

**OKLAHOMA WATER RESOURCES BOARD  
OFFICIAL MINUTES**

**Regular Meeting**

**August 18, 2020**

**1. CALL TO ORDER**

The Regular Meeting of the Oklahoma Water Resources Board was called to order by Chairman Robert L. Stallings, Jr., at 9:32 a.m. on August 18, 2020, in the second floor Board Room of the Oklahoma Water Resources Board located at 3800 N. Classen Boulevard, Oklahoma City, Oklahoma, 73118. The meeting was conducted pursuant to the Oklahoma Open Meeting Law with due and proper notice provided pursuant to Sections 303 and 311 thereof. The agenda was posted on August 14, 2020, at 4:10 p.m., at the Oklahoma Water Resources Board's offices at 3800 N. Classen Boulevard, Oklahoma City, Oklahoma, and provided on the agency's website.

A. Roll Call. Chairman Stallings called the meeting to order and stated this meeting is being conducted with social distancing and via Zoom Webinar. He asked for the roll call of members who participated in the meeting via video or telephone conferencing.

Board Members Present

Robert L. Stallings, Jr., Chairman  
Stephen Allen, Vice Chairman  
Jennifer Castillo  
Charles Darby  
Thomas A. Gorman  
Suzanne Landess  
Robert L. Melton  
Matt Muller

Board Members Absent

Bob Drake, Secretary

Staff Members Present and Participating via Zoom Webinar

Julie Cunningham, Executive Director  
Sara Gibson, General Counsel  
Cleve Pierce, Chief, Administrative Services Division  
Joe Freeman, Chief, Financial Assistance Division  
Kent Wilkins, Chief, Planning and Management Division  
Bill Cauthron, Chief, Water Quality Programs Division  
Mary Schooley, Executive Secretary

The following person participated via Zoom Webinar

There were no members of the public participated in the meeting.

B. Discussion, Amendments, and Vote to Approve Official Minutes of the June 16, 2020, Special Meeting. Chairman Stallings asked if there were any comments, proposed amendments, or a motion to approval of the June 16, 2020, special meeting minutes. There were no comments.

Mr. Darby moved to approve the minutes of the June 16, 2020, Special Meeting, and Mr. Allen seconded. There was no discussion. Chairman Stallings called for the vote.

AYE: Darby, Allen, Gorman, Melton, Muller, Castillo, Stallings

NAY: None

ABSTAIN: None

ABSENT: Drake, Landess (audio difficulty)

Initial technical connection difficulty prevented Ms. Castillo and Ms. Landess from joining the meeting until approximately 9:40 a.m.; Ms. Landess experienced additional audio problems during the roll call vote on item 1.B.

C. Executive Director's Report

Ms. Julie Cunningham, Executive Director, welcomed everyone to the meeting. She began her report with an update on the State's climate conditions, noting the recently published Water Resources Bulletin. She said the state had experienced good amounts of rain, and the reservoir storage across the state is at 100% or over in most cases, although there is persistent drought in western parts of the State. She also updated the members on the agency's operations in response to the COVID emergency, with the Governor having signed the Executive Order extending the state of emergency for all 77 counties until the end of August. She added the legislation approved extends the authorization to conduct remote public meetings until November; after that time additional legislation would be required, therefore, the Board may anticipate meeting in person in November. Employees continue to telework with virtual platforms; several changes may become permanent changes to the agency's operations, i.e., online education and testing for water well operators, as well as administrative transactions. Field operations are returning to normal, and a blood drive was conducted in the parking lot via the Blood Mobile on August 11.

Regarding calendar items, Governor Stitt conducted an All Agency Director's Summit on July 16 via Zoom and Secretaries Budd and Mazzei discussed re-configuring agency strategic plans for consistent reporting and agency information in a useable, comparative format. The agency reviews mission, vision, and the plan annually, but this effort will look at personnel vacancies, layers of management, number of classified positions, and number of contracts with engineering firms and outside entities to perform work; with the current budget situation, the agency is holding open vacancies. The Governor's Scorecard tracks statistics comparing Oklahoma to other states using readily available published data. Regarding the budget shortfall, Secretary Mazzei anticipated at \$1.2 billion deficit for FY2022 and the agency is keeping a close eye on budget matters, and the collections for the Gross Production Tax.

Regarding other matters, the Western States Water Council held its virtual annual meeting--OWRB is the Oklahoma member of the primary organization of western states that develop position statements on several water issues including, work with the federal agencies during rulemaking through formal consultation rather than just engaging as stakeholders, and support funding for the US Geological Survey's activities involving NIDIS, water monitoring, and stream gaging. On August 4, the Kansas-Oklahoma Arkansas River Commission met virtually and as an Oklahoma Commissioner, Ms. Cunningham reported on the flooding of 2019, and the success of Senate Bill 1269, one of the limited measures passed this year, and the agency is working with the Department of Emergency Management to put together funding, which was not provided by the Legislature, and she anticipated this action will be a large part of the update of the Oklahoma Comprehensive Water Plan. She also updated the Commissioners there were 34 water and sewer projects constructed in the basin for a total of \$313 million dollars. On August 5, Ms. Cunningham

participated in a multi-state floodplain/stormwater management panel discussion sponsored by Freese and Nichols, and on August 13 staff met with Dr. Wagner of OSU and Trey Lam with OCC about the state's Master Irrigator's Program. The Oklahoma House Agriculture and Rural Development Committee held an Interim Study on poultry waste management where the OWRB participated and Kent Wilkins presented on the Roubidoux and Boone Aquifer Maximum Annual Yield Study with the US Geological Survey determining the yield of the aquifer for proper appropriation of water rights (anticipated completion in December 2021).

Ms. Cunningham concluded her report updating the members on Congressional activities. Senator Inhofe's office contacted her regarding legislation providing enhanced technological support to communities, similar to the State Revolving Fund programs for small water and sewer systems, with an emphasis on the lack of personnel and training new people in the industry.

Mr. Melton asked about the difference in percentage in the Gross Productions Tax collections from what the agency is accustomed to receiving. Mr. Wilkins stated there has been a slight decline, and Ms. Cunningham added the agency is anticipating a decline in General Revenue next year as well, and is keeping a close watch. There were no other questions.

#### D. Financial Update

1. Budget Report. Mr. Cleve Pierce, Administrative Services Division Chief, addressed the members and stated the budget report is for the time period ending July 31, 2020. He said for the time period, the agency has spent 7% of the appropriated budget, leaving 93%; has spent 3% of the revolving fund leaving 96%; and has spent 4% of federal dollars with 96% remaining. The overall budget remaining stands at 96% with 92% of the fiscal year remaining; last year at this time the agency was at 95%, staying within the 1-2% goal.

He said the agency budget was cut 4% which was allowed, and revenues are being watched closely. He said staff submitted the budget on the 30th (June) and it was posted on July 20; the new budget year has started. Mr. Pierce concluded his report.

Chairman Stallings followed up on the question by Mr. Melton regarding the Gross Production Tax. Mr. Pierce answered there is a cap on the agency's appropriation and the money is received throughout the year until that cap amount is reached, which can be within three month, six months, or the full amount may not be received within the year. He said that agency has received the cap each year, and he would report on that funding at the next meeting. Chairman Stallings commented with oil and gas production down, GPT collections will be down and the Board would feel an impact.

## 2. **FINANCIAL ASSISTANCE DIVISION**

A. Consideration of and Possible Action on a Proposed Order Approving Clean Water Funding Application for Bartlesville Municipal Authority, Washington County. Recommended for Approval. Mr. Joe Freeman, Chief, Financial Assistance Division, stated this first item is an \$8,220,000 loan request from the Bartlesville Municipal Authority. The Authority is requesting the loan to go along with a \$750,000.00 Bureau of Reclamation grant to construct a new effluent pump station, a cascade, and a three-mile, 18-inch treated effluent pipeline from the wastewater treatment plant to a secondary discharge location on the Caney River. From the discharge point, the effluent will flow seven miles downstream toward the water treatment plant. Mr. Freeman said the loan will be funded through the Clean Water State Revolving Fund Loan Program, and he noted provisions of the loan agreement. Bartlesville has been a long-time, excellent customer of the Board's and currently has four loans with the Board with a combined principal balance of \$2,346,000.00; the debt coverage ratio stands at 1.91-times. Staff recommended approval of the loan application. Bartlesville officials asked that Mr. Freeman relay the following statement: Mr. Mike Bailey, Bartlesville City Manager expressed appreciation for consideration by the Board for the loan application. The City recognizes the significant economic advantages of the Board's financing program, and more

importantly, the assistance of Board staff in project planning and loan application process. The OWRB is an asset to the State and to the City of Bartlesville. The City and OWRB have a long and successful history and he is personally grateful for the OWRB assistance provided to the City through the years. He looked forward to continuing the partnership as the City looks further to improve the quality and viability of Bartlesville's water and wastewater infrastructure.

Mr. Freeman noted this is a unique project and to his knowledge, the first of its type approved by DEQ and the state, and a great move on the part of Bartlesville.

Chairman Stallings asked if there were questions by the members; there were none, and he said he would entertain a motion. Mr. Melton moved to approve the CWSRF loan to the Bartlesville Municipal Authority, and Ms. Castillo seconded. Chairman Stallings called for the vote.

AYE: Darby, Allen, Gorman, Landess, Melton, Muller, Castillo, Stallings  
NAY: None  
ABSTAIN: None  
ABSENT: Drake

B. Consideration of and Possible Action on a Proposed Order Approving State Loan Program Revenue Bond Loan Funding Application for Broken Arrow Municipal Authority, Tulsa County. Recommended for Approval. Mr. Freeman stated item 2.B. a \$9,680,000 loan request from the Broken Arrow Municipal Authority for several water and wastewater system improvements. Broken Arrow is requesting the loan for an additional fiberglass reinforced plastic brine tank at the Battle Creek Water Treatment Plant, installing new valve vaults on the Battle Creek Water Tank, a new upsized water line from the tank to the Battle Creek Golf Course irrigation pump station, looping water lines throughout the system, restoration of the 5 million gallon Omaha ground storage tank, construction of the county line trunk sewer Phase 1, and design along the right of way acquisition costs for Phase 2 of the county line trunk sewer. Mr. Freeman stated the loan will be funded through the State Revenue Bond Loan Program, known as the FAP Loan Program, and he noted provisions of the loan agreement. He said that Broken Arrow has been a long-time, good loan customer of the Board's, the water connections have increase 12% and the wastewater connections have increased 17% over the past ten years. Broken Arrow has 15 loans outstanding with the Board with a combined balance of \$106.6 million; the debt coverage ratio stands at 1.85-times. Staff recommended approval of the loan application.

Mr. Freeman relayed the following statement on behalf of Broken Arrow: Mr. Ken Schwaab, Assistant City Manager, stated on behalf of the City of Broken Arrow, the Broken Arrow Municipal Authority, and City Manager Spurgeon, he thanked the Water Board for its consideration of the loan request. The Oklahoma revolving fund and the financial assistance program as well as the OWRB's administration and oversight of these programs are essential for Broken Arrow's ability to continue to address and meet the needs of their customers. Without the Board's consideration, and involvement in the programs, the City of Broken Arrow would have a very difficult challenge meeting the needs of the customers. Being able to refinance existing loans and receive new loans, the extremely competitive rates allows the City to spend more money on the various infrastructure that provides safe drinking water to the public and allows the discharge of clean water back into the environment.

Chairman Stallings asked if there were questions on the Broken Arrow \$9.6 million loan. Mr. Steven Allen asked if the debt coverage ratio that is calculated is based on the assumption the Board will approve all three loans. Mr. Freeman stated that is correct, the debt service on all three loans before the Board today. Looking ahead, Mr. Allen stated that two of the loans are FAP loans, and one is a Clean Water SRF loan, and he asked the capacity on the two FAP loans if approved. Mr. Freeman answered regarding the CWSRF there is an item later in the agenda to approve a \$100 million dollar bond issue to generate additional cash and with that, the Board is still fine on capacity. Regarding the FAP program, Mr. Freeman stated the Board is very good on capacity because of the Water Infrastructure Credit Enhancement Reserve Fund of \$300 million to fall back on which gives the Board the ability to loan over \$2.5 billion in more bonds if needed for projects across the state.

Chairman Stallings asked for a motion. Mr. Allen moved to approve the \$9.6 million dollar FAP loan to the Broken Arrow Municipal Authority, and Mr. Melton seconded. Chairman Stallings called for the vote.

AYE: Darby, Allen, Gorman, Landess, Melton, Muller, Castillo, Stallings  
NAY: None  
ABSTAIN: None  
ABSENT: Drake

C. Consideration of and Possible Action on a Proposed Order Approving Clean Water Funding Application for Broken Arrow Municipal Authority, Tulsa County. Recommended for Approval. Mr. Freeman stated this item is a \$19,695,000.00 loan request from the Broken Arrow Municipal Authority. The BAMA is requesting the loan for various improvements for the Haikey Creek Wastewater Treatment Plant and Basin, the Lynn Lane Wastewater Treatment Plant and Basin, as well as for Phase 3 of its automated water meter reading system. Mr. Freeman stated the loan will be funded through the Board's Clean Water SRF Loan Program, and he noted provisions of the loan agreement. The debt coverage ratio stands at 1.85-times. Staff recommended approval of the loan application.

Chairman Stallings stated this second loan to Broken Arrow is for \$19.6 million; he asked if there were questions. There were no questions, and Mr. Darby moved to approve the loan application. Mr. Gorman seconded. Chairman Stallings called for the vote.

AYE: Darby, Allen, Gorman, Landess, Melton, Muller, Castillo, Stallings  
NAY: None  
ABSTAIN: None  
ABSENT: Drake

D. Consideration of and Possible Action on a Proposed Order Approving State Loan Program Revenue Bond Loan Funding Application for Broken Arrow Municipal Authority, Tulsa County. Recommended for Approval. Mr. Freeman said this item is a \$27,575,000.00 loan request from the Broken Arrow Municipal Authority. The Authority is requesting the loan to refinance the FAP loan it obtained from the Board in 2012 that was for various water system improvements. Mr. Freeman said the loan will be funded through the FAP Loan Program, and he noted provisions of the loan agreement; the estimated savings is \$2.9 million dollars by refinancing. The debt coverage ratio stands at 1.85-times. Staff recommended approval.

Chairman Stallings asked if the Authority's \$106 million loan balance included the three loans today, and Mr. Freeman stated it did not, that total is the loans that have already closed. Chairman Stallings confirmed the debt coverage ratio does include the three loans, and Mr. Freeman answered, yes, it includes all the previous loans and these three loans.

Chairman Stallings said this is Broken Arrow's \$27.5 million refinancing, and he asked if there were questions. There were no questions, and Mr. Allen moved to approve the loan request. Ms. Landess seconded. Chairman Stallings called for the vote.

AYE: Darby, Allen, Gorman, Landess, Melton, Muller, Castillo, Stallings  
NAY: None  
ABSTAIN: None  
ABSENT: Drake

E. Consideration of and Possible Action on Proposed Resolution Authorizing Certain Individuals To Sign and Act on Behalf of the Board Regarding the Board's Financial Assistance Program, State Revolving Fund Programs, and Issues of Indebtedness and Authorizing Members to Act as Assistant Secretary. Recommended for Approval. Mr. Freeman stated this item is brought to the Board each year after the election of officers and appointment of new members to the Board. The resolution authorizes certain individuals to sign and act on behalf of the Board regarding the Board's Financial Assistance Program and the State Revolving Fund Loan Programs. He said the resolution names each Board Member, except the

Chairman, as assistant secretaries in the absence of the secretary. The resolution allows BancFirst, the Board's Trustee, to know the Board's composition and to have signatures on file for verification. The resolution also adds Mr. Gorman as Board Member in place of Mr. Drummond. Staff recommended approval of the resolution.

Mr. Freeman added that as a result of the Board Meetings being held virtually, staff will mail each Board Member a signature page to be returned which will then be provided to BancFirst.

Chairman Stallings stated he would entertain a motion. Mr. Darby moved to approve the resolution, and Ms. Castillo seconded. Chairman Stallings called for the vote.

AYE: Darby, Allen, Gorman, Landess, Melton, Muller, Castillo, Stallings  
NAY: None  
ABSTAIN: None  
ABSENT: Drake

F. Consideration of and Possible Action on a Proposed Resolution Selecting a Disclosure Counsel to the Board in Connection with the Board's Financing Programs. Recommended for Approval. Mr. Freeman explained this item is for consideration of selection of disclosure counsel for the FAP, Clean Water SRF, and Drinking Water SRF Loan Programs. He said that in April 2019, the Board began retaining disclosure legal counsel as a result of increased focus on the municipal bond market by the Securities and Exchange Commission, and counsel provides advice directly to the Board regarding securities law issues. Having a disclosure counsel with an attorney-client fiduciary relationship with the Board, allows disclosure advice solely from the vantage of making sure to protect the Board. Additionally, counsel will help the Board by facilitating consistency in its disclosure information from bond issue to bond issue, prepare the preliminary official statements and official statements for the bond issues.

Mr. Freeman stated requests for proposals were distributed to 28 firms, and staff received proposals from six firms. Staff reviewed the proposals based on the firm's experience, experience of the assigned lawyers, transaction experience, and fees. The proposals were reviewed by Ms. Kate Burum, OWRB Assistant General Counsel, Ms. Anne Burger Entrekin, OWRB SRF Financial Advisor with Hilltop Securities, and Mr. Freeman. Following review, Mr. Freeman consulted with Mr. Andrew Messer, Deputy State Treasurer for Debt Management, and additional review by the Board's Finance Committee composed of Mr. Stallings, Mr. Melton, and Mr. Allen. Mr. Freeman stated the six proposals were from Kutak Rock of Denver, Thompson Coburn of St. Louis, Chapman Cutler of Chicago, Gilmore and Bell of Kansas City, Orrick of Houston, and Lock Lord of Dallas. Staff recommended the firm of Gilmore and Bell of Kansas City as Disclosure Counsel to the Board.

Chairman Stallings stated the resolution is to select Gilmore and Bell as the Board's Disclosure Counsel, which he and other members had reviewed; he would entertain a motion. Mr. Melton moved to approve the resolution selecting Gilmore and Bell, and Mr. Allen seconded. Chairman Stallings called for the vote.

AYE: Darby, Allen, Gorman, Landess, Melton, Muller, Castillo, Stallings  
NAY: None  
ABSTAIN: None  
ABSENT: Drake

G. Consideration of and Possible Action on a Proposed Resolution Selecting a Bond Counsel in Connection with the Issuance of One or More Obligations to Provide Funding for the State Loan Program. Recommended for Approval. Mr. Freeman stated this item is for the selection of the bond counsel for the FAP Loan Program. He said staff distributed requests for proposals to 28 law firms, and received proposals from Locke Lord of Dallas, The Centennial Law Group of Duncan, and the Floyd Law Firm of Norman. Staff reviewed the proposals based on the new money revenue bond experience, Oklahoma and local bond counsel experience, experience of the assigned attorneys, and fees. Mr. Freeman consulted with the Deputy

State Treasurer, and the Board's Finance Committee. Staff recommended the selection of The Centennial Law Group as the Board's Bond Counsel for the FAP Loan Program.

Chairman Stallings said there is a proposal for bond counsel to select Centennial Law Group, and he would entertain a motion for approval. Mr. Darby moved to approve the resolution selecting The Centennial Law Group as the Board's bond counsel, and Ms. Castillo seconded. Chairman Stallings called for the vote.

AYE: Darby, Allen, Gorman, Landess, Melton, Muller, Castillo, Stallings  
NAY: None  
ABSTAIN: None  
ABSENT: Drake

H. Consideration of and Possible Action on a Proposed Resolution Selecting Investment Banker(s) in Connection with the Issuance of One or More Obligations to Provide Funding for the State Loan Program. Recommended for Approval. Mr. Freeman stated this item is a resolution for the selection of investment bankers for the FAP Loan Program. Staff distributed 38 requests for proposals and received Senior Manager proposals from Stephens Firm of Little Rock, UBS of Dallas, BOK Financial Securities of Oklahoma City, and Stifel of Denver. Staff also received a proposal from D.A. Davidson of Tulsa for co-manager only. Mr. Freeman stated that staff reviewed the proposals based on each firm's relevant bond experience, the assigned personnel's relevant bond experience, marketing and distribution capabilities, the quality of the proposal, and fees. As with the other service provider selections, Mr. Freeman consulted with the Deputy State Treasurer and the Board's Finance Committee. Staff recommended selection of BOK Financial Securities as Senior Manager for the FAP Loan Program, and for the FAP Bond Issues greater than \$10 million, the addition of Stifel as Co-Manager.

Chairman Stallings stated this is for the selection of investment bankers BOK and Stifel, and he would entertain a motion for approval. Ms. Castillo moved to approve the resolution selecting BOK and Stifel as investment bankers, and Mr. Allen seconded. Chairman Stallings called for the vote.

AYE: Darby, Allen, Gorman, Landess, Melton, Muller, Castillo, Stallings  
NAY: None  
ABSTAIN: None  
ABSENT: Drake

I. Resolution Authorizing the Issuance of the Oklahoma Water Resources Board Revolving Fund Revenue Bonds –Clean Water Program (2019 Master Trust) in the Aggregate Principal Amount Not to Exceed \$100,000,000; Approving and Authorizing Execution of a Bond Indenture Providing for the Issuance of the Bonds; Providing for the Sale and Delivery of the Bonds and Authorizing a Certificate of Determination; Waiving Competitive Bidding on the Bonds and Authorizing the Sale Thereof by Negotiation Pursuant to the Terms of a Contract of Purchase Pertaining Thereto; Approving a Preliminary Official Statement with Respect to the Bonds; Authorizing Execution of Such Other and Further Instruments, Certificates and Documents as May Be Required for the Issuance of the Bonds; Directing Payment of Costs of Issuance and Containing Other Provisions Relating to the Issuance of the Bonds. Recommended for Approval. Mr. Freeman stated this item is a resolution authorizing a new series of Clean Water State Revolving Fund bonds. He said it has been about two-and-a-half years since the staff has brought a new money SRF bond issue to the Board, and because there are new Board members since that time, and he reviewed the Board's process for funding SRF loans.

Mr. Freeman said when the Clean Water SRF Program began, the Board did "direct lending," taking the SRF Capitalization Grants received along with 20% state matching funds to make short-term construction loans at 3.5%. and .5 administrative fee. Within a year of completion, the Board would refinance the construction loan with 60% of the funds from the FAP Loan Program at market interest rate, and 40% back out of the CWSRF at zero percent interest plus .5 administrative fee. This system worked from the early 1990's until demand began stressing the Board's supply of funds, and the Board started leveraging the SRF funds in the early 2000's. Beginning with the first SRF leveraged issue in 2003, the Board utilized what is known as the Reserve Fund Model of bond issuance, and that methodology worked until two events occurred: passage of the Federal

Tax Increase Prevention and Reconciliation Act of 2005 -- which greatly shrank the spend down period for bonds--and the market turmoil of 2008 and 2009 that resulted in traditional reserve investment alternatives no longer being available to sustain the Reserve Fund Model theory. Therefore, the Board evolved the program into a cash flow and hybrid model of leveraging the SRF's, tying the debt issuance to the cash flow and fund capacity. The current Clean Water SRF fund balances show an anticipated need for an influx of bond proceeds by the end of this calendar year. Staff will be working with Hilltop Securities, Financial Advisor, McCall Parkhurst & Horton as Bond Counsel, BofA Securities as Senior Investment Banker along with Co-Managers from BOK Financial Securities, Morgan Stanley, and Stifel; BancFirst will serve as Trustee.

Mr. Freeman stated the issue is scheduled for consideration at the State Council of Bond Oversight meeting on August 27, and he anticipated receiving a AAA rating from the rating agencies on the issuance. The proposed resolution authorizes a CWSRF Bond Issuance not to exceed \$100 million dollars, authorizes executive of a bond indenture providing for the issuance, authorizes the issuance on a negotiated basis, approves the Preliminary Official Statement, directs payment of the costs of issuance, and authorizes other documents necessary to close the bond issue. Staff recommended approval of the resolution.

Chairman Stallings said this item is for an SRF bond issue of \$100 million, and he would entertain a motion. Mr. Allen moved to approve the resolution authorizing issuance of CWSRF bonds, and Mr. Darby seconded.

There was no discussion, and Chairman Stallings called for the vote.

AYE: Darby, Allen, Gorman, Landess, Melton, Muller, Castillo, Stallings

NAY: None

ABSTAIN: None

ABSENT: Drake

J. Resolution Authorizing the Issuance of Oklahoma Water Resources Board State Loan Program Revenue Bonds in an Aggregate Principal Amount not to Exceed \$150,000,000; at a Net Interest Cost not to Exceed Six Percent (6.0%); Providing for the Issuance of Said Bonds in One or More Series; Approving and Authorizing Execution of a Series 2020B Supplemental Bond Resolution and, if Deemed Advisable, an Additional Supplemental Bond Resolution for Each Additional Series; Waiving Competitive Bidding on the Bonds and Authorizing the sale Thereof by Negotiation and at a Discount Pursuant to the Terms of a Contract of Purchase Pertaining Thereto; Approving a Preliminary Official Statement with Respect to Said Bonds; Authorizing the Chairman or Vice Chairman to Deem Preliminary Official Statements for Additional Series of Bonds Final; Directing Deposit of Proceeds Derived from the Issuance of the Bonds in the State Treasury and Requesting the State Treasurer to Remit Such Proceeds to the Bond Trustee; Ratifying and Approving the Form of Promissory Note, Loan Agreement, and Note Purchase Agreement to be Executed by Borrowers in the State Loan Program; Authorizing Execution of Such Other and Further Instruments, Certificates and Documents as may be Required for the Issuance of the Bonds; Directing Payment of Costs of Issuance and Containing Other Provisions Relating to the Issuance of the Bonds. Recommended for Approval. Mr. Freeman stated this last item for the Board's consideration is a resolution authorizing the issuance of an additional \$150 million dollars of State Loan Program Revenue Bonds, also known as the FAP Loan Program. He said that last Fall, staff received approval from the Board and the Council of Bond Oversight for the issuance of up to \$100 million of tax exempt bonds. This authorization will expire in October 2020, and nearly half of the dollar amount authorized has been issued. Mr. Freeman said the need for the new authorization is the expiration of the current authorization in October, and there is a request for some taxable issuance and anticipated demand exceeding current capacity--an example would be the \$37 million FAP loans approved for Broken Arrow, along with an anticipated \$53 million dollar loan to the Oklahoma City Water Utilities Trust. The first loans to be funded under this new authorization will be the two Broken Arrow FAP loans. Staff will request Oversight Council approval on August 27th, and anticipated closing the issue around the end of September. A rating request has been submitted to S&P, and an AAA rating on the issue is anticipated.

Mr. Freeman stated the resolution before the Board authorizes the issuance may be in one or more series, provides for approval of a Preliminary Official Statement, authorizes the Chairman or Vice Chairman to deem



the Preliminary Official Statement for additional series of bonds final, authorizes the sale to be on a negotiated basis, directs the bond proceeds to be deposited in the State Treasury and remitted to BancFirst the Board's Trustee, ratifies the form of Promissory Note, Loan Agreement, and Note Purchase Agreement, and in addition, the resolution authorizes execution of other documents required for the issuance of the bonds and directs payment of the cost of issuance. Staff recommended approval of the resolution.

Chairman Stallings said this is for the authorization of \$150 million dollars in FAP bonds. Ms. Castillo moved to approve the resolution authorizing issuance of FAP bonds, and Ms. Landess seconded. Chairman Stallings called for the vote.

Mr. Muller asked about the map included in the meeting packet materials illustrating the total amount and location of loans and grants by the Board. He noted of the \$4.66 billion financed, the largest concentration of loans and grants are in Tulsa County is the only county that has exceeded \$1 billion in financing, although there may be other counties close to that level. He asked if the largest concentration in Tulsa County is because they are more proactive at updating systems, are they further behind and catching up, or do they have more population and industry growth. Mr. Freeman responded that Tulsa was the first borrower from the SRF program, with the first loan in September 1990 to build a bank interceptor project on the Arkansas River. Tulsa was a very large borrower from the Board, also other suburb communities such as Broken Arrow, Owasso and others. Right now, Tulsa is not borrowing much, and Oklahoma City coming into play will likely increase in the coming years. Many years earlier, Tulsa took advantage of the program prior to the SRF known as the Construction Grants Program in the early 1980s, and the Water and Sewer Commissioner at that time was Patty Eaton who worked to get the water and sewer system updated, and the system is in good condition now. In this year's Intended Use Plan, Mr. Freeman said much of the demand is in the rural parts of the state and while dollar amounts will be less, staff is proud to have provided assistance in all 77 counties. Mr. Muller thanked him for his response.

Mr. Gorman asked if the Board's Financial Team conducts a risk analysis if there were to be a financial issue in an area of concentration, would that put the funds at risk, recognizing the bond ratings are critical as well as the stability of the revenue stream. Mr. Freeman answered that with each bond issue in the preliminary official statement and the official statement is an explanation of concentration of borrowers. The concentration of larger borrowers such as Oklahoma City and Tulsa will be natural as that is where 40% of the population exists. The rating agencies not only look at how the Board assesses the risk of the borrowers, but the individual borrowers--Oklahoma City and Tulsa--have their own ratings of AAA and AA. He said staff monitors the debt coverage ratios and receive monthly income statements, as well as annual audit statements. He said concentration is monitored, and has actually been diluted over the last 30 years as Tulsa was an extremely high concentration borrower in the early days. Chairman Stallings commented about the orientation program with staff to become familiar with the Financial Assistance Programs, and he thanked Mr. Gorman for the question.

There was no further discussion, and Chairman Stallings called for the vote on the resolution authorizing the issuance of FAP bonds.

AYE: Darby, Allen, Gorman, Landess, Melton, Muller, Castillo, Stallings

NAY: None

ABSTAIN: None

ABSENT: Drake

### **3. SUMMARY DISPOSITION AGENDA ITEMS**

Any item listed under this Summary Disposition Agenda may, at the requested of any member of the Board, the Board's staff, or any other person attending this meeting, may be transferred to the Special Consideration Agenda. Under the Special Consideration Agenda, separate discussion and vote or other action may be taken on any items already listed under that agenda or items transferred to that agenda from this Summary Disposition Agenda.

A. Requests to Transfer Items from Summary Disposition Agenda to the Special Consideration Agenda, and Action on Whether to Transfer Such Items. There were no requests to move items to the Special Consideration Agenda.

B. Discussion, Questions, and Responses Pertaining to Any Items Remaining on Summary Disposition Agenda and Action on Items Listed. Chairman Stallings stated that item 3.G.3. has been withdrawn (Whitetail Farms, LLC #2020-503) from consideration. He asked for questions regarding the remaining items.

There were no questions, and Chairman Stallings stated he would entertain a motion. Mr. Darby moved to approve the Summary Disposition Agenda, and Mr. Allen seconded. Chairman Stallings called for the vote.

- AYE: Darby, Allen, Gorman, Landess, Melton, Muller, Castillo, Stallings
- NAY: None
- ABSTAIN: None
- ABSENT: Drake

The following items were approved:

C. Consideration of and Possible Action on Financial Assistance Division Items:

1. Rural Economic Action Plan (REAP) Grant Applications:

<u>Item No.</u>	<u>Application No.</u>	<u>Entity Name</u>	<u>County</u>	<u>Amount Recommended</u>
ACOG				
a.	FAP-20-0001-R	Orlando Public Works Authority	Logan	\$91,000.00
EODD				
b.	FAP-18-0027-R	Westville Utility Authority	Adair	44,000.00
KEDDO				
c.	FAP-20-0009-R	McCurtain Municipal Authority	Haskell	Change of Scope
NODA				
d.	FAP-20-0010-R	Jet Utilities Authority	Alfalfa	88,922.85
SWODA				
e.	FAP-19-0036-R	Quartz Mountain Regional Water Authority	Kiowa	64,415.00

2. CWSRF Principal Forgiveness Loan Applications:

<u>Item No.</u>	<u>Application No.</u>	<u>Entity Name</u>	<u>County</u>	<u>Amount Recommended</u>
a.	ORF-21-0005-CW	Westville Utility Authority	Adair	\$109,395.26
b.	ORF-18-0004-CW	Elk City Public Works Authority	Beckham	Change of Scope
c.	ORF-21-0014-CW	Eufaula Public Works Authority	McIntosh	240,000.00

3. DWSRF Principal Forgiveness Loan Applications:

<u>Item No.</u>	<u>Application No.</u>	<u>Entity Name</u>	<u>County</u>	<u>Amount Recommended</u>
a.	ORF-19-0018-DW	Stroud Utilities Authority	Lincoln	\$161,000.00

D. Consideration of and Possible Action on Contracts and Agreements:

1. Intergovernmental Agreement with Central Oklahoma Master Conservancy District to provide services including a core-flux method quantifying internal loading in Lake Thunderbird and related technical assessment.
2. Cooperative Agreement with Oklahoma Conservation Commission to provide funding to contribute to the completion of four soil health system economic case studies for future soil health progress by the Oklahoma Soil Health Partnership.
3. Multipurpose Grant Agreement with Office of Oklahoma Secretary of Energy and Environment to conduct three water quality projects including: The Development of Internal Loading Methodology on Sensitive Water Supply Reservoirs, Using Soil Health to Optimize the Benefits of Poultry Litter in Eastern Oklahoma and Improving the Current Inspection Process used by the Oklahoma Dept. of Environmental Quality
4. Sponsored Research Agreement (SRA Phase I) between OWRB and Board of Regents of the University of Oklahoma to migrate web maps and layers from OWRB's ArcGIS Enterprise to new infrastructure at Center for Spatial Analysis.
5. Sponsored Research Agreement (SRA Hosting Maintenance Agreement) between OWRB and Board of Regents of the University of Oklahoma for Center for Spatial Analysis to host and maintain ArcGIS Enterprise on its infrastructure.
6. Disaster Relief Grant with Office of Oklahoma Secretary of Energy and Environment providing funding to maintain, protect and improve water quality of Oklahoma streams, groundwater and other waterbodies.
7. Contract between the State of Oklahoma through the Office of Management and Enterprise Services on behalf of the OWRB and Baylor University for the Provision of Conducting Sediment Phosphorus and Nitrogen Flux Estimation Study in Oklahoma Lakes.
8. Agreement between the Office of Secretary of Energy and Environment to fund the State of Oklahoma's Water Quality Management Planning Program.
9. Joint Funding Agreement between OWRB and the United State Geological Survey for the collection of seven stream-flow sites and three lakes within the Little Washita River Basin and the Washita River near Carnegie Station with the Oklahoma-Texas Water Science Center.

E. Consideration of and Possible Action on Applications for Temporary Permits to Use Groundwater:

1. Scott & Michelle Reimer, Major County, #2020-512

F. Consideration of and Possible Action on Applications to Amend Temporary Permits to Use Groundwater:

1. Goldsby Water Authority, McClain County, #2011-607A
2. Estack, LLC, Kingfisher County, #2019-532

G. Consideration of and Possible Action on Applications for Regular Permits to Use Groundwater:

1. Ryan B. Koehn and Donavon W. Koehn, Texas County, #2019-518
2. Matthew & Ashley Coe, Logan County, #2019-550
3. *Whitetail Farms, LLC, Ellis County, #2020-503* *Item withdrawn*
4. Jimmy Williams and Tim Williams, Texas County, #2020-522

- H. Consideration of and Possible Action on Applications to Amend Regular Permits to Use Groundwater:  
 1. Gruhlkey's, a General Partnership and Need it More, LP, Beaver County, #1997-697
- I. Consideration of and Possible Action on Applications to Amend Prior Right to Use Groundwater:  
 None
- J. Consideration of and Possible Action on Applications to for Term Permits to Use Stream Water:  
 1. Connie & Coy Briggs, Bryan County, #2019-033  
 2. Judy Ann Fox, Trustee of the Judy Ann Fox Revocable Trust, dated 11/29/2012, McClain County, #2020-002
- K. Consideration of and Possible Action on Applications to Amend Term Permits to Use Stream Water:  
 1. Ovintiv Mid-Continent, Inc., Garvin County, #2018-046
- L. Consideration of and Possible Action on Applications for Regular Permits to Use Stream Water:  
 1. Robert & Joan Hoile, Blaine County, #2017-016  
 2. Cliff & Joleen Leach, Pottawatomie County, #2019-031  
 3. Katrina Lee & Will Grote, Johnston County, #2019-056  
 4. Ovintiv Mid-Continent, Inc., Stephens County, #2020-006  
 5. Ten Point Farms, LLC, Muskogee County, #2020-008
- M. Consideration of and Possible Action on Applications to Amend Regular Permits to Use Stream Water:  
 1. Wooderson Farms, Kay County, #2014-059
- N. Consideration of and Possible Action on Dam and Reservoir Construction:  
 None
- O. Consideration of and Possible Action on Well Driller and Pump Installer Licensing:  
 1. New Licenses, Accompanying Operator Certificates and Activities:  
 a. Licensee: McCarthy Brothers Drilling DPC-0988  
 Operator: Jeremy McCarthy OP-2318  
 b. Licensee: Alliance Irrigation DPC-0990  
 Operator: Larry Hersh OP-2319  
 c. Licensee: Warrior Well Service DPC-0992  
 Operator: Kenneth McMahon OP-2320  
 d. Licensee: Beyond Engineering and Testing DPC-0994  
 Operator: Eddie Duran OP-2321  
 2. New Operators, Licensee Name Change, and/or Activities for Existing Licenses  
 a. Licensee: All Out Pump Service and Drilling DPC-1025  
 Operator: William Bischoff, Jr. OP-2322  
 b. Licensee: Envirotech Drilling Services DPC-0836  
 Operator: Joshua Crow OP-2323  
 Operator: Jamie Vasquez OP-2324  
 Operator: Mario Moya OP-2325  
 c. Licensee: C & W Construction DPC-0528  
 Operator: Christopher Almond OP-2326  
 d. Licensee: Aqua Well Drilling DPC-0708  
 Operator: Randy McKay OP-2327  
 Operator: Steven Madison OP-2328  
 e. Licensee: Total Water Solutions DPC-0930  
 Operator: Darin Ingram OP-2151  
 f. Licensee: Authentic Drilling DPC-0976  
 Operator: Quicksilver Simon OP-2329

P. Consideration of and Possible Action on Applications for Accreditation of Floodplain Administrators:  
1. Sean K. Fairbairn, City of Tuttle, FPA-834

Q. Consideration of and Possible Action on a *De Minimis* Exemption Determination for Jennings Stone Company, Inc. – Fittstone Inc. South Quarry – ODM LE-1954, Johnston County, Oklahoma.

4. **QUESTIONS AND DISCUSSION ABOUT AGENCY MATTERS AND OTHER ITEMS OF INTEREST.**

A. No items. There were no questions or discussion regarding agency matters by the Board Members.

5. **SPECIAL CONSIDERATION**

A. Consideration of and Possible Action on Amendment to Extend Time for the “State of Oklahoma, Choctaw Nation of Oklahoma, Chickasaw Nation, City of Oklahoma City Water Settlement” (“Settlement Agreement”):

1. Summary – Ms. Sara Gibson, OWRB General Counsel, stated to the Board Members that as most of the Board is familiar, several years ago the Board entered into a water settlement with the Choctaw Nation of Oklahoma and the Chickasaw Nation, and the City of Oklahoma City to allocate water to Oklahoma City from southeast Oklahoma and to administer water rights within the Chickasaw Nation and the Choctaw Nation. She said that settlement contained several actions that needed to occur before the settlement becomes enforceable located in Section 4 of the agreement. The settlement also contained a timeline for those items to be completed which is September 30, 2020. She said the team which includes the attorneys from the Nations, Department of Interior, and State of Oklahoma, have been making good progress; however have encountered an issue with the litigation regarding the permit the OWRB issued to Oklahoma City to use water out of the Kiamichi River and Sardis Lake. That litigation is at the Supreme Court to review the District Court's decision which could take up to one year and the deadline will not be met, as well as other work needed to complete all the actions. Therefore, Ms. Gibson stated that the Settlement Agreement provides the parties may extend the date by agreement, which is the matter before the Board today. The only action is extending the deadline from September 2020 to March 31, 2022.

2. Discussion and questions by Board. Chairman Stallings summarized that the agreement is not being enforced yet, and will not be enforced for at least another 1.5 years, and Ms. Gibson answered that is correct. She added the initial version of the Settlement Agreement has been signed, and also approved by Congress and the President and she anticipated the conformed version (matching the initial agreement with the federal legislation) being provided prior to the litigation being finished; the approvals have been obtained but the other items must be in place before it is enforceable.

Mr. Muller asked if it is possible the agreement could unravel based on the court decision. Ms. Gibson answered the litigation needed to be completed, but she did not anticipate an unraveling....the Court could remand to the District Court for further consideration, or to the Board for further action at which point another extension would be sought. She added the District Court ruled in favor of the Board and was appealed. Ms. Castillo asked how long the litigation had been at the Supreme Court, and Ms. Gibson answered the District Court issued its order at the beginning of June and staff is still waiting on the record to be compiled; 6 months is allowed to complete it.

3. Vote on whether to approve the Amendment as presented or as may be amended, or vote on any other action or decision relating to the Amendment to the Settlement Agreement.

Chairman Stallings asked if there were any other questions. There were not, and he stated he would entertain a motion to approve the amendment. Mr. Muller moved to approve the amendment, and Mr. Allen seconded. Chairman Stallings called for the vote.

- AYE: Darby, Allen, Gorman, Landess, Melton, Muller, Castillo, Stallings
- NAY: None
- ABSTAIN: None
- ABSENT: Drake

B. Consideration of and Possible Action on Items Transferred from Summary Disposition Agenda, if any. There were no items transferred from the Summary Disposition Agenda.

**6. NEW BUSINESS**

Under the Open Meeting Act, this agenda item is authorized only for matters not known about or which could not have been reasonably foreseen prior to the time of posting the agenda.

There were no New Business items for the Board's consideration. However, Chairman Stallings noted that Mr. Drake, Board Secretary, was absent and he appointed Ms. Castillo as Assistant Secretary. He thanked everyone for their attendance.

**7. ADJOURNMENT**

There being no further business, Chairman Stallings adjourned the regular meeting of the Oklahoma Water Resources Board at 10:35 a.m., on August 18, 2020.

**OKLAHOMA WATER RESOURCES BOARD**

\_\_\_\_\_/s/\_\_\_\_\_  
Robert L. Stallings, Jr., Chairman

\_\_\_\_\_Absent\_\_\_\_\_  
Stephen B. Allen, Vice Chairman

\_\_\_\_\_  
Charles Darby

\_\_\_\_\_  
Robert L. Melton, Sr.

\_\_\_\_\_  
Jennifer Castillo

\_\_\_\_\_  
Suzanne V. Landess

\_\_\_\_\_  
Matt Muller

\_\_\_\_\_  
Thomas A. Gorman

**ATTEST:**

\_\_\_\_\_(signature stamp)\_\_\_\_\_  
Bob Drake, Secretary  
(SEAL)

Members voted to approve the August 18, 2020, meeting minutes at the September 15, 2020, Board meeting which was held via videoconference and were not present to sign the document.