



MEMORANDUM

Council Agenda
Item No. X. J
2/25/2025

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: Craig Freeman, City Manager

Concurrence with the Oklahoma City Water Utilities Trust in adopting a Resolution authorizing General Manager or designee, General Counsel, Bond Counsel, and the Financial Advisor to negotiate agreements with the Commercial Paper Letter of Credit Bank and other parties to increase the amount of covered Commercial Paper Notes supported by the letter of credit; authorizing the General Manager or designee and the Financial Advisor to solicit and/or negotiate with other financial institutions to replace any of said parties, if deemed necessary, by the General Manager or designee for such purposes; authorizing the General Manager or designee and the Financial Advisor to prepare necessary documents for and to initiate formal rating process pertaining thereto; approving Scope of Services Letter and Scope of Services Agreement; authorizing other agreements to the extent deemed necessary for such purpose; and containing other provisions related thereto.

Background:

The 10-year capital improvement program (CIP) (FY2025-2034) estimated cost is approximately \$5.9 billion, with \$2.7 billion of the total 10-year capital plan improvements slated for completion over the next five years. It will be necessary to ensure sufficient capital program financing is available to enable the Oklahoma City Water Utilities Trust (OCWUT) to meet projected water supply needs of central Oklahoma to 2060, meet federal, state, and local regulatory requirements, and maintain capital project schedules.

On January 28, 2025, PFM Financial Advisors LLC, financial advisor for 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 since 2006 to award Capital Improvement Projects and pay related construction claims. The major benefits of utilizing a CP program include lower borrowing costs and allows 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 \$350,000,000. In order to provide additional financing capacity to award Capital Improvement Projects, an increase to \$500,000,000 to the authorized amount of CP Letter of Credit is necessary.

Staff recommends approval and is available to answer questions.

Review:

Utilities

Recommendation: Concur with the Oklahoma City Water Utilities Trust in adopting the Resolution.