for preparing, reviewing, or opining with respect to any Official Statement and/or any Continuing Disclosure Undertakings applicable to the Note (if any), including but not limited to the accuracy, completeness or sufficiency of the Official Statement, Continuing Disclosure Undertaking, or other offering material relating to the Note. PFLG's services do not include any financial advice or analysis. PFLG will not be responsible for the services performed or acts or omissions of any other participant. Also, PFLG's services will not extend past the date of issuance of the Note and will not, for example, include services related to rebate compliance or continuing disclosure or otherwise related to the Note, Note proceeds or the Project after issuance of the Note.

B. *Issuer Counsel Services.* CATES will render the following services as Issuer's Counsel to the Issuer:

- (1) Consultation with representatives of the Issuer and the City, including the manager of the Issuer/City, Bond Counsel, Finance Director, financing and accounting staff, financial advisors, and others, with respect to the timing, terms and legal structure of the proposed financing.
- (2) Assistance in the preparation and review of the Financing Documents.
- (3) Attendance at such meetings or hearings of the Issuer and the City and working group meetings or conference calls as the Issuer may request, and assistance to the Issuer staff in preparation of such explanations or presentations to the governing body of the Issuer and the City as they may request.
- (4) Rendering of Issuer Counsel's customary final legal opinion on the organization of the Issuer, the binding nature of any legal obligations of the Issuer, the nature of any pending litigation involving the Issuer, and the status of title of certain real property utilized by the Issuer.

The obligations of Issuer's Counsel under this agreement shall be limited to the legal services rendered in connection with the issuance of the Note and shall not include any legal services in connection with the acquisition or condemnation of property to be utilized in connection with the wastewater system serving the Issuer.

2. Compensation and Reimbursements.

A. *Compensation for Bond Counsel Services.* For services as bond counsel to the Issuer, PFLG shall be paid at the time of issuance of the Note a fee of one percent (1.0%) of the original principal amount of the Note.

B. *Compensation for Issuer's Counsel Services.* For services as Issuer's Counsel to the Issuer, CATES shall be paid at the time of issuance of the Note a fee of one quarter of one percent (0.25%) of the original principal amount of the Note.

C. *Expenses.* PFLG shall also be paid a fixed amount of \$2,500.00 to cover expenses and transcript production and distribution, provided, that any filing, publication, recording or printing costs or similar third-party costs required in connection with the Note shall be paid directly by the Issuer, but if paid by PFLG on behalf of the Issuer, shall be reimbursed to PFLG on demand. CATES shall be reimbursed by the Issuer for actual out-of-pocket expenses.

D. *Payment.* Fees and expenses shall be payable by Issuer at the time of issuance of the Note. Payment of all fees and expenses hereunder shall be made at closing from proceeds of the Note and shall be entirely contingent upon issuance of the Note.

E. *Termination of Agreement and Legal Services.* This Agreement and all legal services to be rendered under it may be terminated at any time by written notice from either party, with or without cause. In that event, all finished and unfinished documents prepared for adoption or execution by Issuer, shall, at the option of Issuer, become its property and shall be delivered to it or to any party it may designate; provided that PFLG and CATES shall have no liability whatsoever for any subsequent use of such documents. In the event of termination by Issuer, PFLG and CATES shall be paid for all satisfactory work, unless the termination is made for cause, in which event compensation, if any, shall be adjusted in the light of the particular facts and circumstances involved in the termination. If not sooner terminated as aforesaid, this Agreement and all legal services to be rendered under it shall terminate upon issuance of the Note; provided that Issuer shall remain liable for any unpaid compensation or reimbursement due under Section 2 hereof. Upon termination, PFLG shall have no future duty of any kind to or with respect to the Note or the Issuer.

3. Nature of Engagement; Relationships With Other Parties.

The role of bond counsel, generally, is to prepare or review the procedures for issuance of the bonds, notes or other evidence of indebtedness and to provide an expert legal opinion with respect to the validity thereof and other subjects addressed by the opinion. Consistent with the historical origin and unique role of such counsel, and reliance thereon by the public finance market, PFLG's role as bond counsel under this Agreement is to provide an opinion and related legal services that represent an objective judgment on the matters addressed rather than the partisan position of an advocate.

In performing its services in connection with the Note, PFLG will act as special counsel to Issuer with respect to issuance of the Note; i.e., PFLG will assist the Issuer's Counsel in representing Issuer but only with respect to validity of the Note and the Financing Documents, and the tax status of interest on the Note, in a manner not inconsistent with the role of bond counsel described above.

Issuer acknowledges that PFLG regularly performs legal services for many private and public entities in connection with a wide variety of matters. For example, PFLG has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, contractors, suppliers, financial and other consultants/advisors, accountants, investment providers/brokers, providers/brokers of derivative products and others who may have a role or interest in the Note financing or the Project or that may be involved with or adverse to Issuer in this or some other matter. PFLG agrees not to represent any such entity in connection with the Note financing, during the term of this Agreement, without the consent of Issuer. Given the special, limited role of bond counsel described above, Issuer acknowledges that no conflict of interest exists or would exist, and waives any conflict of interest that might appear actually or potentially to exist, now or in the future, by virtue of this Agreement or any such other attorney-client relationship that PFLG may have had, have or enter into, and Issuer specifically consents to any and all such relationships.

4. Limitation of Rights to Parties; Successor and Assigns.

Nothing in this Agreement or in any of the documents contemplated hereby, expressed or implied, is intended or shall be construed to give any person other than Issuer, PFLG, and CATES any legal or equitable right or claim under or in respect of this Agreement, and this Agreement shall inure to the sole and exclusive benefit of Issuer, PFLG, and CATES.

Neither PFLG nor CATES may assign its obligations under this Agreement without written consent of Issuer except to a successor partnership or corporation to which all or substantially all of the assets and operations of PFLG or CATES are transferred. Issuer may assign its rights and obligations under this Agreement to (but only to) any other public entity that issues the Note (if not the Issuer). Issuer shall not otherwise assign its rights and obligations under this Agreement without written consent of PFLG and CATES. All references to PFLG, CATES, and Issuer in this Agreement shall be deemed to refer to any such successor of PFLG or CATES and to any such assignee of Issuer and shall bind and inure to the benefit of such successor and assignee whether so expressed or not.

5. Counterparts.

This Agreement may be executed in any number of counterparts and each counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.

6. Notices.

Any and all notice pertaining to this Agreement shall be sent by U.S. Postal Service, first class, postage prepaid to:

PFLG:

The Public Finance Law Group PLLC
5657 N. Classen Boulevard, Suite 100
Oklahoma City, OK 73118
Attention: Allan A. Brooks, III or Nathan D. Ellis

CATES:

Ronald D. Cates
202 E. 2nd Avenue, Suite 112
Owasso, OK 74055-3131
Attention: Ronald D. Cates, Esq.

ISSUER:

The Coweta Public Works Authority
P.O. Box 850
Coweta, OK 74429-0850
Attention: City Clerk

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Issuer, PFLG, and CATES have executed this Agreement by their duly authorized representatives as of the date provided above.

THE PUBLIC FINANCE LAW GROUP PLLC

By: _____
Allan A. Brooks, Esq.

RONALD D. CATES

By: _____
Ronald D. Cates, Esq.

THE COWETA PUBLIC WORKS AUTHORITY

By: _____
Title: Chairman
Date: July 1, 2019

June 26, 2019

MUNICIPAL ADVISOR SERVICES AGREEMENT

THIS AGREEMENT is entered into by and among MUNICIPAL FINANCE SERVICES, INC. (“MFSOK”) and The Coweta Public Works Authority (the “Client”), a public trust with the City of Coweta, Oklahoma as beneficiary.

The Client desires to engage MFSOK to assist in the funding of improvements to the Client’s wastewater facilities in the approximate amount of \$11 million (the “Financing” or “Financings”) and agrees as follows:

I. Scope of Services.

MFSOK will render the following services as Municipal Advisor to the Client:

- A. Prepare a preliminary financing plan outlining the objectives of the Financing(s) and available alternatives to meet those objectives.
- B. Provide financial analysis to the Client to assist in understanding the costs and benefits of the proposed Financing(s).
- C. Make recommendations to the Client regarding necessary actions to complete the Financing(s).
- D. Assist the Client in preparing loan applications, loan proposals, offering documents, placement memorandums, or official statements, as appropriate.
- E. Coordinate as appropriate with Client staff, legal representatives, government agencies, accountants, auditors, engineers, consultants, rating agencies, lenders, placement agents, trustees, paying agents, bond insurers and other credit enhancers, to facilitate the Financing(s).
- F. Represent the Client in negotiating terms and conditions of the Financing(s) with potential lenders including but not limited to commercial banks, bond underwriters, and the Oklahoma Water Resource Board.
- G. Review financing proposal from potential lenders and make recommendations.
- H. Review documents related to the Financing(s).
- I. Coordinate closing of the Financing(s) with Client and other parties

MFSOK and the Client acknowledge that the Client will engage Bond Counsel on the transaction under separate contract or contracts. MFSOK may rely on opinions and advice from legal representatives of the Client and will not be held responsible for any legal advice, directly or indirectly, rendered by the legal representatives involved in the transaction.

Neither MFSOK as Advisor or its Advisor Representatives are licensed to engage in the practice of law and, consequently, will offer no legal advice. None of the fee for services under this Agreement relates to legal services. If such legal services are necessary, it shall be the responsibility of the Client to obtain them.

MFSOK's services are limited to those specifically set forth herein. MFSOK's services do not extend past the closing of the Financing(s). Examples of some of the services that are not included are assistance with Client's continuing disclosure obligations, if any; assistance with investment of proceeds of the Financing(s); and assistance with arbitrage rebate calculations.

II. Compensation and Reimbursements

- A. Compensation for Municipal Advisor Services. For services as Municipal Advisor to the Client, MFSOK shall be paid at the time of closing a fee calculated as follows:
 - 1. For a bank loan or private placement, 0.75% of the principal amount of each loan or note, with a minimum fee of \$15,000.00.
 - 2. For a loan through the Oklahoma Water Resources Board, including the Clean Water State Revolving Fund (CWSRF), the Drinking Water State Revolving Fund (DWSRF), or the Financial Assistance Program (FAP), 0.75% of the principal amount of each loan, with a minimum fee of \$15,000.
 - 3. For revenue bonds, not to exceed 0.85% of the par amount of each series of bonds, with a minimum fee of \$25,000.00.
- B. Expenses. MFSOK shall also be paid a fixed amount of \$2,500.00 per transaction to cover expenses incurred as part of the transaction, provided that any filing, publication, recording or printing costs or similar third-party costs required in connection with the Financing(s) shall be paid directly by the Client.
- C. Payment and Contingency. Payment for all fees and expenses hereunder shall be made at closing from proceeds of the Financing(s) or from other available funds of the Client and shall be contingent upon closing of the Financing(s).

III. Term and Termination

- A. Term of Agreement. Unless terminated as provided herein, the term of this Agreement shall be the closing date of the Financing(s).
- B. Termination of Agreement and Services. This Agreement and all Municipal Advisor services to be rendered hereunder may be terminated at any time by written notice from either party, with or without cause. In that event, all finished and unfinished documents prepared for the Client, shall, at the option of Client, become its property and shall be delivered to it or any party it may designate, provided that MFSOK shall have no liability whatsoever for any subsequent use of such documents.

IV. Successors and Assigns

MFSOK may not assign its obligations under this Agreement without the written consent of Client except to a successor partnership or corporation to which all or substantially all of the assets and operations of MFSOK are transferred. Client may assign its rights and obligations under this Agreement to (but only to) any other public entity that incurs the loan. Client shall not otherwise assign its rights and obligations under this Agreement without written consent of MFSOK. All references to MFSOK and Client in this Agreement shall be deemed to refer to any successor of MFSOK and to any such assignee of Client and shall bind and inure to the benefit of such successor and assignee whether so expressed or not.

V. Municipal Advisor Registration and Acknowledgement

Pursuant to Municipal Securities Rulemaking Board Rule (MSRB) G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal advisory client and/or obligated person clients which include the following:

Municipal Finance Services, Inc. is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission (SEC) and the MSRB. MFSOK is also registered as an Investment Advisor with the State of Oklahoma.

Within the MSRB website at www.msrb.org, the Client may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

VI. Conflict of Interest Statement

As of the date of this agreement, MFSOK has performed a reasonable diligence to determine if there are any conflicts of interest that should be brought to the attention of the Client. During the diligence process, MFSOK has determined that no material conflict of interest has been identified.

Since the compensation arrangement included in Section II includes a component that is based on the completion of a transaction, this may be viewed as a conflict of interest regarding our ability to provide unbiased advice to enter into such transaction. This viewed conflict of interest will not impair MFSOK's ability to render unbiased and competent advice to the Client. The fee paid to MFSOK increases the cost of borrowing to the Client. The increased cost occurs from compensating MFSOK for municipal advisory services provided.

MFSOK serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another MFSOK client. For example, MFSOK serves as municipal advisor to other advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the Client. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, MFSOK could potentially face a conflict of interest arising from these competing client interests. MFSOK fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with its clients.

If MFSOK becomes aware of any, actual or potential conflict of interest not mentioned above during this agreement, MFSOK will promptly provide the Client a supplement written disclosure with sufficient details of the change, if any, which will allow the Client to evaluate the situation.

VII. Legal Events and Disciplinary History

A regulatory disclosure action has been made on MFSOK's Form MA and on Form MA-I for two of MFSOK's municipal advisory personnel relating to a 2017 U.S. Securities and Exchange Commission ("SEC") order. The details of which are available in Item 9; C (2), C (4), C (5) and the corresponding regulatory action DRP section on Form MA and Item 6: C (2), C (4), C (5), C (6) and the corresponding regulatory action DRP section on Form MA-I for both Rick A. Smith and Jon Wolff. In addition, the Oklahoma Department of Securities adopted the above proceedings which are identified in Item 9; D (2), D (4) and the corresponding regulatory action DRP section on Form MA.

The Client may electronically access MFSOK's most recent Form MA and each most recent Form MA-I filed with the Commission at the following website:

www.sec.gov/edgar/searchedgar/companysearch.html.

There has been no change to any legal or disciplinary event that has been disclosed on MFSOK's SEC registration for MA filings since December 18, 2017.

VIII. Fiduciary Duty

MFSOK is registered as a Municipal Advisor with the SEC and MSRB. As such, MFSOK has a Fiduciary duty to the Client and must provide both a Duty of Care and a Duty of Loyalty that entails the following.

Duty of Care:

- A. exercise due care in performing its municipal advisory activities;
- B. possess the degree of knowledge and expertise needed to provide the Client with informed advice;
- C. make a reasonable inquiry as to the facts that are relevant to the Client's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Client; and
- D. undertake a reasonable investigation to determine that MFSOK is not forming any recommendation on materially inaccurate or incomplete information; MFSOK must have a reasonable basis for:
 - a. any advice provided to or on behalf of the Client;
 - b. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the Client, any other party involved in the municipal securities transaction or municipal financial product, or investors in the Client's securities; and
 - c. any information provided to the Client or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

MFSOK must deal honestly and with the utmost good faith with the Client and act in the Client's best interests without regard to the financial or other interests of MFSOK. MFSOK will eliminate or provide full and fair disclosure (included herein) to Client about each material conflict of interest (as applicable). MFSOK will not engage in municipal advisory activities with the Client as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the Client's best interests. As of the date of receipt of this attachment, MFSOK has performed a reasonable diligence to determine if there are any conflicts of interest that should be brought to the attention of the Client.

IX. Recommendations

If MFSOK makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by the Client and is within the scope of the engagement, MFSOK will determine, based on the information obtained through reasonable diligence of MFSOK whether a municipal securities transaction or municipal financial product is suitable for the Client. In addition, MFSOK will inform the Client of:

- A. the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- B. the basis upon which MFSOK reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the Client; and
- C. whether MFSOK has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Client's objectives.

If the Client elects a course of action that is independent of or contrary to the advice provided by MFSOK, MFSOK is not required on that basis to disengage from the Client.

X. Record Retention

Pursuant to SEC, MSRB and the Oklahoma Department of Securities record retention regulations, Municipal Finance Services, Inc. will maintain in writing, all communication and created documents between Municipal Finance Services, Inc. and the Client for six (6) years.

Notices

Any and all notices pertaining to this Agreement shall be sent by U.S. Postal Service, first class, postage prepaid to:

MFSOK:

Municipal Finance Services, Inc.
Attn: Rick A. Smith
3933 E. Covell Road
Edmond, OK 73034

CLIENT:

The Coweta Public Works Authority
Attn: Chairman
P.O. Box 850
Coweta, OK 74429-0850

Acceptance

If there are any questions regarding the above, please do not hesitate to contact MFSOK. If the foregoing terms meet with your approval, please indicate your acceptance by executing all original copies of this letter and keeping one copy for your file.

By signing this agreement, the Client acknowledges the provisions set forth in the agreement and understands its respective rights, duties, and responsibilities. Furthermore, the Scope of Services contained herein have been reviewed and are hereby approved. In addition, the Client acknowledges receipt of the Form ADV Part 2A Brochure and Part 2B Brochure Supplement.

Client and MFSOK have entered into this Agreement by the duly authorized representatives which was approved on July 1, 2019, at a meeting duly called and held in full compliance with the Oklahoma Open Meeting Act.

MUNICIPAL FINANCE SERVICES, INC.

By: _____
Rick A. Smith

The Coweta Public Works Authority

By: _____
Chairman



Coweta Public Works Authority

Wastewater Treatment Facility Financing

July 1, 2019



**MUNICIPAL
FINANCE
SERVICES, INC.**

est. 1990

Municipal Finance Services, Inc.
P.O. Box 747
Edmond, OK 73083-0747
P: 405.340.1727

PROPOSED FINANCING AND RELATED RISKS

\$ _____

The Coweta Public Works Authority
Series 20__ Clean Water SRF Promissory Note
to Oklahoma Water Resources Board
(the “20__ CWSRF Note”)

Borrower:	The Coweta Public Works Authority (the “Authority”)
Purpose:	Fund costs related to capital improvements to the wastewater system of the City of Coweta.
Funding Source:	Clean Water State Revolving Fund (CWSRF), administered by OWRB
Interest rate:	Unknown at this time. Interest rate will be based on “AAA” MMD, a commonly used municipal market data index. Interest rate is determined approximately 10 days prior to loan closing. Current market conditions indicate a fixed all-in rate of approximately 2.25% (1.75% interest rate + 0.50% OWRB Administrative Fee)
Final Maturity:	Approximately 30 years after construction completion, subject to asset life as determined by OWRB engineering and Coweta’s consulting engineer.
Optional Redemption:	CWSRF Notes may not be redeemed (paid off) prior to the stated maturity without written consent of the OWRB.
Drawdown Feature:	CWSRF loans have a drawdown feature (interest calculated based on funds drawn). Any funds not drawn can be de-obligated and the principal payback schedule adjusted accordingly.
Security:	A pledge of revenues of the water, sewer, and sanitation systems plus 3.0% sales tax, and possibly a mortgage on the utility system; on a senior lien parity basis with the CPWA's outstanding debt.
Interest Payments:	Semi-annual, every March 15th and September 15th
Principal Payments:	Semi-annual, every March 15th and September 15 th . Principal payments will be scheduled on a preliminary basis until construction completion. After construction completion, principal amortization schedule may be revised to (1) reflect actual loan funds advanced and (2) smooth payments.
Rate Covenant:	(1) Rates and charges for the System shall be sufficient to provide funds which, together with the pledged sales tax, will provide Net Revenues Available for Debt Service of at least 125% of the maximum annual debt service on all secured obligations. (2) Rates and charges for the System shall be at least sufficient to provide monies for Operation and Maintenance Expenses of the System.
Bond Counsel:	The Public Finance Law Group PLLC
Authority Counsel:	Ronald D. Cates Esq.

Trustee:	BOKF, NA
Financial Advisor:	Municipal Finance Services, Inc.
Consulting Engineer:	WDB Engineering P.L.L.C.
Anticipated Closing Date:	TO BE DETERMINED
Material Risks:	Default risk: If the Authority is unable to pay its debt obligations, creditors may act. This risk is mitigated by the Authority's ability to adjust utility rates if it has difficulty meeting its debt obligations. Interest rate risk: Interest rates may become more favorable to the Authority at a future date. This risk is mitigated somewhat by low interest rate in today's marketplace. However, even more favorable interest rates may exist in the future if the Authority decided to delay the financing of the project. This risk must be weighed against the need to complete the project in a timely manner (including, among other factors, the risk of project costs rising in the future) and the availability of any cash on hand to fund the project. Redemption risk: Authority may not have the option of redeeming the 20__ CWSRF Note early to take advantage of lower interest rate or better terms. Reinvestment risk: Authority may not be able to earn interest on project funds from the 20__ CWSRF Note equal to the rate of interest on the 20__ CWSRF Note, resulting in negative arbitrage. <u><i>This risk is significantly mitigated by the drawdown feature.</i></u> Tax Compliance Risk: The 20__ CWSRF Note requires that the Authority must adhere to certain IRS regulations covering tax exempt obligations. See Tax Compliance Risk, below.

More About Material Risks

Municipal entities should carefully consider the risks of all municipal debt obligations prior to execution. A certain level of risk is inherent in all liabilities. The key is to determine whether the level of risk is acceptable. Risks will vary depending upon the structure, terms, and timing of the issue. There are risks that are common to all deal types and some that are specific to each offering. Some risks can be mitigated if properly identified ahead of time. Some risks are out of the control of all parties involved in the transaction and therefore cannot be mitigated nor avoided. Some risks are borne by the lender, resulting in the lender demanding a higher interest rate to offset the acceptance of risk.

As a municipal advisor, it is our fiduciary duty to analyze every aspect of a client's financial situation. A municipal advisor must consider all assets and all liabilities of the client, current and anticipated, to create the best financial plan to achieve the client's objectives. No single transaction is viewed as separate and apart from prior transactions. The analysis includes several other factors, but it must include a thorough

understanding of the client's risk tolerance compared to the material risks associated with a specific contemplated transaction.

The following is a general description of the financial characteristics and material risks associated with issuance of fixed rate debt obligations that are foreseeable to us at this time. However, the discussion of risks contained here should not be considered to be a disclosure of all risks or a complete discussion of the risks that are mentioned. Nothing herein constitutes or shall be construed as legal or tax advice.

Fixed Rate Obligation Risks

Issuer Default Risk

You may be in default if the funds pledged to secure your debt obligations are not sufficient to pay debt service on the obligations when due. The consequences of a default may be serious for you and, depending on applicable state law and the terms of the authorizing documents, the holders of the obligation, the trustee and any credit support provider may be able to exercise a range of available remedies against you. For example, if the obligation is secured by a general obligation pledge, you may be ordered by a court to raise taxes. Other budgetary adjustments also may be necessary to enable you to provide sufficient funds to pay debt service on the obligations. If the obligations are revenue notes, you may be required to take steps to increase the available revenues that are pledged as security for the notes. A default may negatively impact your credit ratings and may effectively limit your ability to publicly offer notes or other debt obligations at market interest rate levels. Further, if you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, you may find it necessary to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the 20__ CWSRF Note.

This description is only a brief summary of issues relating to defaults and is not intended as legal advice. You should consult with your bond counsel for further information regarding defaults and remedies.

Redemption Risk

Your ability to redeem the notes prior to maturity may be limited, depending on the terms of any optional redemption provisions. If interest rates decline, you may be unable to take advantage of the lower interest rates to reduce debt service.

Refinancing Risk

If your financing plan contemplates refinancing some or all of the notes at maturity, market conditions or changes in law may limit or prevent you from refinancing those notes when required.

Reinvestment Risk

You may have proceeds of the 20__ CWSRF Note to invest prior to the time that you are able to spend those proceeds for the authorized purpose. Depending on market conditions, you may not be able to invest those proceeds at or near the rate of interest that you are paying on the Note, which is referred to as "negative arbitrage".

Tax Compliance Risk

The issuance of tax-exempt obligations is subject to a number of requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt obligations. You also must covenant to take certain additional actions after issuance of the tax-exempt obligations. A breach of your representations

or your failure to comply with certain tax-related covenants may cause the interest on the obligations to become taxable retroactively to the date of issuance, which may result in an increase in the interest rate that you pay on the Note or the mandatory redemption of the Note. The IRS also may audit you or your Note, in some cases on a random basis and in other cases targeted to specific types of tax concerns. Further, your ability to issue other tax-exempt obligations also may be limited.

This description of tax compliance risks is not intended as legal advice and you should consult with your bond counsel regarding tax implications of issuing the obligations.

SAMPLE

CLIENT ACKNOWLEDGMENT AND APPROVAL

MSRB RULE G-42 COMPLIANCE CERTIFICATE

In accordance with Municipal Securities Rulemaking Board (MSRB) Rule G-42, this certificate acknowledges and approves the recommendation prepared by Municipal Finance Services, Inc. (MFSOK) with respect to the proposed \$_____ **The Coweta Public Works Authority Series 20__ Clean Water SRF Promissory Note to the Oklahoma Water Resources Board.** The proposed financing has been determined to be consistent with the Client's objectives to provide the necessary funding for the purpose of funding capital improvements to Coweta's wastewater system.

The Client has reviewed the financial analysis and funding plan presented by MFSOK and hereby affirms the conclusion and recommendations presented are suitable and authorizes the implementation of the financing. As part of the review process, the Client and MFSOK took into consideration the following:

- Current and projected financial position
- Objectives with respect to the proposed project
- Risk tolerance as to the structure and terms of the proposed financing
- General experience/familiarity with the type of financing to be undertaken
- Financial capacity to withstand changes in market conditions during the term of the financing
- Frequency of participation in municipal securities transactions

Client

Client Representative

Title

Date

Coweta Public Works Authority
 Upgrade Existing Wastewater Treatment Plant
 Project Budget

Headworks, Bar Screen, Grit Removal	2,500,000
Modification of Cell #1 (Concrete, structural steel only)	1,872,000
Aeration Basin Equipment (Blowers and diffusers)	650,000
Digester Equipment (Blowers and Diffusers)	400,000
Secondary Clarifiers (Including RAS/WAS)	2,050,000
Yard Piping	700,000
SCADA	150,000
Chlorination Basin Modification	150,000
Lab Building	120,000
Sludge Drying Beds	200,000
Electrical	600,000
Total Estimated Construction Cost	<u>9,392,000</u>
Contingency* 10%	939,200
Engineering	563,520
Environmental Information Document	12,000
Construction Inspection	178,448
Sludge Management Plan	8,500
Survey	5,000
Legal	6,000
ODEQ Permitting	6,000
Total Estimated Project Cost	<u>11,110,668</u>

**Contingency is 10% of Estimated Construction Cost prior to receipt of bids. After bids are received, contingency is reduced to 5%*

Source: WDB Engineering Report, March 2018 (Revised September 2018), Alternative 2

Coweta Public Works Authority
Upgrade Existing Wastewater Treatment Plant
Sources and Uses of Funds

Sources of Funds

CWSRF Loan	11,344,000.00
CPWA Contribution	-
Total Sources	11,344,000.00

Uses of Funds

Project Fund	11,110,668.00
Bond Counsel	115,940.00
Local Counsel	28,360.00
Financial Advisor	87,580.00
Trustee Acceptance	500.00
Misc./ Rounding	952.00
Total Uses	11,344,000.00

-

Coweta Public Works Authority
Upgrade Existing Wastewater Treatment Plant
Recommended Financing Method
Oklahoma Water Resources Board (OWRB) Clean Water State Revolving Fund (CWSRF)

Advantages of CWSRF

Subsidized interest rate based on "AAA" credit quality interest rate benchmarks - OWRB adds 0.50% Administrative Fee

30-Year Term, Level Debt Service: 2.25% current estimate

30-Year Term, Deferred Principal: 2.40% current estimate

Interest rate determined about 10 days prior to closing

Interest is owed only on loan balance drawn from OWRB

Reduces interest costs during construction period

Principal deferral possible to "wrap around" existing debt service payments

Using this deferral will increase interest costs over time

Any loan funds not needed can be de-obligated

Reduces payments in principal repayment period

Not subject to IRS rebate calculation requirement

Not subject to bond market continuing disclosure requirements

Principal repayment terms up to 30 years after construction completion

Any principal repayment term over 20 years must demonstrate sufficient life of asset being financed

Disadvantages of CWSRF

Requires environmental information document or categorical exclusion from environmental document

Other federal program requirements apply that can sometimes increase project costs

Davis-Bacon prevailing wage rules

American Iron & Steel

Monthly reports to OWRB are required

Coweta Public Works Authority
Wastewater Treatment Facility Financing Options

Option	Clean Water State Revolving Fund through OWRB	Financial Assistance Program (FAP) Loan through OWRB	Revenue Bonds
Description	Loan Through OWRB Subsidized Interest Rate Program	Bonds Issued by OWRB. OWRB then makes loan to Coweta PWA.	Bonds Issued by Coweta Public Works Authority
Certain Program Considerations	Must comply with CWSRF environmental requirements, as well as provisions of Davis- Bacon prevailing wages, American Iron & Steel, and other program requirements. In some circumstances, this can result in increases in overall project budget and/or delay project completion when compared to other options.	Must comply with IRS rules regarding tax exempt bond issues. Rebate Calculations required every 5 years.	Must comply with IRS rules regarding tax exempt bond issues. Rebate Calculations required every 5 years. Must comply with continuing disclosure requirements from United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board associated with publicly offered debt issues.
Is Borrower Contribution Required?	No	No	No
Drawdown Feature?	Yes. This can significantly reduce Authority's debt service payments during the construction period when compared to the other options.	No	No
Debt Service Reserve Fund (DSRF) Required?	No	Probably not. CPWA currently meets OWRB program requirements to waive the requirement to fund a DSRF.	Possibly Not. Last CPWA bond issue did not have DSRF. For this analysis, we assumed no DSRF.
Interest Rate Determination	AAA market rate, subsidized 40%, and then OWRB adds 0.50% Admin Fee	OWRB issues bonds based on OWRB credit rating. OWRB then makes loan to local borrower and adds 0.20% mark-up to borrowing rate	Interest rate is based on borrower's credit. Coweta's last bond issue was rated A- by Standard & Poor's at time of issuance
Interest Rate Estimate (Current Market) for 30-year term with level debt service. Includes applicable Admin. Fees and mark-ups. Deferring principal for cashflow structuring purposes generally increases the interest rate.	2.25%	3.45%	3.60%

Coweta Public Works Authority
Wastewater Treatment Facility Financing Options

Option	Clean Water State Revolving Fund through OWRB	Financial Assistance Program (FAP) Loan through OWRB	Revenue Bonds
Estimated Interest Costs Over Term of Financing (Total Payback less Amount Borrowed) - assuming level debt service. Does not include construction period.	\$4,317,422	\$7,013,779	\$7,416,545
Estimated Costs of Issuance (COI) including underwriting - as a percentage of Bond/Loan	2.048%	2.850%	3.560%
Borrower's right to pay off debt early (Optional Redemption)	Must have prior written permission of OWRB. OWRB bond issue that funded the loan is a major factor in the OWRB's decision to permit early payoff.	Usually allowed at par after approximately 8-10 years	Usually allowed at par after approximately 10 years - Can vary based on market conditions
Advantages	Generally the lowest borrowing cost in terms of both interest rate and costs of issuance. Draw down reduces debt service during construction period. No bond market continuing disclosure requirements. OWRB financial reporting requirements still apply.	Avoids some of the program requirements of the SRF Programs. Allows water and sewer projects to be combined into one financing. Flexible principal repayment allows for wrap-around debt service structures. Similar to a revenue bond structure, but takes advantage of OWRB "AAA" credit rating and OWRB negotiated bond issuance costs. No continuing disclosure requirements, but OWRB financial reporting requirements still apply. Subject to IRS tax compliance requirements.	Allows maximum local control.
Disadvantages	Program requirements can sometimes raise project costs above what they would be under other financing methods.	Higher borrowing costs than CWSRF. No drawdown feature. IRS Tax Compliance requirements.	Generally higher borrowing costs except for the larger issuers with top credit ratings. Continuing disclosure requirements. IRS tax compliance requirements.

Below is a hypothetical designed to compare estimated issuance costs and debt service payments for the selected options. Actual debt service term and structure will likely differ from what is shown.

	CWSRF Loan From OWRB		FAP Loan From OWRB		Revenue Bonds	
Amount Borrowed	11,344,000		11,440,000		11,525,000	
Project Fund	11,111,620		11,113,930		11,114,750	
Bond Counsel	115,940	1.022%	116,900	1.022%	117,750	1.022%
Local Counsel	28,360	0.250%	28,600	0.250%	28,813	0.250%
Financial Advisor	87,580	0.772%	88,300	0.772%	100,463	0.872%
Trustee	500	0.004%	750	0.007%	2,000	0.017%
OWRB Costs (Including OWRB's Bond Underwriter)	-	0.000%	91,520	0.800%	-	0.000%
Underwriter	-	0.000%	-	0.000%	92,200	0.800%
Underwriter's Counsel	-	0.000%	-	0.000%	25,000	0.217%
Disclosure Counsel	-	0.000%	-	0.000%	20,000	0.174%
CUSIP/DTC/Fed Funds	-	0.000%	-	0.000%	2,500	0.022%
Rating Agency	-	0.000%	-	0.000%	21,000	0.182%
Printing	-	0.000%	-	0.000%	525	0.005%
Total Uses of Funds/COI as % of Amount Borrowed	11,344,000	2.048%	11,440,000	2.850%	11,525,000	3.560%
	-		-		-	
Assumed Interest Rate		2.25%		3.45%		3.60%

Annual Debt Service After Construction Period (assuming Level debt service structure)*					
Yr 1	522,047	615,126	631,385		
Yr 2	522,047	615,126	631,385		
Yr 3	522,047	615,126	631,385		
Yr 4	522,047	615,126	631,385		
Yr 5	522,047	615,126	631,385		
Yr 6	522,047	615,126	631,385		
Yr 7	522,047	615,126	631,385		
Yr 8	522,047	615,126	631,385		
Yr 9	522,047	615,126	631,385		
Yr 10	522,047	615,126	631,385		
Yr 11	522,047	615,126	631,385		
Yr 12	522,047	615,126	631,385		
Yr 13	522,047	615,126	631,385		
Yr 14	522,047	615,126	631,385		
Yr 15	522,047	615,126	631,385		
Yr 16	522,047	615,126	631,385		
Yr 17	522,047	615,126	631,385		
Yr 18	522,047	615,126	631,385		
Yr 19	522,047	615,126	631,385		
Yr 20	522,047	615,126	631,385		
Yr 21	522,047	615,126	631,385		
Yr 22	522,047	615,126	631,385		
Yr 23	522,047	615,126	631,385		
Yr 24	522,047	615,126	631,385		
Yr 25	522,047	615,126	631,385		
Yr 26	522,047	615,126	631,385		
Yr 27	522,047	615,126	631,385		
Yr 28	522,047	615,126	631,385		
Yr 29	522,047	615,126	631,385		
Yr 30	522,047	615,126	631,385		
Total	\$15,661,422	\$18,453,779	\$18,941,545		
Difference From Lowest	\$0	\$2,792,357	\$3,280,123		

*Analyzing debt service after construction period allows exclusion of the savings of the CWSRF loan drawdown feature

Municipal Market Data ("MMD")
Municipal Yield Curves as of 6/26/2019

		"AAA" G.O.	"A" G.O.	Spread
1	2020	1.24	1.36	0.12
2	2021	1.25	1.42	0.17
3	2022	1.26	1.47	0.21
4	2023	1.27	1.53	0.26
5	2024	1.31	1.60	0.29
6	2025	1.36	1.66	0.30
7	2026	1.42	1.73	0.31
8	2027	1.49	1.81	0.32
9	2028	1.56	1.89	0.33
10	2029	1.63	1.96	0.33
11	2030	1.70	2.03	0.33
12	2031	1.76	2.10	0.34
13	2032	1.82	2.16	0.34
14	2033	1.87	2.22	0.35
15	2034	1.92	2.29	0.37
16	2035	1.96	2.33	0.37
17	2036	2.00	2.37	0.37
18	2037	2.04	2.41	0.37
19	2038	2.08	2.45	0.37
20	2039	2.12	2.49	0.37
21	2040	2.16	2.53	0.37
22	2041	2.20	2.57	0.37
23	2042	2.23	2.60	0.37
24	2043	2.25	2.62	0.37
25	2044	2.26	2.63	0.37
26	2045	2.27	2.64	0.37
27	2046	2.28	2.65	0.37
28	2047	2.29	2.66	0.37
29	2048	2.30	2.67	0.37
30	2049	2.31	2.68	0.37

