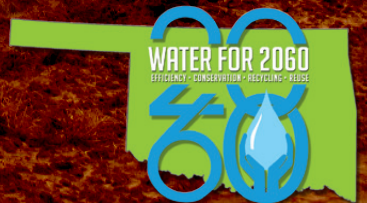


CLEAN WATER STATE REVOLVING FUND

SFY 2014 Annual Report



**FINANCIAL ASSISTANCE DIVISION
OKLAHOMA WATER RESOURCES BOARD**





MISSION:

The mission of the OWRB is to enhance the quality of life for Oklahomans by managing, protecting, and improving the state's water resources to ensure clean, safe, and reliable water supplies, a strong economy, and a healthy environment.



SFY 2014 PROJECTS BY PLANNING REGION



CONTENTS

Your Financial Assistance Division	4
Letters of Introduction	6
Water For 2060	8
Annual Report	10
Introduction.....	10
Executive Summary	10
FFY 2013 Appropriations Act Requirements.....	10
Loan Funding	16
Project Activity	16
Grand Region	17
Central Region	18
Beaver-Cache Region	20
Upper Arkansas Region	21
Middle Arkansas Region	22
Lower Arkansas Region	26
2014 Intended Use Plan Accomplishments	28
Goals and Accomplishments	29
Fund Financial Management	34
Program Initiatives.....	37
Rule Changes.....	39
Environmental Benefit and Performance.....	40
Project Highlight - Moore WWTP Opens (FY 2013)	42
Current and Future Wastewater Needs.....	44
Loan and Grant Recipient Status (Map)	46

Appendices are available online at www.owrb.ok.gov/cwsrf

On the cover: Land application of treatment plant reclaimed water, Frederick PWA, September, 2014.

Joe Freeman-Chief
Jennifer Wasinger-Assistant Chief



Financial Assistance Staff



Back Row L to R: Owen Mills, Brenda Hansel, Kavitha Sadhasivam, Byju Sudhakaran, Jennifer Wasinger - Asst. Chief, Joe Freeman - Chief, Kar Tang, Tony Mensah, Connie Guinn, Matthew Sellers, Michelle Reeves

Middle Row L to R: Simeon Stoitzev, Jerri Hargis, Charles de Coune, Laura Oak, Claressa Bailey, Vivek Rajaraman, Robert Lindenberger, Lori Johnson

Front Row L to R: Tamara Griffin, Andrew Allen

(not pictured: Kate Burum, Kathy Koon)

CWSRF ANNUAL REPORT

2014



**“WHEN THE WELL’S DRY,
WE KNOW THE WORTH OF
WATER.”**

BENJAMIN FRANKLIN

Letters of Introduction

J.D. STRONG
EXECUTIVE DIRECTOR



MARY FALLIN
GOVERNOR

STATE OF OKLAHOMA WATER RESOURCES BOARD



As Oklahoma's water agency for more than half a century, the Oklahoma Water Resources Board (OWRB) has been instrumental in leading the state toward sensible water quality protection, comprehensive infrastructure financing and planning, and sustainable management of water resources.

With the passage of House Bill 3055 (the "Water For 2060 Act") in 2012, Oklahoma became the first state in the nation to establish a bold, statewide goal of consuming no more fresh water in 2060 than is consumed today. The Water for 2060 Advisory Council, also created through HB 3055, began its quarterly meetings in August of 2013. Facilitated by the OWRB, the Council is charged to study and recommend appropriate water conservation and reuse practices, incentives, and educational programs to moderate statewide water usage while ensuring growth and preserving economic development goals.

Our Financial Assistance Division will play a crucial role in helping communities meet the goals of the Water for 2060 Act. Implementation of water conservation and reuse measures, responsible stormwater practices, water and energy efficiency measures, as well as low impact development, are just a few of the innovative projects and measures that will facilitate more efficient use of our shared and finite water resources.

As it has done for more than 30 years, the SRF Program will continue to work closely with state, federal, and local partners to identify common objectives and find innovative solutions. With both enthusiasm and confidence, we continue to strive for a more secure water future for all Oklahomans.

Sincerely,

J. D. Strong
Executive Director



J.D. STRONG
EXECUTIVE DIRECTOR



MARY FALLIN
GOVERNOR

STATE OF OKLAHOMA WATER RESOURCES BOARD

The Financial Assistance Division of the Oklahoma Water Resources Board is dedicated to assisting communities and rural water districts in maintaining adequate water and wastewater facilities. Since 1983, we have provided approximately 65% of all the financing for Oklahoma's water and wastewater infrastructure needs. To date, we have funded over \$3 billion in projects with our loan and grant programs; which consequently, has led to savings of over \$1 billion for Oklahoma communities and rural water districts. The Financial Assistance Division is proud of our natural AAA ratings on all of our bond issues while providing the vital environmental benefits the people of Oklahoma have come to expect.

This year we are pleased with the progress of our new and innovative methods soon to be fully integrated with the program to meet Oklahoma's infrastructure needs; such as collaborating with our sister agencies with the goal of increasing exposure and consideration of financing for stormwater and nonpoint source projects in the state; or further development of our outreach programs with our new Wastewater Planning Guide and new online benefits analysis tool, entitled OASIS.

Perhaps the most notable accomplishment of this past year has been the refunding of the 2004 SRF Revenue Bond Issue which, due to lower current interest rates, was able to both increase our loan capacity by \$7.5 million and save twenty-four Oklahoma communities another \$3.2 million in interest and payments. This program is continually looking for such opportunities to save dollars for the people of Oklahoma which may, in turn, be used to further improve other infrastructure.

In 2012, the Oklahoma Comprehensive Water Plan documented over \$44 billion in wastewater infrastructure need between 2010 and 2060. We expect that growth will continue in the CWSRF program for years to come.

The future of the CWSRF program continues to be bright and we look forward to continuing our role in helping Oklahoma build forward momentum.

Sincerely,

Joe Freeman, Chief
Financial Assistance Division

The cheapest source of water is CONSERVATION.

The cheapest and most accessible source of water is conservation. "Water for 2060" represents a wide range of innovative conservation measures, incentives, and related project financing options available to solidify Oklahoma's water future and minimize deficits projected by the 2012 Update of the Oklahoma Comprehensive Water Plan (OCWP).



Water Reuse

As part of a larger wastewater treatment plant upgrade, Guymon Utilities Authority implemented a land application system to dispose of gray water (CWSRF).

WATER FOR 2060
EFFICIENCY • CONSERVATION • RECYCLING • REUSE



Water Reuse: just look for the purple water lines.

What Water Providers can do:

The best way to ensure good conservation is to have a well-managed system.

How eligible OWRB Financial Assistance projects, including those funded through both the CWSRF and DWSRF loan programs, can help Oklahoma citizens, municipalities, farmers, ranchers, and industry meet Water for 2060 goals today:

- **Water Efficiency**
Retrofit with water efficient household fixtures, use automated meter reading (AMR) systems, fix broken/malfunctioning meters, install leak detection equipment, conduct water audits, develop water conservation plans, recycle or reuse water, retrofit or install more efficient irrigation equipment, use WaterSense labeled products that are proven water-savers (faucets, showerheads, toilets, irrigation controllers, etc.)
- **Nonpoint Source Pollution Control Projects**
Employing wise land use and conservation practices, implementation of capital projects that result in direct benefits to water quality, such as tree planting and certain education projects, and streambank stabilization and related efforts to reduce erosion.
- **Green Infrastructure**
Green streets, permeable pavement, green roofs, and related projects that reduce impervious surfaces and increase stormwater quality, bioretention of runoff and sediments, stormwater harvesting and reuse, increased urban forestry, establishment of rain gardens, and other efforts that enhance natural habitat, and Low Impact Development (LID), characterized by a wide range of accepted sustainable stormwater practices that can be implemented virtually anywhere.
- **Related Innovative Measures**
Develop long-range system management and utility sustainability plans, establish contingencies to address acute climate variability impacts, and participate in Leadership in Energy and Environmental Design (LEED) certified projects that reduce waste and conserve energy and water resources.



Educating Citizens

Oklahoma City has produced a series of creative and unique water conservation public service announcements. Conservation education is an important and often overlooked tool.



Leak Repair

The El Reno Municipal Authority replaced leaking water lines throughout the city to increase efficiency (CWSRF).

Automated Meter Reading

Lawton Water Authority installed an automated meter reading (AMR) system, which allows them to more effectively identify and repair leaks and increase efficiency (DWSRF).



Innovative Measures

- High efficiency codes
- Leak detection and prevention
- Education programs
- Promoting green infrastructure
- Promoting water recycling/reuse systems
- Control of invasive species
- Use of marginal quality waters

Water Reuse

Hennessey Public Works Authority added a gray water land application system as part of the community's recent lagoon expansion project (CWSRF).

Streambank Stabilization

The Oklahoma Conservation Commission and Oklahoma State University partnered on a streambank stabilization project on Cow Creek. Among assorted benefits, restoring streams to their natural state reduces sediment loading and enhances water quality, leading to improved water supplies (CWSRF).



Green Infrastructure

Bixby Public Works Authority has embraced low-impact development innovations through the installation of rain gardens and permeable pavement to improve drainage and reduce wastewater treatment (CWSRF).



What every Oklahoman can do to conserve:

Indoors:

- Repair running toilets, dripping faucets, and other water leaks.
- Turn off the tap while shaving or brushing teeth.
- Showers typically use less water than baths.
- Plug up the sink if washing dishes by hand.
- If you use a dishwasher, make sure it's fully loaded.
- Add suitable food wastes to your compost pile instead of using the garbage disposal.
- Wash only full loads of laundry or use the washing machine's load size selection.

Outdoors:

- Don't overwater. If you step on your lawn and the grass springs back, it does not require water.
- Water in the early morning (4 to 7 a.m.) to reduce evaporation.
- Sweep—rather than hose off—driveways, sidewalks and porches.
- Check your garden hose for leaks and a tight connection to the spigot.
- Wash the car with water from a bucket, or consider using a commercial car wash that recycles water.
- Use native and drought-tolerant plants that require less water and reduce the amount of turfgrass.

Water Reuse

Gaillardia, a golf course community, has been irrigating with reclaimed water since 1996. This alternative to potable water, provided by Oklahoma City, is also used by two electrical utilities. Collectively, these reuse programs save more than 1 billion gallons of drinking water annually.

Rainwater Harvesting

A modest OWRB Water Conservation Grant allowed Tahlequah High School to capture rainwater and store it in a 6,000 gallon cistern for use in watering the area's landscape.



Green Roofs

At OU's National Weather Center, a vegetative roof system (green roof) reduces stormwater runoff, improves water quality, and reduces the building's energy demands (CWSRF).

Leak Detection

Grady County Rural Water District #6 has reduced system leakage by 25 percent by replacing old valves and meters and installing a new automated meter reading system, along with improved management techniques.

Incentives

- Economic considerations
- Low-interest loans
- Cost-sharing
- Tiered water pricing

State of Oklahoma
OWRB
WATER RESOURCES BOARD
the water agency

Visit the OWRB's Water for 2060 webpage at www.owrb.ok.gov/supply/conservation.php

INTRODUCTION

The federal Clean Water Act (CWA) requires a report of the annual Clean Water State Revolving Fund (CWSRF) activities. The OWRB hereby submits the CWSRF Annual Report for State Fiscal Year 2014, July 1, 2013 through June 30, 2014.

This report describes sources and uses of funds, environmental performance of construction activities, OWRB’s financial position, as well as the manner in which OWRB met the SFY 2014 Intended Use Plan Goals and Objectives.

The OWRB has agreed to submit this report to the Environmental Protection Agency (EPA) within 90 days following the end of the fiscal year. In addition, Oklahoma Statutes require an annual report be submitted to the Governor and Legislature within 120 days of the end of the state fiscal year. This report is intended to fulfill both requirements.

EXECUTIVE SUMMARY

Since 1990, the OWRB’s CWSRF program has approved over \$1 billion in wastewater infrastructure projects throughout the State, providing

over 65% of Oklahoma’s wastewater financing needs. Although enormous progress has been made, much work is still required. Based on the Oklahoma Comprehensive Water Plan (OCWP), anticipated wastewater infrastructure needs through 2060 are more than \$44 billion in current dollars.

The CWSRF plays a crucial role in financing this ever-growing need by providing financing at 40% below-market interest rates with standalone AAA bond ratings. The AAA ratings allow OWRB to provide access to significantly lower interest rates than Oklahoma communities are able to obtain through local debt issuance. Utilizing the CWSRF program has saved Oklahomans over \$156 million in principal and interest.

State Fiscal Year 2014 saw another outstanding year for wastewater infrastructure rehabilitation, new construction and project refinancing. Oklahoma’s CWSRF committed approximately \$96.6 million in loans for projects listed on the SFY 2014 Project Priority List.

FFY 2013 APPROPRIATIONS ACT REQUIREMENTS

FFY 2013 Grant Conditions were included in Oklahoma’s Capitalization Grant awarded on July 1, 2013. With the acceptance of the Award, OWRB agreed to comply with all requests pertaining to the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6). The Grant Conditions and Attachments detailed requirements relating to additional subsidization, green project reserve and the Davis-Bacon Act.

System Sustainability

EPA efforts in the area of sustainability practices and approaches include promoting green chemistry and engineering, managing materials rather than creating waste, using green infrastructure to manage storm water runoff, and supporting the sustainable design of communities. Sustainable design employs robust, comprehensive planning processes to deliver projects that are cost effective over their life cycle, resource efficient, and consistent with community sustainability goals.

EPA’s Clean Water and Drinking Water Infrastructure Sustainability Policy emphasizes the need to build on

existing efforts to promote sustainable water infrastructure, working with states and water systems.

Oklahoma’s severe statewide drought helped to promote the very real need for water resiliency and sustainability planning in our communities. People from all demographics are interested in ideas for better design and use of our wastewater systems.

Oklahoma encouraged system sustainability by employing multiple steps beginning with the application questionnaire utilized to rank and review projects giving preference to those projects that include green infrastructure. Once the project was slated for possible funding, OWRB engineers worked closely with each project engineer to ensure that all possible options and technology with regard to reducing energy and water use were considered in the design.

Oklahoma launched a second promotional effort in 2014 with its online OASIS interface to bring sustainability ideas to new applicants or entities that want to consider a new project. The OASIS tool will explore the benefits of these sustainability

alternatives through the “Background Questions” section of the application.

Sustainability policy and goals will also be addressed in the soon to be released Wastewater Planning Guide scheduled to be in print and promoted in the fall of 2014. The Guide will encourage water entities to consider designing facilities that will be sustainable well into the future and can assist in fulfilling the new Clean Water Act requirements for asset management and system planning.

The OWRB’s campaign for the Water for 2060 initiative began in earnest this year with the commencement of the quarterly Advisory Council sessions and three OCWP “Hot Spot” meetings held in their respective Regions. The FA Division presented our program to the Council to inform them about the options and benefits of SRF financing, and was present for input at the Hot Spot meetings. The intent of the initiative is to promote discussion about conservation and wise use of water and innovative design with the expressed goal that our state use no more water in 2060 than in 2012. OWRB will continue to promote and build on this effort as we reach out to communities throughout the year.

Table 1 details the Sustainability practices that systems will implement as part of their SRF funding.

System Resiliency

EPA’s Resiliency initiative for water and wastewater infrastructure is to provide national leadership in developing and promoting security and resiliency programs that enhance the Water Sector’s ability to prevent, detect, respond to, and recover from all hazards. The key features of the program provide drinking water and wastewater utilities with training, tools, and information to address physical, cyber, and human aspects of prevention, detection, mitigation, response, and recovery. The program aims to help utilities protect against a range of threats, including natural disasters, aging infrastructure, cyber intrusions, and man-made disasters.

EPA’s community based water resiliency initiative has two primary goals: 1) Increase overall community preparedness and response by integrating and raising awareness of watersectorinterdependencies;and2) Increase preparedness and resiliency of drinking water and wastewater utilities by delivering tools and



TABLE 1

Oklahoma CWSRF Sustainability					
This table indicates how projects funded satisfy the intent of EPA's Sustainability Policy					
Sustainability Criteria	Recipient	Loan Number	Project Title	Approved Amount	Sustainability Criterion Met
1. Repair, replacement and upgrade of infrastructure in existing communities	El Reno MA	ORF-13-0003-CW	New WWTP	\$16,500,000	1,3
	Frederick PWA	ORF-13-0011-CW	WWTP improvements	\$4,315,000	1,3
	Kiefer PWA	ORF-14-0006-CW	WWTP & lift station improvements	\$320,000	1
2. Investigations, studies or plans to improve Technical Managerial or Financial Capacity	Locust Grove PWA	ORF-14-0010-CW	WWTP improvements	\$3,485,000	1
	Muskogee MA	ORF-14-0012-CW	Sanitary Sewer Collection System Rehab	\$7,300,000	1
3. Preliminary planning and projects that reflect life cycle costs, conservation of natural resources, alternative approaches	Norman UA	ORF-14-0005-CW	WRF improvements	\$50,300,000	1,3
	Oilton PWA	ORF-13-0012-CW	Lagoon rehab and new lagoon	\$2,850,000	1
	Owasso PWA	ORF-13-0005-CW	Interceptor relief-line replacement	\$3,425,000	1
	Quinton PWA	ORF-13-0016-CW	Refinance of existing RD loan for rehabilitation of sewer lines	\$710,000	2
	Skiatook PWA	ORF-14-0013-CW	Engineering and Design	\$520,000	3
	Tulsa Metropolitan UA	ORF-14-0002-CW	Engineering / Replace DAF equipment / Storage facility	\$2,910,000	1

information to increase community planning and collaboration as well as bolster security practices.

Oklahoma's SRF program historically has not provided funding specific to resiliency; however, with the new Water for 2060 initiative the newly created \$1.5 million Water for 2060 Drought Grant to help fund projects that highlight responsible use of water. While not part of the SRF, the OWRB Emergency Drought Grant program makes funding available upon declaration of drought from the Governor. Additionally, OWRB Financial Assistance Staff is working with the Oklahoma Drought Commission to provide grant funding outside of the SRFs for drought related projects within 5 hard hit western Oklahoma Counties. The new Water and Wastewater Planning Guides also encourage resilient design and planning.

Affordability

Seven (7) of the eleven (11) projects funded (or 64%) in SFY 2014 were located in communities considered disadvantaged. For the CWSRF program, disadvantaged communities are defined as areas where the income of the community is less than 85% of the U.S. median household

income. Two (2) of the disadvantaged communities funded had populations of less than 3,300 and consequently received additional subsidy in the form of principal forgiveness.

Green Project Reserve (GPR)

The FFY 2013 Capitalization Grant Conditions state that "the recipient agrees to make a timely and concerted good faith solicitation for projects that address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities. A good faith solicitation must be open to all GPR eligible projects in each of the four GPR categories. The State's annual open solicitation for projects will be deemed sufficient for these purposes as long as that solicitation was open to all GPR eligible projects in each of the four GPR categories. The recipient agrees to include in its IUP such qualified projects, or components of projects, that total an amount at least equal to 10% of its capitalization grant." Oklahoma was hence required to allocate a minimum of \$1,078,600 to projects which met the GPR requirements.

All projects listed on the SFY 2014 Project Priority List were evaluated to determine if the project could be

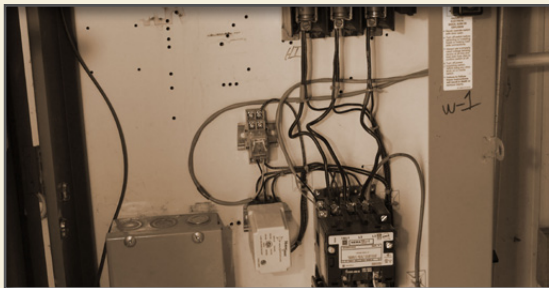
eligible under the GPR. As of June 30, 2014, two (2) of the loans approved included green components totaling \$ 2,986,000 (Table 2). Final business cases and/or justification was made available for public viewing at www.owrb.ok.gov/CWSRF within the quarter in which the loan was made.

Additional Subsidization

The FFY 2013 Capitalization Grant stated that funds provided:

"The recipient agrees to use funds provided by this grant to provide additional subsidization in the form of principal forgiveness... to recipients of eligible Clean Water State Revolving loans in an amount at least equal to \$508,067 but no more than \$762,100..."

For SFY 2014, subsidy in the form of Principal Forgiveness was targeted for construction projects in communities with populations of less than 3,300 which are considered disadvantaged and unable to afford the financing. The Program had two qualifying entities, Locust Grove PWA and Oilton PWA, each receiving Principal Forgiveness in the amount of \$254,033.50 for a total of \$508,067 (Table 2).



FFATA Reporting

Reporting under the Federal Funding Accountability and Transparency Act was completed as required. FFATA reports were submitted monthly from September 2013 through January 2014, as well as June of 2014 as federal funds were drawn.

A-133 audit Tracking for Borrowers

All single audits were reviewed in accordance with OMB Circular No. A-133 and internal procedures. Information pertaining to federal expenditures passed through our programs was verified for accuracy. Federal expenditure amounts were verified by internal records. Any discrepancies in federal expenditure

amounts between the single audits and internal records were resolved through contact with auditors. When necessary, single audits were corrected by the auditors and resubmitted.

TABLE 2

Green Project Reserve and Subsidization for FY 2014							
Borrower	Small Community <3,300	Appropriation Year	Binding Commitment Amount	Green Amount	Principal Forgiveness	Green Project Description	Green Category
Norman PWA	No	2013	\$5,300,000	\$2,457,000	\$0.00	EE Turbo Blowers; EE Fine bubble diffusers; EE VFDs for post aeration; WE Non-potable washdown	EE/WE
Frederick PWA	No	2013	\$7,380,000	\$529,000	\$0.00	Center Pivot Irrigation System & Sprinklers	WE
Locust Grove PWA	Yes	2013	\$3,485,000	\$0	\$254,033.50	n/a	n/a
Oilton PWA	Yes	2013	\$2,850,000	\$0	\$254,033.50	n/a	n/a
TOTALS				\$2,986,000	\$508,067		

Benefits Reporting CBR/NIMS

The OWRB complied with reporting requirements regarding the utilization of funds under the SFY 2014 Intended Use Plan. The major reporting vehicle was the CWSRF Benefits Reporting (CBR) Database. This reporting is done within 30 days of project closing. Reporting included basic information regarding how the additional subsidization was utilized, use of GPR funds, general data elements and environmental benefits. The National Information Management System (NIMS) reporting is completed at the end of August for each fiscal year.

SFY 2014 loans were reported in CBR based on the "loan closing" amounts and closing dates. These were entered as CBR datafields "Total Assistance Initial Amount" and "Agreement Execution Date." CBR data for SFY 2014 loans were digitally uploaded into NIMS. Loan amounts reported in the SFY 2014 Annual Report however, are based on the "Letter of Binding Commitment" (Board Approval) amount and date (Attachment 1). Binding Commitment amounts are occasionally greater than the final "loan closing" amounts as they are generally made prior to the bidding

and subsequent loan closing process. This difference in conjunction with one loan that had yet to close by fiscal year-end creates a reporting variance of both dates and values between the SFY 2014 NIMS Report and SFY 2014 Annual Report. These differences can be found in Attachment 1.

A total of \$76,135,000 of "assistance" (amount for OWRB "closed loans") minus this year's deobligations of \$367,402.14 gave an amount that was reported to NIMS for the SFY 2014 of \$75,767,597.86.

Davis Bacon

The Capitalization Grant includes the following information regarding the applicability of Davis Bacon and prevailing wage requirements: "Under the FY 2013 Continuing Resolution, DB [Davis Bacon] prevailing wage requirements apply to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund and to any construction project carried out in whole or in part by assistance made available by a drinking water treatment revolving loan fund. If a subrecipient

encounters a unique situation at a site that presents uncertainties regarding DB applicability, the subrecipient must discuss the situation with the recipient State before authorizing work on that site." Compliance procedures were provided in Oklahoma's FFY 2013 Capitalization Grant. The Davis Bacon requirements were included in the required information to bidders (ORF-185) and posted on OWRB's website.

For every project, OWRB staff verified that appropriate wage rates were being utilized. Additionally, OWRB received certifications from borrowers or their designees that payroll reports were reviewed on a weekly basis. OWRB staff also conducted interviews with workers on site to ensure compliance with all Davis Bacon requirements



PROJECT ACTIVITY

The capital financing through the CWSRF Program enables Oklahoma’s wastewater systems to affordably meet treatment standards for wastewater. These discharges into the State’s rivers and lakes are in accordance with the National Pollutant Discharge Elimination System (NPDES), administered by the Oklahoma Department of Environmental Quality (ODEQ). The OWRB conducted 14 environmental reviews and appropriate determinations were executed and distributed using the EPA approved State Environmental Review Process prior to assistance being provided.

The SFY 2014 projects allowed borrowers to cost effectively:

- rehabilitate aging treatment plants and collection lines;
- expand capacity to meet anticipated population and economic growth opportunities throughout the projects’ design life;
- attain compliance with State effluent discharge requirements to protect Oklahoma’s water resources;

- and aim to improve the quality of priority rivers and lakes identified as threatened or impaired by reducing pollutant loading;
- or save on interest expenses by refinancing their loans.

Two loans this year, Norman PWA and Frederick PWA, addressed EPA’s “Green Project Reserve” initiative with the use of both water efficient design and incorporation of energy efficient devices.

Eleven (11) Oklahoma entities received binding commitments (see Attachment 1 for details) totaling approximately \$96 million for \$212 activities during SFY 2014 including:

- construction of new treatment and collection systems;
- engineering and design;
- rehabilitation of existing facilities and;
- refinancing of existing debt, and green infrastructure.

These communities are expected to save more than \$19.7 million in interest expense for their essential wastewater infrastructure over the life of the loans.

There are four population categories commonly used in the CWSRF program. The loans and their categories for population served by the entity are listed below.

- <3,500: Oilton PWA, Quinton PWA, Kiefer PWA, and Locust Grove PWA
- 3,500 to 9,999: Frederick PWA and Skiatook PWA,
- 10,000 to 99,000: Owasso PWA, Norman UA, Muskogee MA, El Reno MA
- 100,000 and above: TMUA

Two of these loans, Locust Grove PWA and Oilton PWA received “Principal Forgiveness” totalling \$508,067 to assist with improvements and rehabilitation of their wastewater systems.

Binding commitments approved within SFY 2014 are presented by the OCWP Watershed Planning Region in which they are located.

LOCUST GROVE PWA

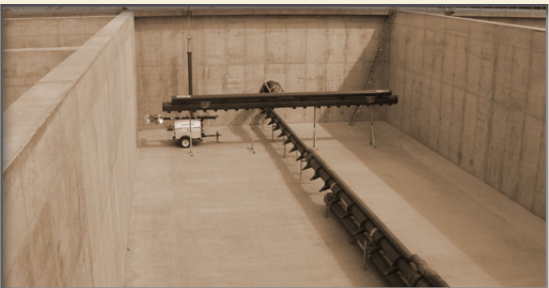
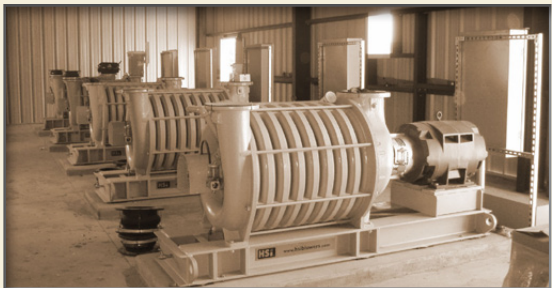
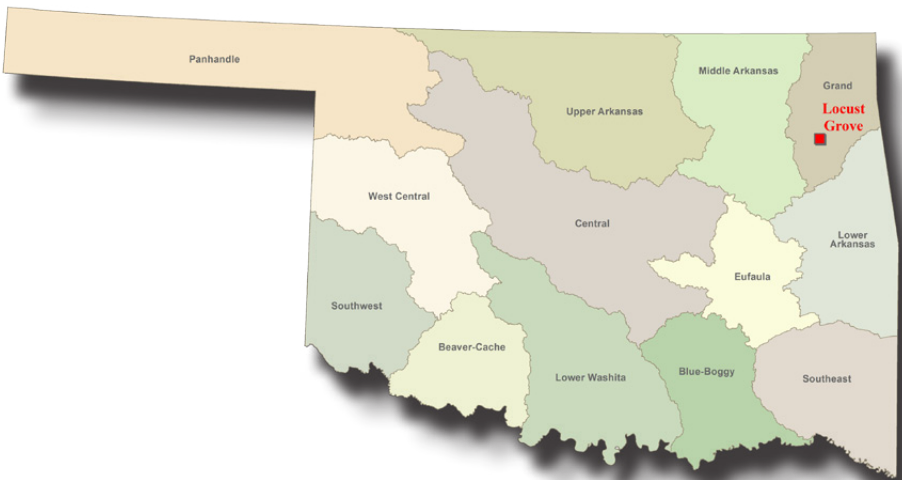
ORF-14-0010-CW
Approved: \$3,485,000.00
Approval Date: 10/23/2013
Loan Amount: \$3,485,000.00
Funded Date: 12/4/2013
Percent Complete: 48.6%
GPR: No
Additional Subsidization: \$254,033.50

Locust Grove is located in Mayes County. The Town of Locust Grove, through the Locust Grove Public Works Authority (Authority), owns and operates a wastewater treatment system to serve a population of 1,423. The project involves the design and construction of improvements to the Authority’s wastewater treatment plant to include: the installation of a new perforated plate screen with washer and compactor; installation of new flow meters and new 8-inch isolation valves on lines to flow equalization basins; rehabilitation of existing sequencing batch reactors to provide new decanters and surface mixers with instrumentation and controls; replacement of three existing Sequential Batch Reactors (SBR) blowers with new 20-Hp blowers; replacement of diffusers and blowers

in the post chlorination aeration basin; replacement of chemical feed equipment for disinfection; construction of a new 50 ft x 18 ft x 14 ft sludge digester with coarse bubble diffusers; and instrumentation and control with associated appurtenances and site work as designed.

This project will address the Authority’s Consent Order for unpermitted discharges as well as permit limit exceedances occurring at the treatment facility. The improvements aim to eliminate or reduce documented health threat or NPDES violation. The treated effluent from this system flows to a tributary to Crutchfield Branch, which is a nutrient-limited watershed.

Loan Analyst: Connie Guinn
Environmental: Tamara Griffin
Engineer: Vivek Rajaraman



EL RENO MA

ORF-13-0003-CW
Approved: \$16,500,000.00
Approval Date: 11/19/2013
Loan Amount: funded SFY 2015
Funded Date: funded SFY 2015
Percent Complete: 0%
GPR: No
Additional Subsidization: \$0

El Reno is located in Canadian County. The City of El Reno, through the El Reno Municipal Authority (Authority), owns and operates a wastewater treatment system that serves a population of about 16,200. The sanitary sewer system consists of approximately 43 miles of sewer lines ranging in size from 6-inch through 27-inch diameter, and several pump stations. Pipe materials consist of cast iron, clay, ductile iron, and PVC. Wastewater treatment is provided by a total retention lagoon type treatment system with land application. The system consists of two primary cells with a total surface area of 40 acres, and two evaporation cells with a total surface area of 40 acres. The Authority will construct a new mechanical treatment plant that aims to meet Oklahoma Pollution Discharge Elimination System (OPDES) permit

limits. The project includes a 2 million gallon per day (mgd) sequential batch reactor (SBR) plant, which includes headworks, influent lift station, UV disinfection, effluent lift station, force main and a cascade aerator. The project also includes a waste activated sludge pump station, aerobic digester and belt filter press and all other construction and appurtenances.

This project will address the Authority's Consent Order for accidental overflows, by-passes and illegal discharges from its total retention system. The improvements aim to eliminate or reduce documented health threat or NPDES violation within a watershed

that is a public water supply and implements a water quality plan. The treated effluent from this system flows to the North Canadian River, which is a 303d listed stream of impaired water bodies and a top-ten Nonpoint-Source priority watershed.

Loan Analyst: Simeon Stoitzev
Environmental: Tamara Griffin
Engineer: Tony Mensah



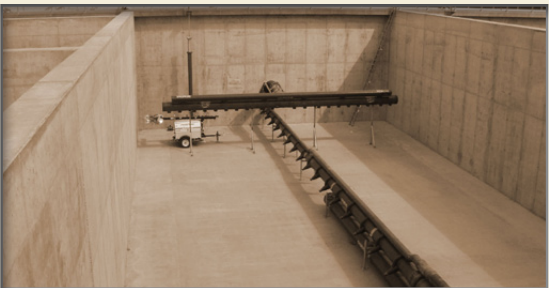
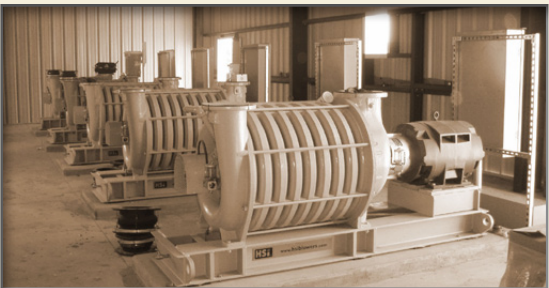
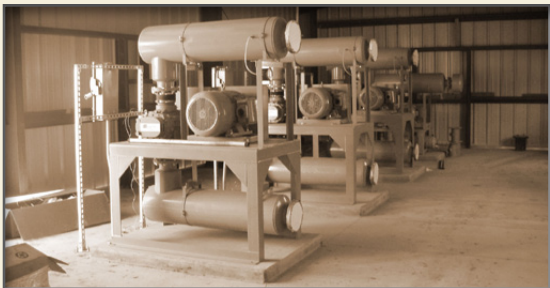
NORMAN UA

ORF-14-0005-CW
Approved: \$50,300,000.00
Approval Date: 4/15/2014
Loan Amount: \$50,300,000.00
Funded Date: 4/29/2014
Percent Complete: 4%
GPR: Yes
Additional Subsidization: \$0

Norman is located in Cleveland County. The City of Norman, through the Norman Utilities Authority (Authority), owns and operates a wastewater treatment system that serves a population of 110,925. The project is for Phase 2 of the Norman Water Reclamation Facility Improvements Plan. These improvements include expanding the capacity from 12 mgd to 16 mgd; modifications to the headwork's facility; influent flow measurement; primary clarifier improvements; additional aeration facilities; secondary clarifiers with sludge pumping; new disinfection and post aeration facilities required by OPDES permit; parallel outfall piping; improvements to solids handling processes; odor control measures; standby power equipment; and associated yard piping, electrical and instrumentation improvements.

This project will address the Authority's Notice of Violation from ODEQ and aims to eliminate or reduce documented health threat or NPDES violation and implements a water quality plan. The 2010 OPDES permit required the NUA to meet fecal coliform discharge limits, requiring disinfection of the wastewater prior to discharge. The treated effluent from this system flows to the Canadian River, which is a 303d listed stream of impaired waterbodies.

Loan Analyst: Matthew Sellers
Environmental: Tamara Griffin
Engineer: Tony Mensah



Projects ❖ Beaver-Cache Region

FREDERICK PWA

ORF-13-0011-CW
Approval: \$7,380,000.00
Approval Date: 9/17/2013
Loan Amount: \$4,315,000.00
Funded Date: 10/25/2013
Percent Complete: 80%
GPR: Yes
Additional Subsidization: \$0

Frederick is located in Tillman County. The City of Frederick, through the Frederick Public Works Authority (Authority), owns and operates a wastewater treatment system to serve a population of 3,940. The systems are facultative lagoon flow through types with the option of stream discharge or slow rate land application. To solve the problem and to comply with ODEQ consent order and regulations the project will repair and renovate both the east lagoon and industrial lagoon systems. The project consists of replacing influent lift station pumps and converting the existing northern primary lagoon into two aerated lagoons at the industrial lagoon system; installing surface aerators at the east primary lagoon; constructing a new secondary storage lagoon at the east lagoons; replace the east and north pivots at east lagoon land application system; sludge removal from both the

lagoons; and other related construction and appurtenances.

This project addresses the Authority's Consent Order at the industrial lagoons and a compliance schedule to meet more stringent effluent requirements as a result of a permit renewal at the east lagoons. The improvements aim to eliminate or reduce a documented health threat or NPDES violation within the watershed that is a public water supply and implements a water quality plan. The treated effluent from this system flows to the Little Deep Red Creek, which is a 303d listed stream of impaired water bodies.

Loan Analyst: Connie Guinn
Environmental: Lori Johnson
Engineer: Vivek Rajaraman



Projects ❖ Upper Arkansas Region

OILTON PWA

ORF-13-0012-CW
Approved: \$2,850,000.00
Approval Date: 8/20/2013
Loan Amount: \$2,850,000.00
Funded Date: 10/29/2013
Percent Complete: 92.5%
GPR: No
Additional Subsidization: \$254,033.50

Oilton is located in Creek County. The City of Oilton, through the Oilton Public Works Authority (Authority), owns and operates a wastewater treatment system to serve a population of approximately 1,000. The project involves the design and construction of improvements to the Authority's wastewater treatment plant to include two new 0.32 acre primary lagoons with mechanical aeration; influent pump station; two 4,800 gallon chlorine contact basins with pump station; 1,728 square foot filter building with two flocculation tanks that have two 200 gpm/10-micron disc filter modules with backwash pump and chemical feed system and storage; one new concrete cascade aerator and associated piping; appurtenances and site work as designed.

This project will address the Authority's Consent Order to meet OPDES permit effluent limits of five-day biochemical oxygen demand (BOD5) and total suspended solids (TSS). The treated effluent from this system flows to the Cimarron River, which is a 303d listed stream.

Loan Analyst: Matthew Sellers
Environmental: Tamara Griffin
Engineer: Byju Sudhakaran



SKIATOOK PWA

ORF-14-0013-CW
Approved: \$520,000.00
Approval Date: 1/21/2014
Loan Amount: \$520,000.00
Funded Date: 2/12/2014
Percent Complete: 38%
GPR: No
Additional Subsidization: \$0

Skiatook is located in Osage and Tulsa County. The Town of Skiatook, through the Skiatook Public Works Authority, owns and operates two wastewater treatment plants and a sanitary sewer collection system to serve a population of 7,397. This project is the design and engineering phase required to make improvements to the Hominy Creek and Bird Creek wastewater treatment.

This engineering and design work is the first phase to address the Authority's Consent Order and, when constructed, aims to eliminate or reduce documented health threat or NPDES violation within a watershed that is both a water supply and implements a water quality plan. The treated effluent from this system flows to Bird Creek and Hominy Creek, which are 303d listed stream

Loan Analyst: Matthew Sellers
Environmental: Tamara Griffin
Engineer: Tony Mensah



TULSA METROPOLITAN UA

ORF-14-0002-CW
Approved: \$2,910,000.00
Approval Date: 2/18/2014
Loan Amount: \$2,910,000.00
Funded Date: 3/13/2014
Percent Complete: 0%
GPR: No
Additional Subsidization: \$0

Tulsa is located in Tulsa County. The City of Tulsa, through the Tulsa Metropolitan Utility Authority, owns and operates a wastewater treatment system that serves a population of approximately 400,000. The system is comprised of four mechanical wastewater treatment plants and over 1,900 miles of sewer lines that range from 8-inch through 60-inch, 48 lift stations and force mains. There are three projects listed under this loan. The projects are for: (i) engineering to replace large spaced bar screens with mechanical fine screens and install variable frequency drives (VFD) at the Apache Lift Station; (ii) construction to replace dissolved air flotation (DAF) equipment at Northside WWTP; (iii) construction of storage facility for equipment, materials and oil/ solvents to support the plant operations at Northside WWTP; and other related construction and appurtenances.

Loan Analyst: Charles De Coune
Environmental: Tamara Griffin
Engineer: Vivek Rajaraman



OWASSO PWA

ORF-13-0005-CW
Approved: \$3,990,000.00
Approval Date: 11/19/2013
Loan Amount: \$3,425,000.00
Funded Date: 12/13/2013
Percent Complete: 71.2%
GPR: No
Additional Subsidization: \$0

Owasso is located in Rogers and Tulsa Counties. The City of Owasso, through the Owasso Public Works Authority (Authority), owns and operates a wastewater treatment system that serves a population of approximately 30,685. There are 9,542 household water taps and 11,300 sewer connections in the system. The existing 15-inch line did not have the capacity for the design peak flow under normal inflow/infiltration conditions. To increase the capacity and to accommodate the future needs, the project includes the construction of 12,072 LF of 30" PVC sewer line, related construction and appurtenances.

This project will address the Authority's Consent Order for sanitary sewer overflows and aims to bring the Authority back into compliance. The treated effluent from this system flows to an unnamed tributary to Owasso Creek and to Bird Creek.

Loan Analyst: Matthew Sellers
Environmental: Lori Johnson
Engineer: Byju Sudhakaran



KIEFER PWA

ORF-14-0006-CW
Approved: \$664,215.00
Approval Date: 12/17/2013
Loan Amount: \$320,000.00
Funded Date: 3/24/2014
Percent Complete: 50%
GPR: No
Additional Subsidization: \$0

Kiefer is located in Creek County. The Town of Kiefer, through the Kiefer Public Works Authority (Authority), owns and operates a wastewater system that serves a population of approximately 1,700 persons with 719 sewer connections in the system. The project includes a chlorination/de-chlorination facility, flow meter, piping modifications, chlorine contact basin, diversion structure, lift station improvements, cascade aeration structure, site grading, landscaping, 6-inch gravel surface course, electrical improvements, and related construction and appurtenances.

This project addresses the Authority's Consent Order for NPDES permit limit exceedances for BOD₅, TSS, fecal coliform and dissolved oxygen

(DO). The upgrades aim to improve the water quality of the effluent that discharges into Childress Creek, a 303d listed stream of impaired waterbodies.

Loan Analyst: Connie Guinn
Environmental: Lori Johnson
Engineer: Byju Sudhakaran



MUSKOGEE MA
ORF-14-0012-CW
Approved: \$7,300,000.00
Approval Date: 12/17/2013
Loan Amount: \$7,300,000.00
Funded Date: 12/18/2013
Percent Complete: 7.7%
GPR: No
Additional Subsidization: \$0

Muskogee is located in Muskogee County. The City of Muskogee, through the Muskogee Municipal Authority (Authority), owns and operates a wastewater treatment system that serves a population of 39,223. Currently the system has a wastewater treatment plant, twenty lift stations, and 285 miles of sewer lines. The aged sewer system has considerable inflow and infiltration (I/I) problems. A sewer system evaluation survey (SSES) was conducted by the entity to evaluate these problems. Construction includes repair and rehabilitation of 70,000 LF of primarily 8-inch and 10-inch sewer lines with approximately 800 manholes, slip lining, open trench work, and related construction and appurtenances.

This project will address the Authority's Consent Order for sanitary sewer overflows and aims to eliminate or reduce documented health threat or NPDES violation within the watershed that is a water supply. The treated effluent from this system flows to the Arkansas River, which is a 303d listed stream.

Loan Analyst: Connie Guinn
Environmental: Lori Johnson
Engineer: Byju Sudhakaran

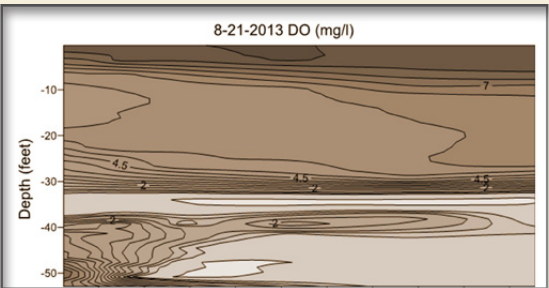
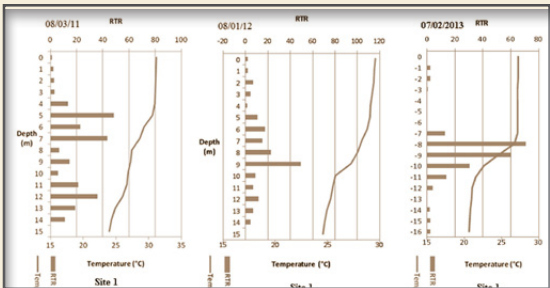
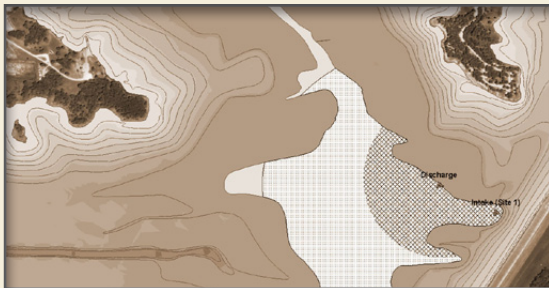


QUINTON PWA
ORF-13-0016-CW
Approved: \$710,000.00
Approval Date: 7/16/2013
Loan Amount: \$710,000.00
Funded Date: 8/1/2013
Percent Complete: 100% (Refinance)
GPR: No
Additional Subsidization: \$0

Quinton is located in Pittsburg County. The Town of Quinton, through the Quinton Public Works Authority (Authority), owns and operates a wastewater treatment system that serves a population of 1,051. The system consists of 458 sewer connections with 11 miles of 8-inch to 12-inch sewer lines. The aged sewer system had considerable inflow and infiltration (I/I) problems. In 2004, the Authority rehabilitated approximately 31,096 LF of line work with new 8-inch PVC lines. The requested OWRB's CWSRF loan will be used to refinance the original USDA Rural Development Loan.

This project is a refinanced project from the United States Department of Agriculture-Rural Development. The treated effluent from this system flows to an unnamed tributary of the San Bois Creek

Loan Analyst: Matthew Sellers
Environmental: Lori Johnson
Engineer: Byju Sudhakaran



2014 Intended Use Plan Accomplishments

INTENDED USE PLAN

Status and Changes

The SFY 2014 Intended Use Plan (IUP) was amended twice for the addition of new projects, adjustments to the loan award dates, revisions to the construction assistance amounts, updates to the GPR amounts as well as subsidy amounts.

Amendment I - July 15, 2013

Priority List Revisions: Addition of New Projects - Locust Grove Public Works Authority submitted a request to be considered for loan funding during SFY 2014.

Other changes - Several entities with projects listed on the SFY 2014 CWSRF PPL had ranking changes due to revised project items or construction estimates and/or target project approval dates. The list was revised to reflect these adjustments.

Additional Requirements as required under the FFY 2013 Capitalization Grant:

Green Project Reserve

Locust Grove PWA's project was identified as including elements that qualified under the Green Project Reserve. The project description and business case were available on OWRB's website at www.owrb.ok.gov at the time of project funding.

Additional Subsidy

Additional subsidy was available on a first come first serve basis per the SFY 2014 IUP and a project's readiness to proceed. The PPL listed any changes in subsidy based on the revised project ranking.

Amendment II - December 9, 2013

Priority List Revisions: Addition of New Projects - Skiatook Public Works Authority, Miami Special Utilities Authority, and Muskogee Municipal Authority submitted requests to be considered for loan funding during SFY 2014. Skiatook Public Works Authority has also requested consideration for funding during SFY 2015.

Other changes - Several entities with projects listed on the SFY 2014 CWSRF PPL had ranking changes due to revised project items or construction estimates and/or target project approval dates.

Additional Requirements as required under the FFY 2013 Capitalization Grant:

Green Project Reserve

Frederick PWA's project was identified as including elements that qualified under the Green Project Reserve. The project description and business case were made available on OWRB's website at www.owrb.ok.gov/greenreserve.

Additional Subsidy

Locust Grove PWA and Oilton PWA projects were identified as eligible to receive additional subsidization under the FFY 2013 Appropriations Provisions. The award was on a first come first serve basis per the SFY 2014 IUP and a project's readiness to proceed for any entity's classified as disadvantaged with a population of 3,300 or less. The second amended PPL listed the amount of subsidy provided to the two entities.

GOALS AND ACCOMPLISHMENTS

Goals set out in the IUP provide a road map for activities conducted throughout the year. The FY 2014 IUP included nine (9) short-term and six (6) long-term goals for the year.

SHORT-TERM GOALS AND ACCOMPLISHMENTS

Provide financing to communities listed in this plan that are under NPDES enforcement orders to meet deadlines for municipal compliance in accordance with Section 301(l)(l) of the Act.

STATUS: Nine (9) of the eleven (11) projects funded during SFY 2014 were proposed as a result of violations to wastewater discharge permits and/or enforceable order violations detailing a specific short-term compliance schedule. This assistance allows these communities to attain compliance with the enforceable requirements of the Clean Water Act and improve or maintain water quality in receiving streams and underlying groundwater. The OWRB continued to implement a process initiating immediate contact with municipalities receiving new

consent orders to inform and work with them in determining eligibility and to provide funding in accordance with enforcement schedules.

Provide financing to assist communities in eliminating water pollution problems, improving water quality in the State's waters, and building sewage facilities needed to maintain surface water and groundwater quality standards.

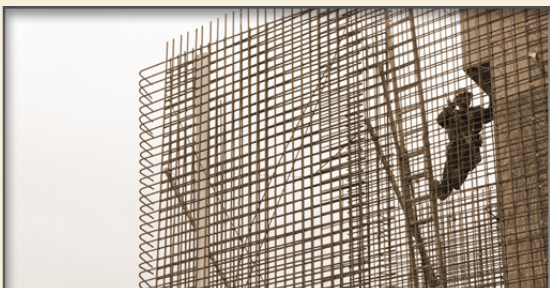
STATUS: Once constructed, all funded projects will contribute to the long-term elimination of pollution to surface and groundwater. As detailed in Attachment 2, loans were made to nine (9) communities to address consent order or enforceable schedule. Eight (8) projects will reduce pollutants discharged from entities with discharge points located on State priority stream segments identified as threatened or impaired on the Impaired Waterbodies List, Section 303 (d) (Oklahoma's Integrated Water Quality Assessment Report). Three (3) projects are located within hydrologic basins where groundwater vulnerability is designated as "Very High" to contamination from surface sources of pollution as designated in Oklahoma's Water

Quality Standards or affecting source water protection areas.

Work with state/local agencies to identify current gaps in the State's nonpoint source, stormwater, and Brownfields funding, identify potential CWSRF eligible projects, and develop appropriate financing strategies, as necessary.

STATUS: The Oklahoma CWSRF program team consults with our sister state agencies periodically during the year to identify nonpoint source, stormwater and Brownfield projects. Additionally, the ability to fund these types of projects is forefront in program presentations made by staff to systems as well as service providers. In SFY 2014, no projects were identified in these areas for funding.

Staff from OWRB met with ODEQ stormwater permitting staff in the spring of 2014 to discuss the potential opportunities to increase awareness of green stormwater methodologies and water reuse as well as the promotion of the CWSRF as a way to accomplish the goal. It was agreed that OWRB would research and put together brochures or other literature in SFY 2015 that



2014 Intended Use Plan Accomplishments

could be distributed by the ODEQ permitting staff and others as they met with entities having stormwater issues. The two agencies would also begin a campaign in SFY 2015 on their respective websites that could further promote the ideas of water reuse and low impact development or green infrastructure that would go hand in hand with the CWSRF program, the ODEQ Stormwater program, as well as the objectives of Oklahoma's own Water for 2060 initiative.

Nonpoint source (NPS) projects were also targeted by OWRB as an area that needed to be enhanced in the SRF; hence, staff contacted the state agency tasked with NPS, the Oklahoma Conservation Commission (OCC) to discuss opportunities to explore. Possibly due to the reduction in grants over recent years entities seem to be more willing to consider paying for NPS projects more than ever before or at the least, to combine some loans with their grants to make project more comprehensive or viable. OCC would attempt to connect those entities with the OWRB in regard to currently unfunded proposals the agency has been considering.

As interest is received, provide 25% of all CWSRF loans to communities of less than 10,000 population for assistance in building more affordable sewage treatment works or implementing NPS pollution control activities.

STATUS: In SFY 2014 Fifty-four percent (54%) (six of eleven) binding commitments for long-term, low-interest loans were made to Oklahoma's communities with populations of under 10,000, that totalled approximately \$12.2 million. The cumulative total is above the program goal and the CWSRF program is anticipated to continue providing below market rate loans to help ensure project affordability and environmental health protection for small communities across Oklahoma.

Obtain maximum capitalization of the Fund for the State in the shortest time possible.

STATUS: This goal is being achieved on an ongoing basis. The CWSRF five-year Project Priority List identifies more long-term project needs than available CWSRF funds. To provide for these needs, the OWRB financing plan makes loan repayments, as well as federal funds, available to obligate

to new wastewater construction projects or to place in reserve for leveraged bond issues, sized to meet current and future demand according to cash flow modeling.

Gain approval of applications for the FFY 2014 CWSRF capitalization grant appropriations and have grant funds awarded within the 4th quarter FFY 2014.

STATUS: The FFY 2014 CWSRF capitalization grant was awarded on and had a budget project period beginning July 1, 2014.

Generate sufficient investment and loan interest earnings to retire state revenue bonds.

STATUS: During SFY 2014, \$1,500,000 was reallocated from the 2012B bond proceeds to meet the remaining State Match requirement necessary for the 2013 Capitalization Grant along with \$12,240 from the Water Infrastructure Development Fund.

Based on detailed projected cash flows of the Board's CWSRF Program provided by FirstSouthwest, the Board's financial advisor, the state

match debt was structured to coincide with the repayment of the bonds. The intention was for total income to be slightly in excess of debt service to ensure adequate coverage. This schedule and bond sizing provides for required bond repayment while allowing the CWSRF program sufficient operational capacity for upcoming projects.

Additionally, significant cost savings are passed on to CWSRF loan recipients by leveraging federal capitalization grant monies with larger bond issuances, reducing bond issuance costs.

Sufficient funds will be generated from interest and investment earnings to retire the balance of the State match bonds by April 1, 2031.

Gain EPA approval to reserve transfer authority of an amount equal to 33% of the DWSRF capitalization grants between the DWSRF and the CWSRF.

STATUS: This goal was met, as this request was made through both the CWSRF and DWSRF Intended Use Plans. Oklahoma has reserved the authority to transfer 33% of the SFY

2003 through 2013 capitalization grants, totaling over \$46 million. To date, \$32.9 million has been transferred from the CWSRF to the DWSRF. It is anticipated that an additional \$4.7 million will be available through the FFY 14 DWSRF Capitalization Grant.

Complete a revenue bond issue to meet funding shortfalls and to provide matching funds for federal capitalization grants.

STATUS: A bond issue was not necessary to meet the demands during SFY 2014; however, OWRB did close the 2014A Bond Issue to refund the 2004 State Revolving Fund Bond Issue (see Bond Refundings).

LONG-TERM GOALS AND ACCOMPLISHMENTS

Assist borrowers in complying with the enforceable requirements of the Clean Water Act to reach the goal of eliminating discharge of pollutants into the State's waters.

STATUS: This goal is being accomplished on an ongoing basis. As detailed in short-term goal No. 1, financial assistance provided through

the CWSRF focuses on providing loans to communities with wastewater discharge permit violations and/or consent orders detailing a schedule of compliance. For SFY 2014 nine (9) commitments were made for projects as a result of a state or federal enforceable compliance schedule. CWSRF assistance will contribute to bringing these Oklahoma communities into compliance with the enforceable requirements of the Act. The OWRB continued to provide technical assistance to communities with projects listed on the SFY 2014 IUP, but were not ready to proceed to loan commitments during the year. Many of the projects not funded in SFY 2014 have been moved to the SFY 2015 IUP and are scheduled to be funded during SFY 2015.

Assist in the maintenance, restoration and protection of beneficial uses identified in Oklahoma's Water Quality Standards to provide for the propagation of fish and wildlife and the protection of water and recreational resources in and on waters of the State.

STATUS: This goal is accomplished on an ongoing basis. Loans made



2014 Intended Use Plan Accomplishments

during SFY 2014 assist communities in 1) eliminating sewage system bypasses which degrade the integrity of the surface water of the state through rehabilitation efforts to repair damaged or inoperable components or to reduce system infiltration and inflow, 2) providing greater system capacity, and/or 3) providing additional levels of treatment to reduce pollutant loads to effluent receiving streams. Loan commitments and subsequent construction directly accomplish this goal by enabling municipalities to discharge water which meets discharge permit requirements in place to meet the “fishable/swimmable goals” of the Clean Water Act and Oklahoma’s Water Quality Standards for surface and groundwater. By providing increased levels of treatment prior to discharge into surface waters of the State, fish and wildlife habitat is better protected and recreational uses are enhanced.

Assist the State in meeting water quality goals identified in the Continuing Planning Process and Nonpoint Source Management Program to reduce or eliminate water quality threats in Oklahoma’s priority watersheds

STATUS: This goal is achieved on an ongoing basis through the funding projects under the program. Of the eleven (11) projects approved in SFY 2014:

Six (6) projects implemented aspects of approved water quality plans

One (1) project was located in a top ten Nonpoint Source Priority Watershed

Eight (8) projects discharge into 303(d) listed stream segments

Maintain the fiscal integrity of the CWSRF to ensure it remains viable and self-perpetuating to meet the long-range water quality needs of the State.

STATUS: This goal is being achieved on an ongoing basis through stringent program procedures and financial controls as well as continuous repayment of previously issued loans that provide a “renewable” source of funding for future loans.

To maintain the fiscal integrity of the CWSRF, the OWRB performs a variety of processes including providing credit reviews and technical assistance to loan recipients, establishing fiscal controls,

and maintaining financial accounts within the CWSRF sufficient to minimize financial risk. The OWRB’s credit review of CWSRF applications and the OWRB’s procedures for monitoring loan conditions and collecting payments of interest and principal have enhanced the fiscal integrity of the program. Traditionally, each of these processes has ensured that payments from loan recipients are billed and paid in a prompt manner, thus enhancing the fiscal integrity of the CWSRF. To date the program has maintained a zero default loan repayment record (see Attachment 4 Aging Schedule). Should a default occur, the cross-collateralization strategy included in the Master Trust Agreement will allow excess CWSRF revenues to be available to cure any DWSRF bond payment default or reserve fund deficiency, or vice versa. The OWRB also maintains the Capacity Model, which demonstrates perpetuity (see Attachment 5 for spreadsheet, including assumptions).

Maintain the perpetuity of the CWSRF through maintaining net assets equal to federal capitalization grants and state matching funds.

STATUS: The OWRB has defined the perpetuity of the CWSRF as “maintaining an amount in the CWSRF equal to the capitalization grants and State match indefinitely.” When investment and loan interest earnings by the CWSRF meet or exceed the administrative funds withdrawn from the CWSRF then the OWRB can demonstrate that this goal has been met.

The OWRB’s target interest rate, approximately 60% of market rate, provides financial incentives for water quality improvements through participation in the program. This target rate, combined with a sound, innovative long-term financing plan, should help maintain the buying power of the fund in perpetuity. The financial indicator for perpetuity, sustainability, or retained earnings shows an 18.0% cumulative retained earnings as a percentage of contributed capital (Attachment 8).

Encourage communities to develop sustainable systems that employ effective utility management practices to build and maintain the level of technical, financial and managerial capacity necessary to ensure long-term sustainability.

STATUS: OWRB worked with Northbridge Environmental to develop the OASIS Program which is a web based application that will assist communities in making sustainable decisions. The program has been available for use by Oklahoma systems since April 2014. Additionally, OWRB is finalizing a wastewater planning guide to help systems with long-term sustainable infrastructure planning. The wastewater planning guide is anticipated to be available for use by Oklahoma systems in October 2014.



FUND FINANCIAL STATUS

Binding Commitments & Assistance Activity

A “binding commitment” as defined by OWRB 785.50 means “legal obligations by the State to the local recipient that define the terms and the timing for assistance under the Clean Water SRF.”

As detailed in Attachment 1, the Oklahoma CWSRF entered into binding commitments for eleven (11) SFY 2014 projects, all of which were distributed to §212 sewer construction and refinancing projects. There were no §319 or §320 projects funded this fiscal year. These §212 activities including adjustments, totaled \$40.9 million meeting the 120% requirement. Binding commitments reportable to EPA’s National Information Management System (NIMS) for SFY 2014 totaled \$76.14 million.

Sources, Uses and Guarantees of Funds

Attachment 4 presents sources and uses of funds. Sources totaled approximately \$131.4 million. Federal funds are drawn as construction is completed and reimbursement requests are submitted. Federal Funds

are drawn down as quickly as possible using the First In First Out method. Total expenditures or “uses” of funds, totaled \$143.8 million.

Bypass Procedures

OWRB has established bypass procedures within OWRB Rules which, along with the Integrated Priority Rating System, guides project funding. The bypass procedure states “A project on the fundable portion of the list may be bypassed if it is determined that the project will not be ready to proceed during the funding year. This determination will be made on projects that are unable to meet the schedule established on the priority list. The applicant whose project is affected shall be given written notice that the project is to be bypassed. Projects that have been bypassed may be reinstated on the fundable portion of the list if sufficient funds are available, and the applicant completes the necessary tasks to proceed. Funds which become available due to the utilization of these bypass procedures will be treated in the same manner as additional allotments.” Due to available capacity within the program there were no bypassed priority projects in SFY 2014.

Program Capacity – 30 Year Financing

The OWRB and FirstSouthwest Company have developed the Clean Water SRF capacity model to gauge the long-term health of the SRF. The model is continually monitored throughout each fiscal year to assure that the perpetuity of the CWSRF program is sustainable. Moreover, the model is used to aid in illustrating the overall impact to program capacity as a result of extended term financing, fluctuating federal funding levels, lending rate policies, market volatility etc. As the Capacity Model for SFY 2014 indicates (see Attachment 5), the degradation to overall program capacity, as a result of the extended term financing approved in SFY 2014, resulted in a loss of less than 2.72% over a 60 year period.

A-133 Audit, Compliance and Financial Audits

Arledge & Associates Inc., Certified Public Accountants were retained to audit SFY 2014 CWSRF financial statements for the program. A copy of the audited financial statements, along with the financial statements of the administrative fund held outside the CWSRF, are included as Attachments 6 and 7. An A-133 Audit was not required for SFY 2014.

Financial Indicators

In an effort to measure the pace, Oklahoma’s CWSRF incorporates “financial indicators” into annual program review. Attachment 8 presents five key measures that reflect the different financial objectives of the SRF and provides broad indicators of how the CWSRF is meeting them.

Interest Rate Subsidy

An additional indicator, “Estimated Interest Rate Subsidy” provides a description of the subsidy provided by the CWSRF program’s AAA rated bonds compared to interest rates available to communities whose local debt would fit into a given credit rating category. The OWRB offers CWSRF loans at an interest rate equal to 60% of the Municipal Market Daily (MMD) AAA scale spot rates for each year though maturity with 70 basis points added to compensate for risk. The interest rate is calculated approximately 10 days prior to loan closing and is provided to communities regardless of credit quality. Our interest rates have stayed similar to past CWSRF interest rates and are commonly in the 2.16% – 3.26% range.

State Matching Funds

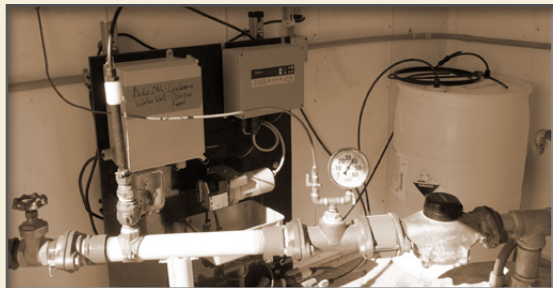
Through SFY 2014, Oklahoma received federal capitalization grant awards totaling \$306.6 million matched in previous years by \$55.0 million in State funds. Attachment 9 lists sources of State match funding for FFY capitalization grants awarded through the Clean Water Act from 1988 through 2013. As a part of the Series 2012B Bond Issue, \$1.5 million of the bond proceeds were reallocated to cover a portion of the 20% match for the remainder of the 2013 capitalization grant along with an appropriation of \$12,240 from the Water Infrastructure Development Fund.

Since July 24, 1996 the OWRB has expended available State matching funds prior to expending federal funds for the convenience of accounting for the drawdown of State funds to ensure Federal capitalization grant funds are not drawn down prior to State funds, in accordance with Federal regulations. These regulations, found in 40 CFR 35.3135, stipulate that, at a minimum, State match funds proportional to the State match share (17% of combined State match and capitalization grant funds) must be expended as Federal funds are drawn down. This approach is

not intended to alter any relationship, legal or otherwise, that would have existed had the prescribed draw down ratio been followed.

Bond Refundings

In SFY 2014, the OWRB closed the 2014A Clean Water State Revolving Fund Bond Issue to refund the 2004 State Revolving Fund Revenue Bond Issue. Thanks to the new issue’s lower interest costs, the refunding provided approximately \$7.49 million of increased capacity to the CWSRF Program. The refunding also translated into savings for 24 Oklahoma communities whose loans had been pledged to the refunded bonds. Not only did these communities see a reduction in their interest rate, but many were also able to significantly reduce the term of their loan. Altogether, these entities saved \$3.2 million.



Fees
Administrative fees are assessed to each participating borrower at the rate of one-half of one percent (0.5%) per annum of the amount of each borrower's loan balance outstanding. These totalled \$2,262,270 in SFY 2014. Application fee rates are listed in Table 3 and totalled \$4,750 for SFY 2014.

These fees are deposited into the CWSRF administrative account outside of the SRF for Operating Expenses.

Grant Payment Schedule
The OWRB is committed to the timely and expeditious use of its Capitalization Grant funds by expending those funds usually within the SFY they are received. The FFY 2013 Capitalization Grant was completely drawn and closed-out with EPA in SFY 2014 (see Table 4).

Actual Federal Disbursements for SFY 2014					
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total (Qtr 1 - 4)
Scheduled Grant Payments	10,786				
Actual Federal SRF Program Totals*	687	6,257	3,447	395	10,786

TABLE 3

Loan Application Fees	
\$ 249,999 or less	\$ 100.00
\$ 250,000 - 999,999	\$ 250.00
\$1,000,000 or more	\$ 500.00

TABLE 4

PROGRAM INITIATIVES

Modifications of the Program
There were no major modifications to the program in FY 2014.

Document Management System
The OWRB is continuing its efforts to streamline operations by implementing a document management system for the Financial Assistance Division's documents. Program staff utilizes the document management system daily to view and process documents. The repository will contribute to better management of the programs' records by improving staff efficiency and providing greater records integrity. The system allows faster access to files by multiple people simultaneously and increases staff productivity by decreasing time required for retrieving files and finding misplaced files. Other advantages to document imaging include reducing risk by providing backup to critical and essential paper documents and reducing physical storage space. Subsequent plans include implementing workflow to route documents and automate many of the programs' processes.

The system has now begun to integrate with the division's loan servicing software, Infrastructure Financing Software (IFS), to provide staff convenient access to loan documents. IFS has the added benefit of loan data and tracking as well as creating custom reports for instantaneous data retrieval. Continued development of automated reports necessary for many CWSRF reporting requirements has ramped up in SFY 2014 expediting CBR/NIMS reporting as well as this Annual Report.

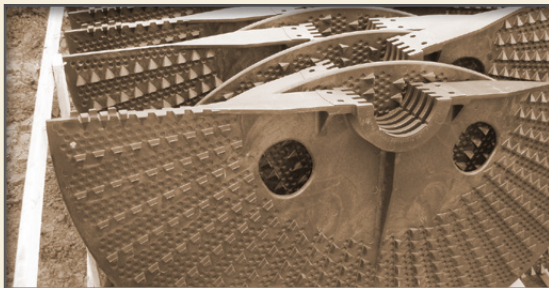
Standard Operating Procedures
Standard operating procedures (SOP) were formalized for all Division sections: Analysts, Engineers, Operations, and Environmental. These SOPs are considered "living" documents that will continually be updated as processes evolve.

Forms Review
The many and various forms used by our clients were thoroughly revisited in SFY 2014 to assure that only the latest were on our servers and old versions backed up and removed to avoid any confusion or use of out of date forms. Many of these have been placed on our website for download.

The intention is that all forms will be available there and only there to avoid duplicates or out of date forms and are not to be copied to any other place on OWRB's servers or on staff workstations.

Online Benefits Assessment Program for Wastewater
The Oklahoma Advantages Assessment and Scoring for Infrastructure Solutions (OASIS) program is designed to help communities quantify the environmental, social, and economic benefits of their wastewater infrastructure investment. The information included in the resulting output statements can help community leaders make well-informed decisions regarding the types of projects that will best meet their community's short- and long-term goals.

For SFY 2014, the current application was developed and made available to communities for use via the OWRB website. The division decided however, to withhold intensive marketing of the product until further functionality could be completed. Scheduled for an October release,



OASIS will include the “Treatment Effectiveness” of various available technologies on different parameters that may or may not be in an entity’s wasteload allocation.

The OASIS project was developed as part of the Oklahoma Comprehensive Water Plan and funded through the EPA and the OWRB.

Planning Guide for Wastewater

The Guide is an easy-to-use printed guide with companion online fillable forms and spreadsheets designed to assist entities in developing detailed strategies to meet their long-term wastewater infrastructure needs; empowering entities to think about a more resilient, sustainable, and efficient design that will meet its long-term goals. The Guide will step the user through the process of understanding what infrastructure it has in place, what its needs are, and the options it has to meet those needs. Some of those options include more innovative considerations such as water reuse and reclamation, marginal quality water use, conservation pricing, and more.

Nearing completion, the Guide has a final step remaining to incorporate new WRRDA Guidance requiring a Fiscal Sustainability Plan and the evaluation and selection of the processes, materials, and technologies with the maximum potential alternative. Upon completion in the fall of 2014, distribution and outreach will begin.

Goals for Future Intended Use Plans

To provide for better management and greater flexibility of the CWSRF, as well as the DWSRF, the OWRB again requested EPA approval to reserve the right to transfer funds, of up to 33% of the DWSRF capitalization grant, between the two programs. However, no transfer was necessary for SFY 2014.

No changes in the loan interest rate subsidy are anticipated, however, the OWRB is currently utilizing an independent financial advisor to review all OWRB lending programs and identify the strategy’s long term impact on the health of the fund, along with the financial aspects of the loan application and loan monitoring processes.

RULE CHANGES

The following rule changes related to the CWSRF program were approved by the OWRB on March 18, 2014 and ratified by the Legislature and Governor to become effective on June 19, 2014.

Sections 785:50-9-23 and 785:50-9-38 have been amended to correct grammatical errors in the rules. The intended effect is to make the rules in these sections grammatically correct.

Sections 785:50-9-28 and 785:50-9-61 have been amended to correct language, to change the name of document and a newspaper. These changes are proposed to modify language so that it reflects the current name and to clarify the language.

Section 785:50-9-21 has been amended to delete the term treatment in order to expand the type of project eligible for funding. The intended effect is to ensure that the rule is consistent with the U.S. Environmental Protection Agency (EPA) guidelines.

Section 785:50-9-21 has been amended to change ‘initiation of construction’ to ‘completion of construction’ in order to correlate with the design life of the project. The intended effect is to accurately reflect the eligible capacity of a treatment plant and to correlate that with the design life of the project.

Section 785:50-9-30 has been amended to delete the percentage reflected in the rules concerning contingencies. The intended effect is to ensure that the rule is consistent with the Oklahoma Department of Environmental Quality rules.

Section 785:50-9-32 has been amended to change ‘design report’ to ‘final report’. The intended effect is to accurately reflect the document required under EPA guidelines and the current process.

Section 785:50-9-35 has been amended to remove a section of the rule and move it to the appropriate section of the rules. The intended effect is to change the rule to accurately reflect the process that is followed.

Section 785:50-9-42 has been amended to change the retainage requirements to match the Oklahoma State Statutes regarding Competitive Bidding. The intended effect is to update the rules in accordance with updated State Statutes.

EPA reviewed and approved the changes on June 20, 2014.



Environmental Benefit and Performance

The CWSRF program continues to provide affordable financing to communities, achieving its ultimate purpose of protecting public health and the environment while helping the State work towards meeting the “fishable/swimmable” goals of the Clean Water Act. Oklahoma’s integrated priority rating system prioritizes projects based upon multiple environmental benefit metrics to ensure that CWSRF funds are most effectively used, to provide a standardized intra-agency method for benefit comparison and reporting. Further, these metrics provide reference data that can be used to fulfill OWRB’s reporting requirements in accordance with Environmental Results Assistance Agreement Order No. 5700.7.

Table 5 summarizes the Environmental benefits addressed by each project. Nine (9) of the eleven (11) projects approved for funding during SFY 2014 were proposed as a result of a documented public health threat and/or NPDES discharge permit violation and assist borrowers come into permit compliance.

Eight (8) of the eleven (11) projects benefit communities discharging into priority stream segments identified as threatened or impaired in Oklahoma’s Integrated Water Quality Assessment Report (303d listing).

Additionally, five (5) projects lie within hydrologic basins where groundwater is considered highly vulnerable, within or affecting a source water protection area, watershed designated as nutrient-limited, or upstream of waters with recreational or of ecological significance.

TABLE 5

Attachment 2 (Abridged) - Projected Environmental Benefits for SFY 2014 CWSRF Loans											
PROJECT	Quinton PWA	Oilton PWA	Frederick PWA	Locust Grove PWA	Owasso PWA	Kiefer PWA	Muskogee MA	Skiatook PWA	Tulsa MUA	Norman UA	El Reno MA
Project Number	ORF-13-0016-CW	ORF-13-0012-CW	ORF-13-0011-CW	ORF-14-0010-CW	ORF-13-0005-CW	ORF-14-0006-CW	ORF-14-0012-CW	ORF-14-0013-CW	ORF-14-0002-CW	ORF-14-0005-CW	ORF-13-0003-CW
Population	1,051	1,013	3,940	1,423	28,915	1,685	39,223	7,397	391,906	110,925	16,749
Assistance Amount Total	\$710,000	\$2,850,000	\$4,315,000	\$3,485,000	\$3,425,000	\$320,000	\$7,300,000	\$520,000	\$2,910,000	\$50,300,000	\$16,500,000
Waterbody name	Unnamed Trib of San Bois Creek	Cimarron R.	Little Deep Red Cr.	Trib. To Crutchfield Branch	Unnamed Trib to Owasso Cr. to Bird Cr.	Childres Cr.	Arkansas R.	Bird Cr. & Hominy Cr.	Bird Cr.	Candian R.	North Canadian R.
PROJECT TYPE FACTOR											
Consent Order or Enforceable NPDES Permit Schedule		X	X	X	X	X	X	X	X		X
Consent Order or Enforceable NPDES Permit Schedule in a water supply		X	X				X	X	X		X
Eliminate or reduce documented health threat or NPDES violation				X	X	X				X	
All other projects	X										
WATER QUALITY RESTORATION FACTOR											
Affects 303d listed stream		X	X			X	X	X	X	X	X
Top-ten NPS Priority Watershed											X
Project implements water quality plan	X	X	X					X		X	X
WATER QUALITY PROTECTION FACTOR											
Appendix A water											
Nutrient-limited watershed				X							
Groundwater vulnerability											
Low	X		X		X	X		X			
Moderate		X									
High				X							X
Very High							X		X	X	

MOORE, OK WWTP

Moore's wastewater plant construction project, which began in 2009, doubles the community's treatment capacity and addresses both the community's future growth pattern and several necessary infrastructure improvements. For example, in addition to increased capacity, the new plant helps Moore meet new ammonia limits on treated wastewater, and addresses frequent odor issues that many citizens or motorists may have experienced in the area.

The new wastewater treatment plant was made possible by a total of \$53,417,982 in loans through the OWRB's Financial Assistance Division. The total project included three separate OWRB loans with first loan being awarded as far back as May 2009.

"This project included one of the largest wastewater infrastructure loans that the OWRB has ever awarded, but more importantly it is yet another example of strong cooperation between state and local officials on critically needed infrastructure improvements," said Joe Freeman, Chief of the OWRB's Financial Assistance Division.

Unfortunately, the project's progress was

disrupted when the May 20, 2013 tornado struck the heart of Moore. Although the project site was not damaged, the storm created both technical and financial hurdles for the project.

"Despite the challenges that Moore faced following the tragic May 20, 2013 tornado, project planners and state officials never wavered in their commitment to completing the project. It is a facility that the citizens of Moore can be extremely proud of and that will serve the community for decades to come," added Freeman.

Prior to the 2013 storm, the treatment project already presented some unique challenges for planners as it was situated within a heavily developed residential and industrial area. This created the need to construct the new wastewater facility directly on top of the old one. Old portions of the plant were dismantled while new ones were erected; all while keeping Moore's existing systems operational.

"We are very pleased to be here at the culmination of another successful community project for the citizens of Moore. We are thankful for the cooperation and assistance of the

OWRB in helping make this treatment facility a reality," said Steve Eddy, Moore's City Manager. "The facility has a number of improvements and upgrades that have been sorely needed for some time."

Several improvements included in the new plant were aimed at increasing both the capacity and effectiveness of Moore's wastewater treatment. Specifically, the new ultraviolet light disinfection system and other facilities have increased capacity to 9 million gallons per day from 4.5 million gallons per day originally. With the current technologies in place, the new facility could one day increase capacity of treatment up to 24 million gallons per day. In addition to increased capacity, initial tests have demonstrated that the new plant is able to disinfect much more efficiently as well.

But perhaps most notable to the citizens living and working in the area, and the motorists that frequently use I-35 or other area roads, the project has eliminated the presence of odors around the facility. The new treatment plant contains state-of-the-art technology called "scrubbers" that help detect and eliminate any

odor issues that result from the plant's operations.

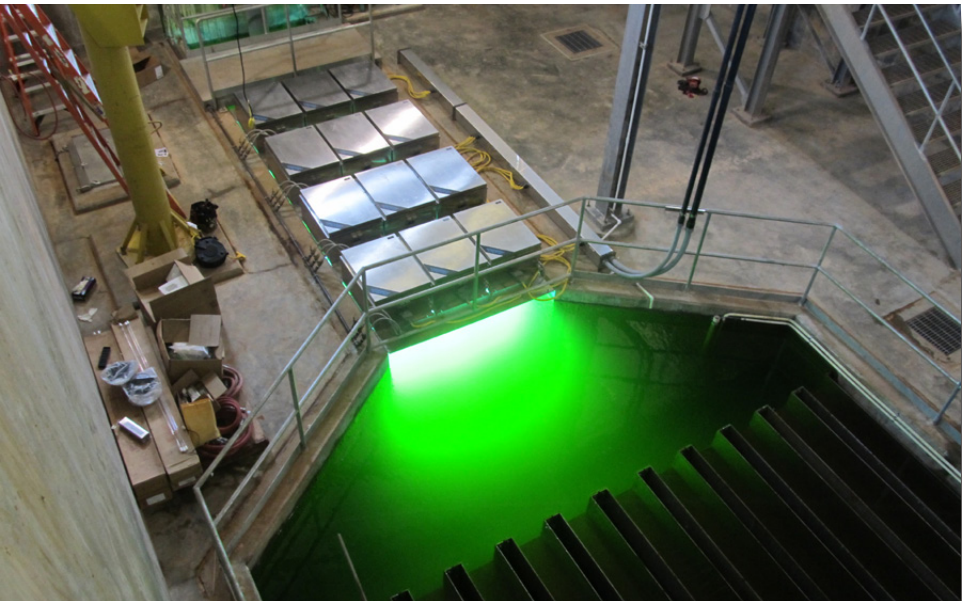
"If you'd driven along I-35 in years past and noticed the unpleasant odor between Moore and Norman, you'll be pleased to know that this facility has all but eliminated those odors," said Joe Freeman. "In addition to increased treatment capacity to meet Moore's growing population and commercial development, the facility also features state-of-the-art technology that helps test air quality and prevent odors," added Freeman.

The City of Moore hosted the recent celebration on September 16. Board members of the OWRB, members of the OWRB's Financial Assistance Division, members of the community, and many other project stakeholders were in attendance at Tuesday's event.

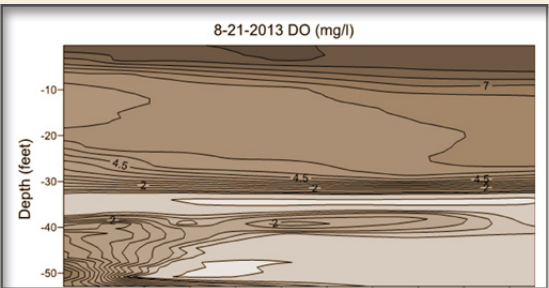
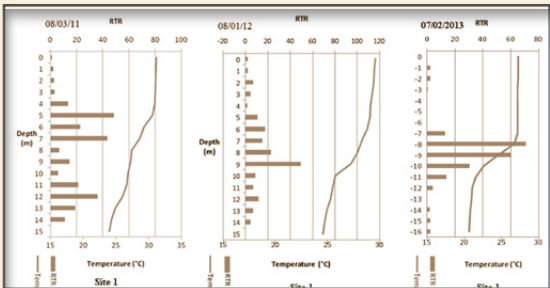
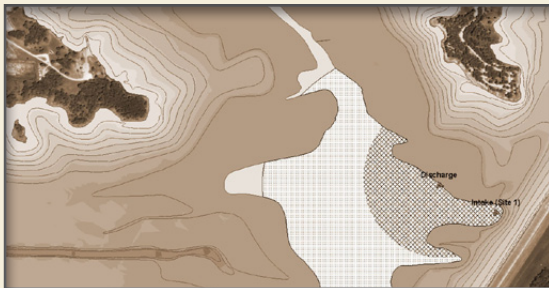
Since 1983 the Oklahoma Water Resources Board has approved over \$3 billion in financial assistance for water and wastewater infrastructure improvements throughout Oklahoma. Through these financial assistance programs, the OWRB has saved communities and water systems more than \$1 billion over conventional financing options.



Blowers for the Sequential Batch Reactor (SBR)



Ultraviolet Disinfection system

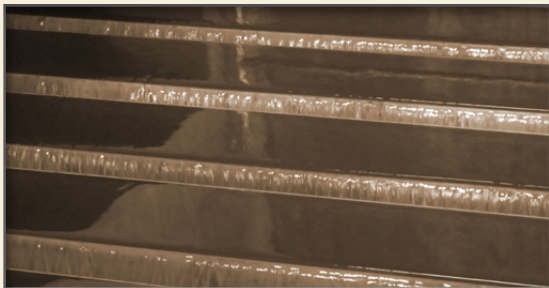


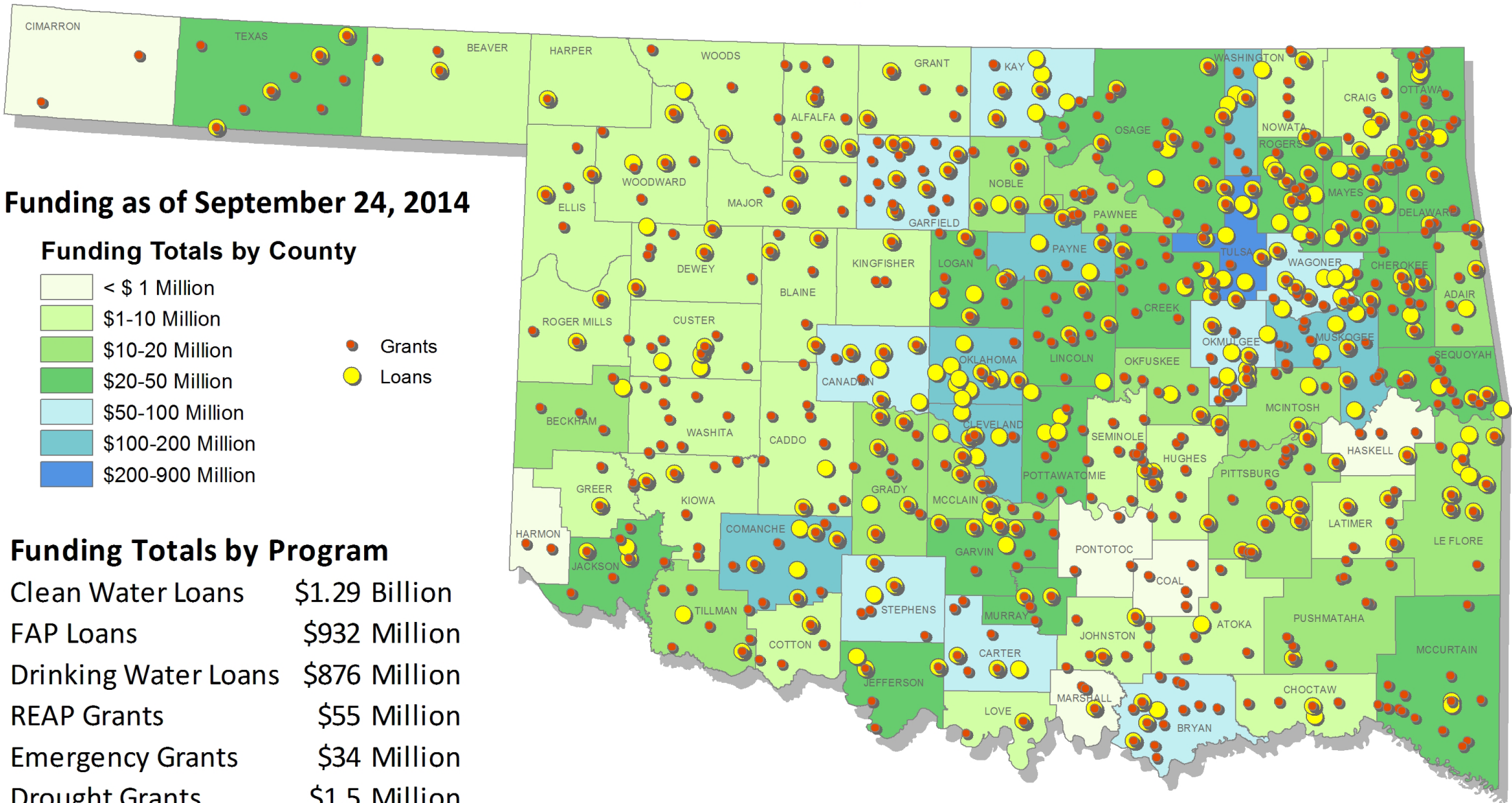
The Future of Wastewater Infrastructure in Oklahoma

As a result of the widespread need for water pollution control infrastructure financing, and efforts by the OWRB to implement a “lower than market rate” loan program, the Board has received a positive response from communities across the state requesting their projects be added to the five-year CWSRF Project Priority List (PPL). For SFY 2015, sixteen (16) communities have made requests for wastewater construction projects totaling over \$50.4 million. The demand through 2019 totals over \$122.8 million. This number is likely low, as historically the number of projects identified on the CWSRF PPL target for future years underestimates the actual project demand due to the uncertainty of future construction schedules, the issuance of new enforcement or administrative orders, etc. The Oklahoma Comprehensive Water Plan documents over \$12.5 billion in wastewater construction needs thru the year 2020.

On June 10, 2014, President Obama signed into law the Water Resources Reform and Development Act of 2014. This act provided amendments to several sections of the Federal Water Pollution Control Act including Titles I, II, V and VI. The result of these amendments on Oklahoma’s CWSRF Program and unknown at this time. Modifications will be made to the SFY 2015 CWSRF IUP before September 30, 2014 to address the amendments.

The OWRB’s Financial Assistance Division has funded Oklahoma water and wastewater infrastructure projects for over 30 years. We look forward to working with our partners to develop solutions in order to help communities address their infrastructure needs for this generation and generations to come!





Now available online as
an interactive viewer.
Easy to find loan and
grant information for any
of these projects.
www.owrb.ok.gov/cwsrf

ACKNOWLEDGEMENTS

The Financial Assistance Division would like to thank our FY 2014 assistance recipients, as well as past recipients, for helping making Oklahoma's Clean Water State Revolving Fund Program a success.

Thank you to the Financial Assistance Division staff for their hard work over the last year. The program would not be the success that it is without them!

Published by
The Oklahoma Water Resources Board
Financial Assistance Division
3800 N. Classen Boulevard
Oklahoma City, Oklahoma 73118

