

Council Chambers
Municipal Building
June 23, 2009

The McAlester City Council met in Special session on Tuesday, June 23, 2009, at 5:30 P.M. after proper notice and agenda was posted, June 18, 2009, at 3:48 P.M.

CALL TO ORDER

Mayor Priddle called the meeting to order.

Mayor Priddle gave the invocation and led the Pledge of Allegiance.

ROLL CALL

Council Roll Call was as follows:

Present: Chris Fiedler, John Browne, Haven Wilkinson, Buddy Garvin, Sam Mason & Mayor Priddle

Absent: Donnie Condit

Presiding: Kevin E. Priddle, Mayor

Staff Present: Mark Roath, City Manager; Pete Stasiak, Planning & Community Development Director and Cora Middleton, City Clerk

PUBLIC HEARING

All persons interested in any ordinance listed under Scheduled Business shall have an opportunity to be heard in accordance with Article 2, Section 2.12(b) of the City Charter.

Councilman Wilkinson moved to open the Public Hearing to discuss the City of McAlester seeking funding from the Oklahoma Department of Commerce through the Community Development Block Grant-Economic Development Infrastructure Financing program in the amount of \$4,166,100 to construct a 40,000 sq. ft. manufacturing building at the Steven Taylor Industrial Park. The motion was seconded by Councilman Browne. There was no discussion, and the vote was taken as follows:

AYE: Councilman Fiedler, Browne, Wilkinson, Garvin, Mason & Mayor Priddle

NAY: None

Mayor Priddle declared the motion carried, and the Public Hearing was opened at 5:31 P.M.

- **Conduct a public hearing and discuss the City of McAlester seeking funding from the Oklahoma Department of Commerce through the Community Development Block Grant-Economic Development Infrastructure Financing program in the amount of \$4,166,100 to construct a 40,000 sq. ft. manufacturing building at the Steven Taylor Industrial Park.**

Mayor Priddle explained that this process had started about one (1) year ago with a letter from the Oklahoma Department of Commerce concerning a firearms manufacturing company. He stated that the proposed company was Sabre Defence Industries. He commented that Sabre Defence Industries had location in the United Kingdom and in Tennessee. He added that they were looking to expand and had toured various locations in and around McAlester. Mayor Priddle informed the Council that he had received a letter of commitment from the CEO of Sabre Defence. He then read the letter which is included below:

“May 30, 2009

City of McAlester
Mayor Kevin Priddle
P.O. Box 578
McAlester, Ok 74502-0578

Dear Mayor Priddle:

I would like to thank you, Jim Mills from the McAlester Economic Development Service, the McAlester Army Ammunition Plant and the Choctaw Nation for your continued work on our project to locate our new manufacturing facility in McAlester, Oklahoma.

As you are aware Sabre Defence Industries is a leading weapons provider to the U.S. government and the commercial market worldwide. We currently supply over 70% of the U.S. Army's Browning M2 .50 caliber machine guns and barrels as well as manufacture of the US Air Force M134 7.62mm Mini-gun barrels and the precision engineered XR15 rifles and hand gun assemblies for the commercial, law enforcement and the military markets.

It is now necessary, due to increased volumes of sales to expand our US manufacturing capacity and are excited to have McAlester, Oklahoma as our expansion partner. McAlester has all of the qualities that we are looking for in a new community. These qualities include:

- Central US location with excellent access to transportation logistics
- Work force which can meet our production needs.
- “Gun Friendly” climate.
- Access to “partners” which can be strategic alliances for both today and future projects.

Both myself and our CFO have been to McAlester and have been tremendously impressed with your ability to work through the details relating to our project.

To restate our project needs:

1. Minimum 40,000 square foot environmentally controlled (both heated and air conditioned) facility with 14' minimum ceiling height and 2 dock and 2 ground level bays. Certain areas of our manufacturing facility will require special attention regarding depth of concrete floors and other factors as a result of our specialized manufacturing

operations. In addition, a DOD approved vault of a minimum of 500 sq. ft for storage of weapons and receivers with video monitoring per DOD Spec 5100.76-M.

2. Minimum ten acres zoned industrial with access by well-maintained truck route.
3. Access to a shooting range of 1,000 yards for ongoing testing as well as an internal 100 yard in-facility testing range preferred. The latter will require in the region of 8000sqft devoted to it and will be operational for function and accuracy testing at least 50hrs per week. Our current volume of quality control testing requires a minimum of thirty hours per week testing for our major vendors.
4. Telecommunications infrastructure must be able to support high speed internet access, VOIP and secure data streaming to offsite backup facility.
5. Access to gunsmithing/armorer training a plus.
6. Estimated employment would be:
 - a. First 90 days – 5-10 individuals
 - b. End of year one – additional 40 individuals
 - c. Year two through year three – additional 75 individuals

Estimated total of 125 jobs by the end of year three

Average wage for these individuals will be between \$15-\$20 per hour plus benefits.

In addition to our previously stated project needs, we have a few specific needs which we must be able to satisfy in order to complete our move to McAlester:

1. Our current growth is far exceeding our estimated projections and as a result the facility will need to be expandable from 40,000 sq. ft to 100,000 sq. ft. or more with a minimum of disruption to on-going operations. Estimated cost of this facility would be approximately \$4,000,000. We would like to lease this facility on a lease/purchase option basis or whatever cost effective arrangement could be made to allow us to occupy the facility quickly.
2. We will look to local financial institutions for funding commitments within their appropriate guidelines in order to complete our transition to the McAlester area.

We are extremely excited about moving forward with Sabre Defence McAlester, Oklahoma as we see new possibilities daily for growth of our products and efficiencies of operations by locating in McAlester, Oklahoma.

Our current plan is to hire immediately five individuals who can temporarily re-locate to Tennessee for assembly training for a new government contract projected for an August award and bound for our McAlester, Oklahoma operation. As you can imagine, government contracting

and awards are very specific and it is important to us to finalize our new facility plans as quickly as possible in order to insure that our key McAlester employees perform all initial “first article” testing and procedures.

We are committed to being in McAlester, Oklahoma and as soon as you can help us accomplish our specific needs regarding building and financing we are ready to begin re-location plans.

Sincerely,

Guy Savage
CEO/Owner
Sabre Defence Industries LLC”

Pete Stasiak distributed an information packet concerning the grant application and explained that the City was seeking funding to construct a building in the Industrial Park to house the offices, storage, manufacturing and assembly functions of Sabre Defence Industries. He stated that the City was only requesting a grant at this time. He then explained the steps of the CDBG application process.

Robbie Ruminer with the Department of Commerce addressed the Council stating that this project had been in the works for about four (4) years. He indicated that through the preliminary application process this was one of six (6) or seven (7) possible recipients and a quick completion of the formal application would be required to possibly qualify for an award.

Councilman Browne expressed his support for the project and inquired about the amount of available funding through the CDBG.

Chad Donoley, Ross Eaton and Representative Brian Renegar all expressed their support of the project with Representative Renegar stating that he, Representative Harrison and Senator Lerblance would all have letters of support sent to the Commerce Department or whomever it was necessary.

Chuck Prucka with the Oklahoma Manufacturing Alliance spoke in support of the project stating that this was a perfect match for the community.

Mayor Priddle explained how this project could align with the Army Ammunition Plant and the Choctaw Nation facilities in the area.

Councilman Mason asked if this was not concluded before the Regular Meeting began would this continue after the Regular Meeting adjourned. He then stated that he was in support of the project but he did have some questions. There was a brief discussion between Councilman Mason, Councilman Browne and Mayor Priddle regarding the application and if this discussion should be continued during the Regular Meeting.

Mayor Priddle asked for a motion to close the Public Hearing.

Councilman Wilkinson moved to close the Public Hearing, seconded by Councilman Fiedler. There was no discussion, and the vote was taken as follows:

AYE: Councilman Browne, Wilkinson, Garvin, Mason, Fiedler & Mayor Priddle

NAY: None

Mayor Priddle declared the motion carried and the Public Hearing was closed at 6:00 P.M.

Mayor Priddle stated that he thought the right thing to do would be to continue this discussion in the Regular Meeting and to move that item to the front of the agenda. He then requested a motion to adjourn the Special Meeting.

ADJOURNMENT

Councilman Fiedler moved for adjournment. The motion was seconded by Councilman Browne. There was no discussion, and the vote was taken as follows:

AYE: Councilman Browne, Wilkinson, Garvin, Mason, Fiedler & Mayor Priddle

NAY: None

Mayor Priddle declared the motion carried and the meeting was adjourned at 6:01 P.M.

Kevin E. Priddle, Mayor

ATTEST:

Cora Middleton, City Clerk