



## CITY OF NORMAN, OK STAFF REPORT

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**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-2324-119: A RESOLUTION OF THE NORMAN UTILITIES AUTHORITY (THE "BORROWER") APPROVING A LOAN APPLICATION TO THE OKLAHOMA WATER RESOURCES BOARD; DECLARING THE INTENT OF THE BORROWER TO EXPEND CERTAIN FUNDS IN CONNECTION WITH CERTAIN WASTEWATER SYSTEM IMPROVEMENTS WITH SAID EXPENDITURES TO BE REIMBURSED FROM PROCEEDS OF DEBT TO BE INCURRED BY THE BORROWER; APPROVING AND AUTHORIZING A CLEAN WATER SRF LOAN FROM THE OKLAHOMA WATER RESOURCES BOARD IN THE TOTAL AGGREGATE PRINCIPAL AMOUNT OF \$5,000,000; APPROVING THE ISSUANCE OF A PROMISSORY NOTE IN THE TOTAL AGGREGATE PRINCIPAL AMOUNT OF \$5,000,000, SECURED BY A PLEDGE OF REVENUES AND AUTHORIZING ITS EXECUTION; APPROVING AND AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT FOR CLEAN WATER SRF LOAN; DESIGNATING A LOCAL TRUSTEE AND APPROVING AND AUTHORIZING THE EXECUTION OF A TRUST AGREEMENT; APPROVING AND AUTHORIZING THE EXECUTION OF A SECURITY AGREEMENT; RATIFYING AND CONFIRMING AN AMENDED LEASE AGREEMENT WHEREBY THE CITY OF NORMAN, OKLAHOMA LEASED ITS WATER AND SANITARY SEWER SYSTEMS TO THE BORROWER; APPROVING VARIOUS COVENANTS; APPROVING AND AUTHORIZING THE ESTABLISHMENT OF A PROJECT COSTS DISBURSEMENT ACCOUNT; APPROVING PROFESSIONAL SERVICES AGREEMENTS; APPROVING AND AUTHORIZING PAYMENT OF FEES AND EXPENSES; AND CONTAINING OTHER PROVISIONS RELATING THERETO.

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## **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-2324-119 be adopted, authorizing the NUA to apply for the loan through the Oklahoma Water Resources Board Statewide Revolving Fund Loan Program.