The City of Durant encourages participation from all its citizens. If participation at any public meeting is not possible due to a disability, notification to the City Clerk at least 48 hours prior to the scheduled meeting is encouraged in order to make the necessary accommodations. The City of Durant may waive the 48-hour rule if interpreters for the deaf (signing) or translation services for limited English proficient (LEP) individuals are not the necessary accommodation.

DURANT CITY COUNCIL

5:30 PM	**AMENDED Donald W. Reynolds Community Center & Library, Black Box Theater, 1515 W. Main Street, Durant, OK 74701**	**February 16, 2016**

SPECIAL AGENDA

CALL TO ORDER

ROLL CALL

ORDER OF BUSINESS

1. Consider Mayoral Nomination and Appointment of Two City Councilmen to the Budget and Capital Improvement Planning Committee
2. Conduct Public Hearing Regarding Adoption of a Tax Increment District in Conjunction with the Commercial Metals Company Project

ADJOURNMENT

CERTIFICATE

This is to certify that in conformity with the Oklahoma Open Meeting Act, public notice of the date, time and place of this meeting was filed with the City Clerk of Durant at 11:39 a.m. on the 27th day of January, 2016 and that an agenda of said meeting was posted at the place of such meeting at 4:30 p.m. on the 11th day of February, 2016.

____

Cynthia J. Price, City of Durant

Agenda Item: 1.

DURANT
· OKLAHOMA ·

The City of Durant

Office of City Manager

Memorandum

Date: 2/11/2016

To: Mayor and City Council

From: Sarah Sherrer, City Manager

Re: Consider Mayoral Nomination and Appointment of Two City Councilmen to the Budget and Capital Improvement Planning Committee

---

I would like to create and implement a capital improvement planning program for the City of Durant. A capital improvements program is a blueprint for planning capital expenditures to coordinate community planning, financial capacity and physical development. Preparation for the fiscal year 2016-17 budgeting cycle begins in February, so we will be challenged to create the program as we conduct the planning and prepare the budget.

The process will include analysis and prioritization of capital improvement needs city-wide and identification of possible funding mechanisms for each project. This capital improvement planning cycle will address the next five years of capital improvement needs.

In order to best utilize your time and energy, I propose the following:

February 16th Special Council Meeting: Mayor nominates and council approves two councilmen to serve on the Capital Improvement Budgeting Committee.

February 29th: First Capital Improvement Budgeting Committee Meeting
(to be held prior to the special meeting for the TIF public hearing- at 4pm in CityHall) At this meeting the committee will review data compiled by staff and establish a committee schedule.)

March 8th: Conduct special council meeting to allow CIP Committee to update entire governing body and ask for discussion. 1-2 hours before regular meeting.

April 22th: Conduct special council meeting to allow CIP Committee to update entire governing body and ask for discussion. 1-2 hours before regular meeting.

May 10th: CIP Committee to present completed Capital Improvement Plan to the City Council for approval at regularly scheduled meeting time.

Please let me know if this proposed timeline conflicts with your schedule. If I do not receive any feedback, I will proceed to schedule the special council meetings as described above.

Once the committee members are established, we will begin to coordinate dates and times for committee meetings.

Council Information / Action Requested

City Staff Information / Action Follow-up, if Council authorizes this action:

DURANT
· OKLAHOMA ·

The City of Durant

Office of City Clerk

Memorandum

Date:	2/2/2016
To:	Mayor and City Council
From:	Cynthia J. Price, City Clerk
Re:	Conduct Public Hearing Regarding Adoption of a Tax Increment District in Conjunction with the Commercial Metals Company Project

Council Information / Action Requested

City Staff Information / Action Follow-up, if Council authorizes this action:

ATTACHMENTS:

Description	Type	Upload Date
CMC PROJECT PLAN	Cover Memo	2/11/2016

APPROVED BY TIF REVIEW COMMITTEE
1.19.2016

COMMERCIAL METALS COMPANY
ECONOMIC DEVELOPMENT PROJECT PLAN

Prepared by:

THE CITY OF DURANT, OKLAHOMA

THE CITY COUNCIL OF THE CITY OF DURANT, OKLAHOMA
STEWART HOFFMAN, MAYOR
DESTRY HAWTHORNE, VICE MAYOR
CHAD HITCHCOCK
BILL ORR
JERRY L. TOMLINSON

McAfee & Taft, A Professional Corporation
211 N. Robinson, 10th Floor
Oklahoma City, Oklahoma 73102
(405) 235-9621

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COMMERCIAL METALS COMPANY
ECONOMIC DEVELOPMENT PROJECT PLAN

I. DESCRIPTION OF COMMERCIAL METALS COMPANY PROJECT

This Commercial Metals Company Economic Development Project Plan (this "**Project Plan**") describes an economic development project proposed by Commercial Metals Company, a Delaware corporation, through its wholly-owned subsidiary, CMC Steel Oklahoma, LLC, a Delaware limited liability company (collectively, together with any successors or assigns, the "**Company**"). The proposed project contemplates the construction, development, equipping and operation of a technologically advanced processing building having the operational capability of producing steel products (the "**Plant**") on certain real property located on or around 584 Old Highway 70, Durant, Oklahoma (collectively, the "**Project**"). The purpose of the Increment District (as defined herein) is to promote economic development in The City of Durant, Oklahoma (the "**City**") by creating a competitive industrial development opportunity within the City.

The Company, headquartered in Irving, Texas, operates in more than 25 countries. Its operations include more than 200 local recycling centers, steel mills, fabrication facilities, marketing and distribution offices, construction-related product stores, heat treating facilities and other related operations. The Company is a leading concrete reinforcing steel fabricator in the United States. The Company was established in 1915 and, since 1952, it has fabricated, furnished, and installed rebar and accessories for all construction markets. It currently operates state-of-the-art fabrication facilities in more than 40 locations throughout the United States.

The proposed Plant would incorporate an innovative continuous-continuous technology developed by the Company that melts, casts and rolls steel from a single uninterrupted strand, producing higher yields and lower energy costs than the traditional mini-mill process. The Company pioneered this process in 2009 with the commissioning of its first "micro-mill" in Mesa, Arizona and has been considering expansion opportunities using this technology in order to meet customer demand. The proposed Plant would be substantially similar to the Company's existing "micro-mill" in Mesa, Arizona, and the City has a great interest in incentivizing the Company to locate the proposed Plant in the City.

The proposed Plant is expected to initially create approximately 120 new permanent jobs at start-up of the Plant and a total of 175 new permanent jobs, inclusive of the initial 120 positions, when the Plant achieves full production, with an average annual wage equal to approximately $60,000. The total number of jobs could grow to an estimated 220 new permanent jobs over time if increased production and expansion opportunities at the Plant are realized as anticipated. The Plant would be located on approximately 400 acres currently owned by the Durant Industrial Authority ("**DIA**") and located generally at the southwest corner of the intersection of Old Highway 70 and the new Highway 70. The Company expects to expend approximately $274 million on constructing and equipping the Plant with the Plant projected to be operational in the fall of 2017. Please see Exhibit "D" for a Preliminary Site Development Plan.

The City recognizes that there are significant costs associated with the Project and proposes to incentivize the Company to locate the Plant in the City by providing a mechanism for the payment of a portion of certain costs associated with the Project. This Project Plan contemplates that the proposed incentive would be structured as assistance in development financing (as authorized under Section 853(14)(o) of the Local Development Act, 62 O.S. §§ 850, *et seq* (the "**Local Development Act**")) provided to the Company in the form of reimbursement of a portion of the projected Plant construction and equipping costs. The incentive provided to the Company would not exceed $23,287,633 and is expected to be made available to the Company no later than July 1, 2017.

The incentive would be financed through the issuance of taxable tax apportionment bonds or notes (collectively, the "**TIF Bonds**") by a new public trust with the City named as its sole beneficiary or by an existing public trust with the City named as its beneficiary (such trust, the "**TIF Trust**"). The TIF Bonds are expected to be issued in two series, with the senior series expected to be purchased by a group of banking institutions with locations in the City and the junior series expected to be purchased by DIA. The TIF Bonds would not be a general obligation bond of the City and would not be recourse to the City. The TIF Bonds would be secured only by the TIF Revenues (as defined below). The TIF Revenues would be limited to the amount of the incentive provided to the Company, plus any amounts necessary (i) to pay interest and other financing costs, including costs of issuance, as well as to fund any capitalized interest and reasonably required reserves associated with the TIF Bonds, and/or (ii) to pay or reimburse the costs incurred or to be incurred by or on behalf of the City or the TIF Trust in implementing and administering this Project Plan. The foregoing expectations are further described in the Financing Term Sheet and cover letter delivered to the Company by the DIA on December 23, 2015 and attached hereto as Exhibit "E" (the "**Bond Term Sheet**"); *provided,* however, that approval of this Project Plan shall not constitute approval of the Bond Term Sheet.

II. PROJECT AREA AND INCREMENT DISTRICT BOUNDARIES

The project area is the area within which Project activities, including construction of the Plant, will take place (referred to herein as the "**Project Area**"). The increment district is the area from which the tax increment will be generated (referred to herein as the "**Increment District**") and is coextensive with the Project Area. A map showing the Project Area and the Increment District is attached as Exhibit "A". The legal description of the Project Area and the Increment District is set forth in Exhibit "B".

III. ELIGIBILITY OF THE PROJECT

The Project Area (which includes the Increment District) is undeveloped and/or underdeveloped within the meaning of Article 10, § 6C of the Oklahoma Constitution and the Local Development Act. The Project Area and the Increment District are located in an enterprise area (as defined in § 853(5) of the Local Development Act) and are therefore eligible for assistance under the Local Development Act.

IV. OBJECTIVES

The purpose of the Increment District is to support the achievement of the economic development objectives of the City in order to:

A. Create a competitive industrial development opportunity within the City that will act as a catalyst for additional development within the area;

B. Reverse economic stagnation and decline, serve as a catalyst for retaining or expanding employment and attract major investment in the area;

C. Preserve and enhance the tax base;

D. Promote economic development to increase tax revenues, raise property values and improve economic stability;

E. Stimulate private commitments to invest and reinvest in the Project Area; and

F. Encourage investment, development and economic growth which would otherwise be difficult or impossible without the Project and the apportionment of ad valorem taxes from within the Increment District.

V. FINANCIAL IMPACTS

The proposed Project does not create a significant increase in long-term demand for services or costs to the affected taxing entities.

The affected ad valorem taxing jurisdictions are Bryan County, Oklahoma, The Bryan County Health Department, Durant Public Schools, Independent School District No. 72 (the "**School District**"), Kiamichi Vo-Tech, and Bryan County Ambulance Authority. The general and intangible impacts on the affected taxing jurisdictions from implementation of this Project Plan are positive and include the achievement of the objectives set forth in Section IV of this Project Plan.

The creation of the Increment District will allow the City to apportion the TIF Revenues generated by the Project for the purpose of paying Project Costs (as defined herein), either through paying the TIF Bonds or by direct payment or reimbursement.

It is anticipated that a successful development will result in significant tangible and intangible long-term benefits to the affected ad valorem taxing jurisdictions without causing significant (if any) negative impact on the existing tax base during the term of the Increment District. The formation of an Increment District should result in no net loss in existing ad valorem tax revenue to each of the affected ad valorem taxing jurisdictions. The formation of the Increment District will cause the affected ad valorem taxing jurisdictions to forgo any new incremental ad valorem tax revenue generated from real and personal property values within the Increment District. The creation of the Increment District will not impact the existing ad valorem tax base within the Increment District. However, since DIA currently owns all of the property located within the Increment District, there effectively is no existing ad valorem tax base within the Increment District. Upon expiration of the Increment District, the affected ad valorem taxing jurisdictions could see an aggregate net gain in annual ad valorem tax revenues of approximately $2 million (based on an initial total capital investment of approximately $274 million, and factoring in equipment replacement and depreciation).

Anticipated impacts on the ad valorem taxing jurisdictions include population growth and the demand for services created thereby. The Project is expected to initially create approximately 120 new permanent jobs at start-up of the Plant and a total of 175 new permanent jobs at the Company, inclusive of the 120 initial positions, when the Plant achieves full production. This anticipated population growth is minimal compared to the population of the City, and the associated increase in demand for ancillary government services should not be substantial. An additional impact on the School District is that the valuation of the Increment District will not count for the bonding capacity of the School District. However, the School District does realize additional revenue from other sources on a per pupil basis. Impacts associated with the Project may be further mitigated by any increase in valuation of property outside the Increment District (for example, new infrastructure expected to be put into place in conjunction with the Project may enhance the property values surrounding the Increment District), and by any increase in new housing outside the Increment District (for example, successful development is expected to result in net population gain to the City creating demand for new housing).

VI. STATEMENT OF PRINCIPAL ACTIONS

Implementation actions for the creation of the Increment District, including all necessary, appropriate and supportive steps, will consist of the following:

A. Negotiation, preparation, execution, approval and implementation of an Economic Development Agreement with the Company, as authorized by the Local Development Act, obligating the Company to:

1. Undertake the development of the Project Area, including the construction and equipping of the Plant, in accordance with this Project Plan; and

2. Ensure that minimum ad valorem tax payments (or payments in lieu of ad valorem tax payments) are received such that TIF Revenues will be sufficient to pay financing costs and fees (including costs of issuance), principal, interest (including capitalized interest), prepayment premium paid on debt service and funding of reserves with respect to the TIF Bonds;

B. Issuance of TIF Bonds to provide funds for the Direct CMC Costs and TIF Costs (as defined herein);

C. Negotiation, preparation, execution, approval and implementation of other agreements to the extent necessary to implement this Project Plan; and

D. All other actions necessary and appropriate as authorized by the Local Development Act.

VII. ESTABLISHMENT OF INCREMENT DISTRICT NO. 2, CITY OF DURANT

Increment District No. 2, City of Durant shall be created upon adoption of an Ordinance by the City Council of the City of Durant (the "**City Council**") approving this Project Plan (such date of adoption, the "**Effective Date**"). In accordance with the provisions of the Local Development Act, one hundred percent (100%) of the increments of real and personal property ad valorem taxes generated within the Increment District, in excess of the real and personal property ad valorem taxes generated from the base assessed value of the Increment District, as such increments are determined and defined pursuant to the Local Development Act (collectively, the "**TIF Revenues**"), shall be used to pay or to reimburse the payment of Project Costs in accordance with Sections IX and X of this Project Plan. "**TIF Revenues**" shall be deemed to include one hundred percent (100%) of any payments in lieu of ad valorem taxes made by the Company to the extent that such payments in lieu of ad valorem taxes, when combined with the increments of real and personal property ad valorem taxes generated within the Increment District, exceed the real and personal property ad valorem taxes generated from the base assessed value of the Increment District. The apportionment of the TIF Revenues shall begin on the Effective Date and shall continue for that period required for the payment of the TIF Costs, or a period not to exceed twenty-five (25) full fiscal years, whichever is less. It is expected that TIF Revenues generated during the initial sixteen (16) years following the Effective Date will be sufficient to pay all TIF Costs and that the Increment District would terminate at such time.

VIII. PROJECT AND INCREMENT DISTRICT AUTHORIZATIONS

A. Following the Effective Date, the City Council is hereby designated and authorized as the public entity to carry out and administer the provisions of this Project Plan and to exercise all powers necessary or appropriate thereto, including those powers described in Section 854 of the Local Development Act.

B. Pursuant to Section 854 (8, 9) of the Local Development Act, the City Council may designate the DIA to exercise its powers of acquisition, disposition, improvement and construction with respect to the real property involved in the Project, specifically with reference to acquiring such real property and transferring such real property to the Company or its affiliate for purposes of the Project.

C. The City Council may designate the TIF Trust as the public entity designated by the City to assist in carrying out and administering the provisions of this Project Plan and authorized to exercise all powers necessary or appropriate thereto pursuant to Title 62, Section 854 of the Local Development Act, except for approval of this Project Plan and those powers enumerated in paragraphs 1, 2, 4, 7, 13 and 16 of that Section, which powers shall be reserved to the City Council. The City Council may also authorize and designate the TIF Trust to carry out those provisions of this Project Plan related to issuance of the TIF Bonds as provided in Sections 854(3) and 863 of the Local Development Act.

D. The person in charge of implementation of this Project Plan in accordance with the provisions, authorizations and respective delegations of responsibilities contained herein is Sarah Sherrer, City Manager of the City of Durant, or her successor in office. Sarah Sherrer, or her successor in office is authorized to empower one or more designees to exercise responsibilities in connection with implementation of this Project Plan.

IX. BUDGET OF ESTIMATED PROJECT COSTS TO BE FINANCED FROM INCREMENT DISTRICT NO. 2

Project costs to be financed by the apportionment of TIF Revenues as set forth in Section 853(14) of the Local Development Act (collectively, the "**Project Costs**") and include, without limitation: (i) the cost of construction, development and equipping of the Plant (the "**Direct CMC Costs**"); (ii) the payment of assistance in development financing (as authorized by Section 853(14)(o) of the Local Development Act) to the Company or other third party as reimbursement for the payment of TIF Costs (as defined herein); (iii) the costs incurred or to be incurred by or on behalf of the City or the TIF Trust in implementing and administering this Project Plan, including payment and/or reimbursement of costs advanced in connection with the preparation and approval of this Project Plan, administrative costs, organizational costs and professional service costs; and (iv) financing costs and fees (including costs of issuance), principal, interest (including capitalized interest), prepayment premium paid on debt service and funding of reserves with respect to the TIF Bonds (collectively with items (ii) and (iii), the "**TIF Costs**").

Project Costs to be financed by the apportionment of TIF Revenues shall not exceed (x) $23,287,633 of CMC Direct Costs (such amount expected to be made available to the Company no later than July 1, 2017), plus (y) any TIF Costs.

X. METHODS OF FINANCING PROJECT COSTS, EXPECTED SOURCES OF REVENUES, AND TIME WHEN COSTS OR MONETARY OBLIGATIONS ARE TO BE INCURRED

A. Methods of Financing. It is expected that the Direct CMC Costs will be directly paid by the Company and reimbursed from the proceeds of the TIF Bonds. TIF Revenues will then be used as available for the payment of principal and interest (including capitalized interest) due on the TIF Bonds and establishing any reasonable reserves required under the TIF Bonds. Certain TIF Costs may be paid directly by the City or the TIF Trust to be reimbursed from TIF Revenues, if available, or paid from such other funds of the City or the TIF Trust as may be lawfully used for the purposes hereinabove stated.

B. Expected Sources of TIF Revenues. The payment or reimbursement of TIF Costs will be made from TIF Revenues. In accordance with the provisions of the Local Development Act, one hundred percent (100%) of the TIF Revenues, are to be apportioned and set aside from all other ad valorem taxes levied within the Increment District, to be used exclusively for purposes listed in Section 853(14) of the Local Development Act, including, but not limited to, the following:

(i) the payment of principal, interest and premium, if any, on any TIF Bonds issued pursuant to Section 863 of the Local Development Act (including pledging TIF Revenues as security for such payments);

(ii) the payment, if required, of amounts necessary to satisfy or replenish any reserve requirement established with respect to any TIF Bonds;

(iii) the payment of Direct CMC Costs incurred in connection with the construction, development and equipping of the Plant or otherwise proposed by the Company and approved by the City or, if applicable, the TIF Trust;

(iv) the reimbursement to the Company (pursuant to a development agreement with the City or the TIF Trust), the City, or any agency thereof (including the TIF Trust), which has paid TIF Costs from funds which were not increments derived from the Increment District, but only to the extent that such sums were actually paid; and

(v) the establishment and payment of a specific revenue source for affected taxing entities pursuant to Sections 853(9), 853(14)(i), and 854(4) of the Local Development Act.

Pursuant to the Local Development Act, the TIF Revenues apportioned hereunder shall be transferred by the Bryan County Treasurer to a special fund to be known as the "Increment District No. 2 – Apportionment Fund" (hereinafter, the "**Apportionment Fund**"), which Apportionment Fund will be held by and be the property of the City (except that such Apportionment Fund may also be held by the TIF Trust or a trustee acting on behalf of the TIF Trust). The Apportionment Fund shall constitute special funds of the City or the TIF Trust, as applicable, and no portion of the TIF Revenues or the Apportionment Fund shall constitute a part of the general fund of the City or be subject to annual appropriation. One hundred percent (100%) of the TIF Revenues collected shall be used for the payment or reimbursement of TIF Costs or pledged as security for, and used for, the payment of the TIF Bonds.

The apportionment of ad valorem taxes pursuant to this section shall terminate upon the final payment of, or reimbursement for, all TIF Costs; *provided*, *however*, that in no case shall the apportionment of TIF Revenues pursuant hereto extend beyond twenty-five (25) full fiscal years from the Effective Date. It is expected that TIF Revenues generated during the initial sixteen (16) years following the Effective Date will be sufficient to pay all TIF Costs and that the Increment District would terminate at such time.

In the event that any portion of the principal of or interest on any TIF Bonds issued in connection herewith, or any amount due and owing for reimbursement under a development agreement entered into by the City or the TIF Trust remains unpaid as of the end of the twenty-fifth (25th) full fiscal year following the Effective Date, then the Increment District shall not terminate until the increment apportioned during the twenty-fifth (25th) full fiscal year is actually received by the Apportionment Fund, even if the receipt of such revenues occurs subsequent to the end of said twenty-fifth (25th) full fiscal year.

C. <u>Time When Costs Or Monetary Obligations Are To Be Incurred</u>. It is estimated that the time frame for incurring the Project Costs will be within two years from the Effective Date and that the TIF Bonds will be issued no later than July 1, 2017. It is anticipated that all Direct CMC Costs will be paid from proceeds of the TIF Bonds; provided, however, certain Direct CMC Costs may be directly paid or reimbursed from apportioned TIF Revenues.

D. <u>Flow of Funds; Excess Revenues</u>. During the term of the Increment District, TIF Revenues shall be utilized as follows:

FIRST: The payment of principal, accrued interest, and premium, if any, due on the TIF Bonds;

SECOND: Transfers to any debt service reserve established in connection with the TIF Bonds in such amounts as may be necessary to restore the reserve to its prescribed levels;

THIRD: The prepayment of principal on any TIF Bonds until such time as all TIF Bonds are retired;

FOURTH: The payment and/or reimbursement of authorized TIF Costs; and

FIFTH: Upon retirement of all TIF Bonds and payment of all TIF Costs, (i) any remaining TIF Revenues shall be transferred to the various ad valorem taxing jurisdictions, in the same percentages as originally collected, as determined by reference to the millage levied by each of the various ad valorem taxing jurisdictions for the related tax year, excluding sinking fund levies, consistent with the provisions of the Local Development Act and (ii) the Increment District shall terminate as soon as reasonably practicable thereafter in accordance with the terms of this Project Plan.

XI. FINANCING REVENUE SOURCES

The TIF Revenues are expected to finance all of the TIF Costs authorized by Section IX. Based on the initial projections of incremental ad valorem tax revenue in the Increment District and assuming a sixteen (16) year duration from the Effective Date, it is estimated that approximately $31,279,185 of TIF Revenues could be generated during the term of the Increment District and made available for allocation to TIF Costs. The initial projections of TIF Revenues are based upon an estimated approximately $274 million initial total capital investment, an eleven percent (11%) assessment rate for real property, a thirteen percent (13%) assessment rate for personal property, and an approximately 8.971% assessment rate within the Increment District, and include consideration of equipment replacement and depreciation.

The calculation of projected TIF Revenues will be refined based upon (i) the actual effective ad valorem tax rate and base assessed valuation, as determined from time to time by the Bryan County Assessor and subject to change by voters of the applicable taxing jurisdictions at an election(s) held for such purpose, (ii) the total net capital investment resulting from the Project and (iii) the timing of the Project, including completion of the Plant.

The realization of the TIF Revenues is directly dependent on the Company's ability to construct, operate, and maintain the Project contemplated by this Project Plan within the Increment District during the term of the Increment District. Please see Exhibit "D" for a Preliminary Site Development Plan. The City and/or the TIF Trust may enter into one or more economic development agreements with the Company or any other parties as permitted by the Local Development Act.

XII. PUBLIC REVENUE ESTIMATED TO ACCRUE FROM THE PROJECT AND OTHER ECONOMIC IMPACTS

The increase in ad valorem tax revenues, which will serve as the revenue source for financing the Project Costs authorized by Section IX of this Project Plan, are the public revenues directly attributable to the Project defined by establishment of the Increment District. See Section XI above for the total TIF Revenues expected during the term of the Increment District. Additionally, the various taxing jurisdictions may realize additional ad valorem tax revenues from potential increases in property value and additional development outside the boundaries of the Increment District that was catalyzed by the Project.

Construction of the improvements and subsequent development should have a positive impact on total employment in the Durant area, including temporary construction jobs and permanent positions at the Company's facilities. The Company projects that its operations will directly create approximately 120 new permanent full time positions at start-up of the Plant and 175 new permanent full time positions, inclusive of the initial 120 positions, when the Plant achieves full production, with an average annual wage equal to approximately $60,000.

Indirect impacts and induced impacts will also result in additional growth in the Durant area. The Company engaged Strategic Development Group, Inc., professional site location consultants located in Columbia, South Carolina, to conduct an economic impact study with respect to the Project, and below is a summary of their findings.

Construction Impacts (est. 18-month time period)			
Impact Type	Employment	Labor Income	Output*
Direct Effect	200	$12,000,000	$142,499,998
Indirect Effect	155	$8,914,204	$46,933,417
Induced Effect	124	$4,950,842	$24,556,031
Total Effect	479	$25,865,047	$213,989,447

* Output = the value of all sales of goods and services.

Annual Operational Impacts – Bryan County			
Impact Type	Employment	Labor Income	Output
Direct Effect	175	$10,500,000	$98,385,000
Indirect Effect	83	$3,557,470	$16,416,823
Induced Effect	49	$1,567,492	$5,748,418
Total Effect	308	$15,624,962	$120,550,240

Total Economic Impacts Over 20 Years		
	State of Oklahoma	Bryan County
Total Output	Over $4.2 billion	Over $2.4 billion
Total Jobs	569 jobs	308 jobs
Total Labor Income	$598.8 million	$312.4 million

Direct Effects are associated with the primary activity under consideration, i.e., the Plant.

Indirect Effects are associated with the employment and income which result from the provision of inputs in support of the direct activity, e.g., suppliers locating near the Plant.

Induced Effects are associated with the wages and jobs resulting from changes in household expenditures which come about through direct and indirect employment, e.g., local retailers hiring new employees to meet increased demand driven by Plant employees.

This Project Plan includes certain projections and estimates, which are based on the Company's current expectations or beliefs and are subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein due to changes in economic conditions, market demand and other factors affecting the development of the Project.

XIII. PRIVATE AND PUBLIC INVESTMENTS EXPECTED FOR THE PROJECT

The publicly financed Project Costs authorized by this Project Plan are limited to $23,287,633 of Direct CMC Costs (such amount expected to be made available to the Company no later than July 1, 2017), plus any TIF Costs. These Project Costs represent approximately seven percent (7%) of the projected total public and private investment for the Project, which include anticipated expenditures by or on behalf of commercial, industrial, or governmental entities (e.g., reconstruction of Old Highway 70 and construction of new exit ramp off Highway 70 and new OG&E substation), and are expected to exceed $316 million.

XIV. MISCELLANEOUS PROVISIONS

The property within the Increment District is currently undeveloped and used primarily for agricultural purposes. Development is anticipated to occur in accordance with current zoning requirements. The proposed Project conforms to the comprehensive plan for the City of Durant. No changes in the ordinances of the City are contemplated under this Project Plan.

EXHIBIT “A”

MAP OF PROJECT AREA AND INCREMENT DISTRICT NO. 2

The boundaries of the Project Area and Increment District No. 2, City of Durant contain an area of approximately 400 acres located generally at the northeast corner of the intersection of Old Highway 70 and the new Highway 70 and located on or around 584 Old Highway 70, Durant, Oklahoma.

Please see map on following page and see Exhibit “B” for a legal boundary description of the Project Area and Increment District No. 2.

EXHIBIT "B"

LEGAL DESCRIPTION OF PROJECT AREA AND INCREMENT DISTRICT NO. 2

The Project Area and Increment District No. 2, City of Durant is an area located in Durant, Oklahoma, more particularly described as follows:

A TRACT OF LAND IN A PART OF SECTION 34, TOWNSHIP 6 SOUTH, RANGE 9 EAST AND SECTION 3, TOWNSHIP 7 SOUTH, RANGE 9 EAST OF THE INDIAN MERIDIAN AND BASE LINE, BRYAN COUNTY, OKLAHOMA BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS WITH A BASE GRID BEARING BEING N 00°40'42" W, BASED ON THE OKLAHOMA STATE PLANE COORDINATE SYSTEM (NAD 83), ALONG THE WEST LINE OF THE SW/4 OF SECTION 34, TOWNSHIP 6 SOUTH, RANGE 9 EAST, MORE PARTICULARLY DESCRIBED AS:

BEGINNING AT THE SW CORNER OF THE SW/4 OF SECTION 34, TOWNSHIP 6 SOUTH, RANGE 9 EAST;
THENCE N 00°40'42" W, ALONG THE WEST LINE OF THE SW/4 OF SAID SECTION 34, A DISTANCE OF 1164.03 FEET;
THENCE N 89°16'36" E, A DISTANCE OF 661.24 FEET TO A POINT ON THE WEST LINE OF JEFFERY SUBDIVISION;
THENCE S 00°36'59" E, ALONG THE WEST LINE OF JEFFERY SUBDIVISION, A DISTANCE OF 504.98 FEET TO THE SW CORNER OF JEFFERY SUB-DIVISION;
THENCE N 89°18'21" E, ALONG THE SOUTH LINE OF JEFFERY SUB-DIVISION, A DISTANCE OF 330.86 FEET TO THE SE CORNER OF JEFFERY SUB-DIVISION;
THENCE N 00°44'17" W, ALONG THE EAST LINE OF JEFFERY SUB-DIVISION, A DISTANCE OF 660.15 FEET TO A POINT ON THE NORTH LINE OF THE SW/4 OF THE SW/4 OF SAID SECTION 34;
THENCE N 89°16'36" E, ALONG THE NORTH LINE OF THE S/2 OF THE SW/4 OF SAID SECTION 34, A DISTANCE OF 513.67 FEET TO A POINT ON THE SOUTH RIGHT-OF- WAY OF OLD U.S. HIGHWAY NO. 70;
THENCE WITH A CURVE, ALONG THE SOUTH RIGHT-OF-WAY OF OLD U.S. HIGHWAY NO. 70, TURNING TO THE LEFT WITH AN ARC LENGTH OF 151.55 FEET, WITH A RADIUS OF 1171.00 FEET, WITH A CHORD BEARING OF S 87°47'31" E, WITH A CHORD LENGTH OF 151.44 FEET;
THENCE N 88°49'23" E, ALONG THE SOUTH RIGHT-OF-WAY OF OLD U.S. HIGHWAY NO. 70, A DISTANCE OF 989.88 FEET TO THE NW CORNER OF THE SW/4 OF THE SE/4;
THENCE N 89°12'19" E, ALONG THE NORTH LINE OF THE SW/4 OF THE SE/4, A DISTANCE OF 761.11 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY OF OLD U.S. HIGHWAY NO 70;
THENCE S 89°16'32" E, ALONG THE SOUTH RIGHT-OF-WAY OF OLD U.S. HIGHWAY NO. 70, A DISTANCE OF 1175.04 FEET TO A POINT ON THE WEST RIGHT-OF-WAY OF U.S. HIGHWAY NO. 70 BYPASS;
THENCE S 16°50'33" W, ALONG THE WEST RIGHT-OF-WAY OF U.S. HIGHWAY NO 70 BYPASS, A DISTANCE OF 22.38 FEET;
THENCE S 00°42'02" E, ALONG THE WEST RIGHT-OF-WAY OF U.S. HIGHWAY NO 70 BYPASS, A DISTANCE OF 510.01 FEET;
THENCE S 22°30'07" E, ALONG THE WEST RIGHT-OF-WAY OF U.S. HIGHWAY NO 70 BYPASS, A DISTANCE OF 215.42 FEET;
THENCE S 00°31'37" W, ALONG THE WEST RIGHT-OF-WAY OF U.S. HIGHWAY NO 70 BYPASS, A DISTANCE OF 557.33 FEET TO A POINT ON THE NORTH LINE OF THE NE/4 OF SECTION 3, TOWNSHIP 7 SOUTH, RANGE 9 EAST;
THENCE S 00°31'36" W, ALONG THE WEST RIGHT-OF-WAY OF U.S. HIGHWAY NO 70 BYPASS, A DISTANCE OF 142.84 FEET;
THENCE S 00°42'03" E, ALONG THE WEST RIGHT-OF-WAY OF U.S. HIGHWAY NO 70 BYPASS, A DISTANCE OF 1500.00 FEET;
THENCE S 04°22'07" W, ALONG THE WEST RIGHT-OF-WAY OF U.S. HIGHWAY NO 70 BYPASS, A DISTANCE OF 322.87 FEET;
THENCE S 04°24'00" W, ALONG THE WEST RIGHT-OF-WAY OF U.S. HIGHWAY NO 70 BYPASS, A DISTANCE OF 165.62 FEET;
THENCE S 10°58'32" W, ALONG THE WEST RIGHT-OF-WAY OF U.S. HIGHWAY NO 70 BYPASS, A DISTANCE OF 384.36 FEET;
THENCE S 28°32'32" W, ALONG THE WEST RIGHT-OF-WAY OF U.S. HIGHWAY NO 70 BYPASS, A DISTANCE OF 101.07 FEET;
THENCE WITH A CURVE, ALONG THE WEST RIGHT-OF-WAY OF U.S. HIGHWAY NO 70 BYPASS, TURNING TO THE RIGHT WITH AN ARC LENGTH OF 32.26 FEET, WITH A RADIUS OF 4328.66 FEET, WITH A CHORD BEARING OF S 09°07'16" W, WITH A CHORD LENGTH OF 32.26 FEET TO A POINT ON THE SOUTH LINE OF THE NE/4 OF SECTION 3, TOWNSHIP 7 SOUTH, RANGE 9 EAST;
THENCE S 89°44'00" W, ALONG THE SOUTH LINE OF THE NE/4 OF SAID SECTION 3, A DISTANCE OF 1815.34 FEET TO A POINT ON THE EAST LINE OF THE SW/4 OF SAID SECTION 3;
THENCE S 00°37'39" E, ALONG THE EAST LINE OF THE SW/4 OF SAID SECTION 3, A DISTANCE OF 97.60 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY OF THE KIAMICHI RAILROAD;
THENCE S 88°11'12" W, ALONG THE NORTH RIGHT-OF-WAY OF THE KIAMICHI RAILROAD, A DISTANCE OF 568.32 FEET TO THE POINT OF CURVATURE OF A NON-TANGENT CURVE ;
THENCE WITH A CURVE, ALONG THE NORTH RIGHT-OF-WAY OF THE KIAMICHI RAILROAD, TURNING TO THE RIGHT WITH AN ARC LENGTH OF 1941.23 FEET, WITH A RADIUS OF 2817.71 FEET, WITH A CHORD BEARING OF N 70°51'13" W, WITH A CHORD LENGTH OF 1903.06 FEET
THENCE N 48°58'46" W, A DISTANCE OF 379.50 FEET TO A POINT ON THE WEST LINE OF THE NW/4 OF SAID SECTION 3;
THENCE N 00°43'19" W, ALONG THE WEST LINE OF THE NW/4 OF SAID SECTION 3, A DISTANCE OF 1812.90 FEET BACK TO THE POINT OF BEGINNING. SAID TRACT OF LAND CONTAINS 401.70 ACRES MORE OR LESS.

SAID TRACT OF LAND BEING DESCRIBED BY DAVID L. PAGE JR, PLS #1566, ON OCTOBER 1, 2015.

EXHIBIT "C"
MAP OF EXISTING USES

Please see map on following page.

EXHIBIT "D"

PRELIMINARY SITE DEVELOPMENT PLAN*

* Preliminary; Subject to Change.

CMC Steel Oklahoma

Durant, Oklahoma

* Preliminary; Subject to Change.

EXHIBIT "E"

BOND TERM SHEET

CITY OF DURANT – TAX INCREMENT FINANCING DISTRICT
(Commercial Metals Company Financing)

<u>Financing Term Sheet</u>

Overview: The City of Durant proposes to offer Tax Increment Financing to Commercial Metals Company through the issuance of Bonds. The general terms and conditions of the proposed financing are provided herein.

Debt Issuer: The bonds will be issued by the Durant Industrial Authority or another public trust of which the City of Durant is the beneficiary (the "Authority").

Amount & Structure of Financing: The amount of the financing is projected to be $23,533,380 and is comprised of $20,433,380 Series A Bonds and $3,100,000 Series B Bonds.

The Series A Bonds are expected to be purchased by a contingent of commercial banks.

The Series B Bonds are expected to be purchased by the Durant Industrial Authority.

Purpose of Financing: Proceeds of the Series A Bonds and the Series B Bonds (together referred to as the "Bonds") are expected to be used by the Authority to provide funding for Commercial Metals Company (the "Company") to pay for a portion of the costs incurred in constructing and/or equipping a new steel production micro mill facility in Durant, Oklahoma (the "Durant Project") and to pay the costs incurred in issuing the Bonds as shown below (all figures estimated):

Series A Bonds	**$20,433,380**
Series B Bonds	**<u>3,100,000</u>**
Total Bond Proceeds	**$23,533,380**
Less: Bond Issuance Cost	**<u>245,747</u>**
Net Proceeds to Company	**$23,287,633**

Timing of Funding: Although it is currently anticipated that the funding will not close until construction and equipping of the Durant Project is at or near completion, financing, under the general terms outlined herein, would be available to the Company at any time between the completion of the formation of the Tax Increment District and the completion of construction of the Durant Project; provided that, if the Company elects to receiving financing prior to the currently anticipated funding date, the net proceeds to the Company would be decreased to compensate for additional interest costs payable on the Bond issuance.

Term of Financing:	Series A Bonds: Not to exceed twelve (12) years from the date of issuance Series B Bonds: Not to exceed fourteen (14) years from the date of issuance
Term of the TIF District:	Not to exceed approximately fourteen (14) years from the first assessment
Principal Amortization:	Series A Bonds: Principal will be fully amortizing during the life of the financing Series B Bonds: Principal will begin amortizing approximately thirteen (13) years from the date of issuance
Interest Rate:	Series A Bonds: 5.10% Series B Bonds: 0.00%
Security:	The Bonds are expected to be limited obligations of the Authority payable solely from property tax payments of the Company in amount equal to the greater of the actual property tax owed annually by the Company resulting from its ownership of the Durant Project or the "Guaranteed Minimum Annual Payments".
Minimum Annual Payments:	The Durant Industrial Authority has engaged the McAfee & Taft Law Firm to provide certain services regarding the formation of the Tax Increment Financing District. Based upon information provided by the Company, McAfee & Taft has projected the Company's future ad valorem tax burden during the life of the Tax Increment Financing District to be as follows:

Date	TIF Year	Projected Company Property Taxes	Company Guaranteed Minimum Payment	Pmt. In Excess of Minimum
01/01/16	Construction Period			
07/01/16				
07/01/17				
	1	1,392,515	1,392,515	0
	2	2,767,778	2,767,778	0
	3	2,692,325	2,692,325	0
	4	2,616,289	2,616,289	0
	5	2,525,744	2,525,744	0
	6	2,440,254	2,440,254	0
	7	2,367,406	2,367,406	0
	8	2,285,375	2,285,375	0
	9	2,199,721	2,199,721	0
	10	2,119,693	2,119,693	0
	11	2,060,792	2,060,792	0
	12	1,998,860	1,998,860	0
	13	1,933,604	1,933,604	0
	14	1,878,832	1,166,396	712,436
		$31,279,185	$30,566,749	

The Company will agree to make property tax payments for the life of the Bonds in amount equal to the greater of the actual property tax owed annually by the Company resulting from its ownership of the Durant Project or the "Guaranteed Minimum Annual Payments" shown above.

Debt Payment Dates: The frequency and precise timing of debt payments is subject to negotiation between the Company and the Authority's bondholders. It is anticipated that monthly, quarterly, semi-annual or annual payments will be acceptable.

Optional Redemption Provisions: The Company will be allowed to pre-pay all or a portion of the bonds (without penalty) at any time during the life of the financing by making payments in excess of the Minimum Annual Payment.

Future Approvals: The availability of and terms associated with the proposed financing are subject to approval by the participating lenders as well as all legally required approvals by the City of Durant, the Durant Industrial Authority and any other required governmental entities.

City of Durant (CMC TIF) - Proposed Debt Service Schedule

			Total Bonds				Series A - Bank Portion @ 5.1%				Series B - DIA Portion @ 0.0%			
TIF Year	Projected Company Property Taxes	Company Guaranteed Minimum Payment	Period Ending	Principal	Interest	Total Debt Service	Period Ending	Principal	Interest	Total Debt Service	Period Ending	Principal	Interest	Total Debt Service
0			7/1/2017				7/1/2017				7/1/2017			
1	1,392,515	1,392,515	5/1/2018	524,096	868,419	1,392,515	5/1/2018	524,096	868,419	1,392,515	5/1/2018		0	0
2	2,767,778	2,767,778	5/1/2019	1,752,404	1,015,373	2,767,777	5/1/2019	1,752,404	1,015,373	2,767,777	5/1/2019		0	0
3	2,692,325	2,692,325	5/1/2020	1,766,323	926,001	2,692,324	5/1/2020	1,766,323	926,001	2,692,324	5/1/2020		0	0
4	2,616,289	2,616,289	5/1/2021	1,780,370	835,918	2,616,288	5/1/2021	1,780,370	835,918	2,616,288	5/1/2021		0	0
5	2,525,744	2,525,744	5/1/2022	1,780,624	745,120	2,525,744	5/1/2022	1,780,624	745,120	2,525,744	5/1/2022		0	0
6	2,440,254	2,440,254	5/1/2023	1,785,945	654,308	2,440,253	5/1/2023	1,785,945	654,308	2,440,253	5/1/2023		0	0
7	2,367,406	2,367,406	5/1/2024	1,804,181	563,225	2,367,406	5/1/2024	1,804,181	563,225	2,367,406	5/1/2024		0	0
8	2,285,375	2,285,375	5/1/2025	1,814,163	471,211	2,285,374	5/1/2025	1,814,163	471,211	2,285,374	5/1/2025		0	0
9	2,199,721	2,199,721	5/1/2026	1,821,031	378,689	2,199,720	5/1/2026	1,821,031	378,689	2,199,720	5/1/2026		0	0
10	2,119,693	2,119,693	5/1/2027	1,833,876	285,816	2,119,692	5/1/2027	1,833,876	285,816	2,119,692	5/1/2027		0	0
11	2,060,792	2,060,792	5/1/2028	1,868,503	192,289	2,060,792	5/1/2028	1,868,503	192,289	2,060,792	5/1/2028		0	0
12	1,998,860	1,998,860	5/1/2029	1,901,864	96,995	1,998,859	5/1/2029	1,901,864	96,995	1,998,859	5/1/2029		0	0
13	1,933,604	1,933,604	5/1/2030	1,933,603	0	1,933,603	5/1/2030				5/1/2030	1,933,603	0	1,933,603
14	1,878,832	1,166,396	5/1/2031	1,166,397	0	1,166,397	5/1/2031				5/1/2031	1,166,397	0	1,166,397
	$31,279,185	$30,566,749		23,533,380	7,033,364	30,566,744		20,433,380	7,033,364	27,466,744		3,100,000	0	3,100,000

Assumptions & Considerations

1 Assumes loan closes on July 1, 2017 with a fixed interest rate of 5.10% on the Bank Portion. The loan with DIA is at 0%.

2 Length of the TIF is not to exceed 14 years. During the 13th year, $1,166,396 of the TIF revenues are used to pay the Series B Bonds, while the remainder (projected to be $712,436) flows through to the local taxing entities.

3 Debt service is secured by "Guaranteed Minimum Ad Valorem Tax Payments". We have assumed that payments on the loan are due on May 1 of each year which corresponds loosely with ad valorem property tax collections.