



MEMORANDUM

Council Agenda
Item No. IX. AX
4/9/2024

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: Craig Freeman, City Manager

Joint Resolution with The City of Oklahoma City electing and the Oklahoma City Water Utilities Trust agreeing to pay The City of Oklahoma City's annual aliquot costs for Fiscal Year 2025 in accordance with the McGee Creek Authority Amended Trust Indenture.

Background:

The McGee Creek Authority (MCA) was created to finance and repay the cost of acquiring and constructing the McGee Creek Reservoir and to fund the cost of administering, operating, and maintaining the Project. The beneficiaries of MCA are The City of Oklahoma City, the City of Atoka, and the County of Atoka (Beneficiaries). The Participants in MCA are The City of Oklahoma City, the Oklahoma City Water Utilities Trust, the City of Atoka, the County of Atoka, and the Southern Oklahoma Development Trust (Participants).

The Trust Indenture (Trust Indenture) creating MCA was executed August 1, 1977, and was amended August 11, 1992 (Amended Trust Indenture). Article VI.C. of both the Trust Indenture and the Amended Trust Indenture provides:

"no Trustee representing a Participant holding a permit to appropriate water from the Project shall exercise any rights or receive any benefits of participation unless the Participant shall contract to pay its aliquot part of the annual costs of the Trust."

Each Participant's aliquot part of the annual costs of the Trust is proportional to that Participant's appropriative rights in the Project. The Participant's appropriative water rights in MCA are as follows:

Atoka County	13.33%
City of Atoka	13.33%
Oklahoma City	66.67%
So. OK Dev. Trust	6.67%

Each Participant needs to:

1. Pay its aliquot costs; or
2. Contract to pay its aliquot costs; or
3. Substitute a contract to pay its aliquot costs between the MCA and a public agency or agencies capable of entering into such a contract.

MCA has historically entered into a Loan Agreement with the Oklahoma City Water Utilities Trust to fund annual costs in excess of aliquot payments and other revenues thereby deferring such costs. By virtue of an election of a Participant to substitute a contract with MCA for payment of its annual aliquot costs, the Participant shall have deferred such costs.

MCA continues to pursue water sales and other revenue sources to reduce aliquot payments and to pay deferred costs. Revenues from water sales are credited as received against the annual aliquot costs of the Participant or Participants who have designated their water rights to such sale. Revenues from other than water sales are used to offset MCA costs. In years when the revenues of MCA meet its costs, the Participants may not have any additional aliquot costs. In years when the revenues of the MCA exceed its costs, the revenues beyond annual costs shall be first used to repay the McGee Creek Loan Agreement and satisfy any deferred costs.

On April 6, 2001, the Trustees of MCA adopted a resolution directing the General Manager to annually notify each Participant to make its annual election prior to the commencement of each fiscal year. The General Manager, by this agenda item, notifies the Participants that the Trustees of MCA request each Participant make its annual election regarding annual aliquot costs prior to the commencement of the 2025 fiscal year. Staff has prepared resolutions for consideration of the governing body of each Participant to so designate its election that will be mailed to each governing body upon approval of this item by the Trustees.

Review:
Utilities

Recommendation: Joint Resolution be adopted.