

Research Update:

# Oklahoma Water Resources Board Series 2025C State Loan Program Revenue Bonds Assigned 'AAA' Rating; Outlook Is Stable

November 14, 2025

## Overview

- S&P Global Ratings assigned its 'AAA' rating to the [Oklahoma Water Resources Board](#)'s (OWRB) anticipated \$262.885 million series 2025C state loan program revenue bonds.
- At the same time, S&P Global Ratings affirmed its 'AAA' long-term rating on OWRB's state loan revenue bonds outstanding.
- The outlook is stable.

## Rationale

### Security

The 2025C bonds are secured by borrower loan repayments and the debt service reserve fund established under the 2016 general bond resolution.

The OWRB will use the series 2025C bond proceeds to make loans to 18 eligible entities throughout the state of Oklahoma.

The bonds will be issued under the 2016 general bond resolution--the board's active indenture--bringing the total debt outstanding under the new resolution to about \$1.41 billion, while total debt outstanding under the (inactive) 1986 general bond resolution is \$55.92 million. The ratings on OWRB's bonds issued under both the 2016 and (inactive) 1986 resolutions equally benefit from the board's access to the state's Water Infrastructure Credit Enhancement Reserve Fund (WICERF). The state statute authorizing the WICERF authorizes the OWRB to issue as much as \$300 million of state general obligation (GO) bonds, as needed, to prevent or cure a default on bonds issued by the board.

### Primary Contact

**Autumn R Mascio**  
New York  
1-212-438-2821  
autumn.mascio  
@spglobal.com

### Secondary Contact

**John Schulz**  
Englewood  
1-303-721-4385  
john.schulz  
@spglobal.com

## Credit highlights

The 'AAA' long-term rating reflects our view of OWRB's credit strengths, including a solid market position, no defaults in program history, and generally strong financial policies and practices. The rating further reflects the credit support to cure any potential defaults by the program's borrowers and the program's extremely strong loss coverage score. The loss coverage score reflects the combination of ample program reserves and annual coverage generated from borrowers that we believe substantially mitigates credit risk even under a default scenario.

We have applied a positive holistic adjustment to arrive at the 'AAA' rating that we believe reflects the program's strong ability to withstand a heightened default scenario and the program's strong loan repayment history. The board's ability to issue state GO bonds is contingent on the state retaining strong market access. Considering the state GO rating (AA+/Stable), we believe Oklahoma has ample market access. However, should its access to the bond market become less certain, the enhancement provided by access to the WICERF could be diminished. For more on Oklahoma's credit quality, see our [analysis](#), March 26, 2025.

The rating also reflects our view of the following factors:

- The program's very strong market position, given that it was established by state statute and receives ongoing support from the state government;
- An extremely strong loss coverage score, which is capable of withstanding S&P Global Ratings' loss coverage scenario, based on the credit quality of the asset pool and consolidated cash flows, run at our 'AAA' category stress level;
- Very strong operating performance with no defaults in the program's history; and
- Strong-to-adequate financial management policies and conditions, including formal credit review of all loans annually by seasoned program staff.

## Rating above the sovereign

Because we view securitizations backed by pools of public sector assets as highly sensitive to national risk, we cap the rating on the securitization at two notches above the sovereign. However, we apply no specific sovereign default stress given the strength of the U.S. sovereign rating.

## Outlook

The stable outlook reflects our expectation that there will be no changes in the WICERF authorization because it is formalized in the state constitution, and that the board will manage its loan origination process to provide robust protection against loan default risks. We expect that modest coverage, coupled with available reserves, will provide protection against potential loan delinquencies or defaults.

## Downside scenario

We could lower the rating in the unlikely event of a material increase in loan delinquencies or defaults, or an increase in leverage that reduces the surplus of loan payments over bond payments. A lower rating would also be likely if our view of OWRB's access to additional funding through the WICERF comes into question.

## Credit Opinion

### Enterprise Risk Profile: Very Strong

The program's enterprise risk profile is very strong, based on the combination of the low industry risk profile for municipal pools and the program's market position. The strong market position reflects the support from the state government, along with the statutes establishing the program and the structure of program management.

### Financial Risk Profile: Extremely Strong

The program's financial risk profile is extremely strong, based on a combination of the loss coverage score, historical operating performance, and our view of management policies.

The program's extremely strong loss coverage score reflects the ability of program cash flows and reserves to cover a high level of defaults, followed by less than 100% recovery. The pool is highly concentrated, with the five largest borrowers (Broken Arrow Municipal Authority, Edmond Public Works Authority, Muskogee Municipal Authority, Stillwater Utilities Authority, and Enid Municipal Authority) accounting for about 41% of the combined loan balance outstanding under the 1986 and 2016 resolutions following the series 2025C issuance.

Key to our analysis is the WICERF's availability to cover debt service, to the extent necessary. The WICERF debt issuance process would begin immediately following depletion of the OWRB reserve funds to avoid a payment default on any OWRB obligations. The board has developed policies and procedures for accessing the WICERF, including triggers for initiating a bond sale; we consider the board's practices relative to the WICERF a particular governance strength, further reflected in the rating.

As of November 2025, following this issuance, OWRB will have about \$1.32 million for the 1986 general reserve and \$38.21 million for the 2016 general reserve. We also include in our available reserve calculation, approximately \$11 million from the financial assistance program administrative fee account and the \$300 million WICERF that the state has authorized. Our cash flow analysis indicates modest annual coverage under a no-default scenario. OWRB administrative fees are subordinate and therefore create a thin coverage margin each year that could be used to absorb a small degree of defaults or delinquencies.

#### Credit Snapshot

- Program description: The Oklahoma Water Resources Board was established in 1957 to address the funding needs of various eligible entities involved in developing water and sewage facilities. The board receives annual funding from appropriations made by the Oklahoma Legislature, along with other sources. The board is composed of nine members who are appointed by the governor of Oklahoma for seven-year terms, subject to the advice and consent of the senate. The board is authorized to issue obligations, the proceeds of which can be loaned to eligible entities to finance project costs.
- Flow of funds: Debt service payment from the borrowers will be placed in a revenue fund by the trustee. From this fund, the amounts will be transferred to the debt service fund to make necessary payments to bondholders. If the funds are insufficient to meet the debt service obligations of the bonds, the trustee will first draw on any available funds in the debt service reserve fund as needed to avoid a default on the principal payments of the bonds.

- Summary statistics: As of November 2025, total loan revenue pledged to the 2016 and (inactive) 1986 resolutions was \$2.53 billion. In addition to the loan revenue, bondholders benefit from the WICERF as well as reserves that equal \$351.40 million, providing additional cushion that mitigates credit risk in the event of significant borrower defaults. The borrower portfolio consists of 94 separate entities, of which the largest is Broken Arrow Municipal Authority, with \$143.52 million outstanding, constituting 9.8% of all loans outstanding. Following this issuance, the top 10 obligors hold approximately 59% of all loans outstanding.

**Ratings List**

**New Issue Ratings**

US\$262.885 mil st loan prog rev bnds ser 2025C dtd 12/17/2025 due 10/01/2055

Long Term Rating AAA/Stable

**Ratings Affirmed**

**Water & Sewer**

Oklahoma Wtr Resources Brd, OK State Revolving Fund State Loan Program AAA/Stable

Oklahoma Wtr Resources Brd, OK State Revolving Fund State Loan Program (2016 General Bond Resolution) AAA/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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