



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 10/17/2022

REQUESTER: Anthony Francisco

PRESENTER: Anthony Francisco, Director of Finance

ITEM TITLE: CONSIDERATION OF ADOPTION, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF RESOLUTION R-2223-49: A RESOLUTION OF THE NORMAN UTILITIES AUTHORITY (THE "AUTHORITY") APPROVING AND AUTHORIZING A CLEAN WATER SRF LOAN FROM THE OKLAHOMA WATER RESOURCES BOARD IN THE TOTAL AGGREGATE PRINCIPAL AMOUNT OF \$15,000,000; APPROVING THE ISSUANCE OF A PROMISSORY NOTE IN THE TOTAL AGGREGATE PRINCIPAL AMOUNT OF \$15,000,000, 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 AUTHORITY; APPROVING VARIOUS COVENANTS; APPROVING AND AUTHORIZING THE ESTABLISHMENT OF A PROJECT COSTS DISBURSEMENT ACCOUNT; APPROVING AND AUTHORIZING PAYMENT OF FEES AND EXPENSES; AND CONTAINING OTHER PROVISIONS RELATING 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 water 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.

On June 8, 2021, the NUA/City Council approved contract K-2122-75 with ESource Technologies, for an assessment of alternative water metering solutions.

On September 28, 2021, the Trustees of the Norman Utilities Authority (NUA) heard a presentation from ESource Technologies Planning and Implementation Division, which recommended the replacement of the City's water meters with Advanced Meter Infrastructure. The estimated cost to fully implement these systems, including replacement of over 41,000 water meters, is over \$15 million. On April 12, 2022, the voters of Norman rejected a referendum for a utility rate increase to provide funding for the AMI implementation, among other capital projects.

At the NUA Study Session of June 7, 2021, Utilities Department staff presented alternative methods of paying for the AMI Implementation proposal, including phased-in approaches to the implementation. The Trustees directed staff to continue to pursue federal grant proposals to partially fund the AMI implementation and to finance the remaining costs through the OWRB SRF Program or through revenue bonds to be issued through the NUA.

On June 21, 2022, the NUA received official notification of the award of \$2,000,000 for the AMI Implementation through President Biden's Bipartisan Infrastructure and Jobs Act of 2022, administered by the U.S. Bureau of Reclamation's WaterSMART Water and Energy Efficiency Grant program. Norman's AMI Implementation Project was the only successful grant application received in Oklahoma.

On June 28, 2022, the NUA approved Resolution 2122-136, authorizing an application for a Clean Water State Wide Revolving Fund Loan in an amount not to exceed \$15,000,000 to fund the remaining costs of the AMI Implementation Project in excess of the amount of the WaterSMART grant.

The total estimated cost for the AMI Implementation Project is \$15,818,990.

DISCUSSION

The Oklahoma Water Resources Board has approved the \$15,000,000 Clean Water Statewide Revolving Fund Loan for the AMI Implementation Project. To accept the grant and move forward with the funding for the project, two resolutions are proposed:

Resolution R-2223-49 is a Resolution of the Norman Utilities Authority, issuing a Note Payable to the Oklahoma Water Resources Board of \$15,000,000, for a term of up to 20 years at an interest rate not to exceed four percent (4%), secured by a pledge of water and sewer revenue; Appointing BancFirst Trust Company as Loan Trustee; and Ratifying the 1984 Lease of the water systems of the City of Norman to the Norman Utilities Authority.

Resolution R-2223-50 is a Resolution of the City of Norman authorizing the Norman Utilities Authority to issue its \$15,000,000 Note Payable Indebtedness.

RECOMMENDATION

It is recommended that the Resolutions be adopted, authorizing the NUA Chairperson and staff to execute documents approving the \$15,000,000 Statewide Revolving Fund Loan between the

Norman Utilities Authority and the Oklahoma Water Resources Board, to provide funding for the Advanced Meter Infrastructure project.