



TO: Trustees, Oklahoma City Water Utilities Trust

FROM: Chris Browning, General Manager

Concurrence with the McGee Creek Authority in adopting a resolution authorizing the General Manager to utilize arbitrage services from the firm selected by The City of Oklahoma City, Fiscal Year 2022, estimated cost \$500. (No OCWUT funds.)

Background:

The McGee Creek Authority (MCA) is an issuer of tax-exempt revenue bond financing. In December 1992, MCA issued revenue bonds to pay the federal government for its share of cost for constructing the McGee Creek Reservoir and transmission pipeline system. As an issuer of tax-exempt revenue bonds, MCA is subject to arbitrage regulations of the United States Treasury and reporting and rebate requirements of the Internal Revenue Service (IRS).

These requirements include completion of specialized investment earning calculations and reporting to the IRS every five years during the life of the bonds. Since MCA has invested its bond reserve account funds at an interest rate greater than the rate it originally issued the bonds for (the bond yield), any investment earning above the bond yield must be paid to the IRS during each five-year reporting period.

The City of Oklahoma City (City) and the Oklahoma Water Utilities Trust must also meet these federal requirements. The City has traditionally coordinated with any trusts for which it is a beneficiary to obtain less costly group service quotations. Staff is requesting the General Manager be authorized to utilize the services from the firm selected by the City for Fiscal Year 2022.

Source of Funds:

OCMCA – OCMCA Trustee Account-OCMCA Trust Operations-McGee Creek Reservoir & Dam – Professional Services Other OCMCA
(391 3902200 06430 52040046)

Recommendation: Concur with the McGee Creek Authority in adopting resolution.