



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 02/13/2024

REQUESTER: Honorable Mayor and City Council Members

PRESENTER: Anthony Francisco, Finance Director/NUA Treasurer

ITEM TITLE: CONSIDERATION OF ADOPTION, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF RESOLUTION R-2324-120: A RESOLUTION OF THE CITY OF NORMAN, OKLAHOMA (THE "CITY") APPROVING ACTION TAKEN BY THE NORMAN UTILITIES AUTHORITY (THE "AUTHORITY") AUTHORIZING ISSUANCE, SALE AND DELIVERY OF A CLEAN WATER SRF PROMISSORY NOTE OF THE AUTHORITY TO THE OKLAHOMA WATER RESOURCES BOARD; RATIFYING AND CONFIRMING AN AMENDED LEASE AGREEMENT WHEREBY THE CITY LEASES ITS WATER AND SANITARY SEWER SYSTEMS TO THE AUTHORITY; AND CONTAINING OTHER PROVISIONS RELATED THERETO.

BACKGROUND:

The Oklahoma Water Resources Board (OWRB), acting as the agent of the U.S. Environmental Protection Agency (EPA) and the Oklahoma legislature, has administered a Statewide Water Development Revolving Fund loan program (SRF) for many years. These programs provide financial assistance for municipalities to make infrastructural improvements to their water and wastewater reclamation (formerly sewer or wastewater) systems to comply with federal and state drinking water and pollution control standards. The Norman Utilities Authority (NUA) has participated on several occasions in the Oklahoma Water Resources Board's Statewide Revolving Fund loan program and has benefitted from the lower interest rates and favorable terms in the program.

The fiscal year 2022-2023 Wastewater Reclamation Fund budget allocated \$2,917,450 for the replacement of the dewatering centrifuge equipment and \$333,480 for renovation of the Wastewater Reclamation Facility Main Control Building. These projects are in preliminary phases. The fiscal year 2023-2024 Wastewater Reclamation Fund budget allocated \$850,000 for a new storage building at the Wastewater Reclamation Facility. This project has not begun yet.

Utilities Engineering and Wastewater Reclamation Division staff have determined that the cash flow status of the Wastewater Reclamation Fund can be improved by financing these projects

over time, using SRF loan funds, rather paying for the projects up front. The projects would appear to qualify for SRF financing.

DISCUSSION:

The attached resolutions would authorize the NUA Chair and staff to apply for an SRF Loan or Loans in an amount up to \$5,000,000 to finance the Wastewater Reclamation Facility projects over time. The loan(s) would be repaid from Wastewater Reclamation user fee revenues. The Resolutions would also authorize the execution of loan documents to implement the loan(s), and would re-appoint BancFirst as the Local Trustee for the loan, and Public Finance Law Group and Floyd and Driver, PLLC as bond counsel for the loans.

Resolution R-2324-120 is a Resolution of the City of Norman, authorizing the Norman Utilities Authority to enter into the SRF Loan ("Promissory Note") with the Oklahoma Water Resources Board, and approving other related documents.

Resolution R-2223-119 is a Resolution of the Norman Utilities Authority, agreeing to file an application with the OWRB in an amount up to \$5,000,000; approving the issuance of a Promissory Note and Funding Agreement; and approving covenants, professional service agreements and other related documents and provisions.

The NUA will apply for funding of the project through the SRF Program, upon the approval of the Trustees/Council.

RECOMMENDATION:

It is recommended that the Resolution R-2324-120 be adopted, authorizing the NUA to apply for the loan through the Oklahoma Water Resources Board Statewide Revolving Fund Loan Program.