



Legislation Text

File #: R-1718-105, **Version:** 1

RESOLUTION R-1718-105: A RESOLUTION OF THE NORMAN UTILITIES AUTHORITY (THE "BORROWER") AGREEING TO FILE APPLICATION WITH THE OKLAHOMA WATER RESOURCES BOARD (THE "BOARD") FOR FINANCIAL ASSISTANCE THROUGH THE STATE LOAN PROGRAM, WITH THE LOAN PROCEEDS BEING FOR THE PURPOSE OF FINANCING CERTAIN WATER SYSTEM IMPROVEMENTS; AUTHORIZING A LOAN FROM THE OKLAHOMA WATER RESOURCES BOARD IN THE TOTAL AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$12,000,000; APPROVING THE ISSUANCE OF A PROMISSORY NOTE IN THE TOTAL AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$12,000,000, SECURED BY A PLEDGE OF REVENUES AND AUTHORIZING ITS EXECUTION; DESIGNATING A LOCAL TRUSTEE; APPROVING AND AUTHORIZING THE EXECUTION OF A TRUST AGREEMENT; APPROVING AND AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT; APPROVING AND AUTHORIZING THE EXECUTION OF A SECURITY AGREEMENT; RATIFYING AND CONFIRMING AN AMENDED LEASE AGREEMENT AND OPERATION AND MAINTENANCE CONTRACT BETWEEN THE BORROWER AND THE CITY OF NORMAN, OKLAHOMA (THE "CITY"); APPROVING AND AUTHORIZING A NOTE PURCHASE AGREEMENT; APPROVING VARIOUS COVENANTS; APPROVING AND AUTHORIZING PROFESSIONAL SERVICES AGREEMENTS AND PAYMENT OF FEES AND EXPENSES; AND CONTAINING OTHER PROVISIONS RELATING THERETO.

BACKGROUND: On June 24, 2014, the City Council, acting as Trustees of the Norman Utilities Authority (NUA), adopted Resolution 1314-146 which directed the pursuit of "Portfolio 14" as the preferred course for providing the City's long-term water supply needs as discussed in the 2060 Strategic Water Supply Plan (SWSP). Among the intermediate water supply sources in the SWSP was the addition of ground water wells and distribution lines to add an estimated two million gallons per day (2 MG/D) of additional water supply.

The NUA's adopted budget for fiscal year 2017-2018 included anticipated debt financing of approximately \$10.8 million for the implementation of the interim ground water supply solution.

The Oklahoma Water Resources Board (OWRB), acting as the agent of the U.S. Environmental Protection Agency (EPA) and the Oklahoma legislature, has administered grant and loan programs to provide financing alternatives to cities and municipal utilities for water and wastewater capital needs. The NUA has participated in the OWRB's loan programs for many years and has benefitted from the lower interest rates and favorable terms in the programs.

DISCUSSION: The attached resolutions, if approved, would direct the NUA Chair and NUA staff to proceed with a loan from the OWRB's Financial Assistance Program, in an amount not to exceed \$12,000,000 to provide funding for the water well and distribution line improvements contemplated in the FYE 2018 budget. Resolution 1718-105 is a Resolution of the Norman Utilities Authority approving the OWRB Loan application and directing the execution of related documents by the Chair. Resolution 1718-106 is a Resolution of the City Council authorizing the NUA to enter into the indebtedness, and extending the lease of the City's water and sanitary sewer systems to the NUA.

RECOMMENDATION: It is recommended that the Resolutions be adopted.