



MEMORANDUM

Council Agenda
Item No. XI. M
4/22/2025

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: Craig Freeman, City Manager

Resolution approving the incurrence of indebtedness by the Oklahoma City Water Utilities Trust by the issuance of its (I) Commercial Paper Notes, Series A (Tax-Exempt) and (II) Commercial Paper Notes, Series B (Taxable); waiving competitive bidding with respect to the sale of the Notes, the Letter of Credit and Reimbursement Agreement between the Oklahoma City Water Utilities Trust and Sumitomo Mitsui Banking Corporation, acting through its New York branch, and Amended and Restated Bank Note; authorizing the sale of said Commercial Paper Notes by the Oklahoma City Water Utilities Trust at negotiated sale and at a price less than par; and containing other provisions relating thereto.

(Six affirmative votes required to incur indebtedness.)

(Seven affirmative votes required to waive competitive bidding.)

Background:

On January 28, 2025, PFM Financial Advisors LLC, financial advisor for the Oklahoma City Water Utilities Trust (OCWUT), presented financing considerations to increase OCWUT's financing capacity to award capital projects in the 10-year period given the current financial challenges identified in the ability obtain sufficient financing to execute the capital improvement program included capacity limitations of the Commercial Paper (CP) program and compliance with state law related to financial institutions.

OCWUT has utilized a CP program (short-term financing) since 2006 to award Capital Improvement Projects (CIP) and pay related construction claims. The major benefits of utilizing a CP program include lower borrowing costs and allowing for borrowing as needed. The CP program consists of various financial institutions that provide services such as: Credit Facility, market the short-term CP notes, issue the CP notes and pay investors.

OCWUT's Letter of Credit and Reimbursement agreement with Sumitomo Mitsui Banking Corporation was approved in May 2024, with a limit of \$350 million. To provide additional financing capacity to award CIP, an increase to \$500 million, to the authorized amount of CP Letter of Credit is necessary. On February 11, 2025, OCWUT authorized the commencement of the process to adjust the letter of credit limit.

The attached Resolution approves and authorizes the issuance and sale of CP Notes Series A (Tax-Exempt) and Series B (Taxable), at a negotiated sale less than par value, waives competitive bidding, and authorizes the execution of documents related to updating and adjusting the OCWUT CP program from \$350 million to \$500 million for timely awards of the capital program as scheduled.

Review:

Utilities Department

Recommendation: Resolution be adopted.