

# OKLAHOMA WATER RESOURCES BOARD

## OFFICIAL MINUTES

August 11, 2009

### 1. Call to Order

The regular monthly meeting of the Oklahoma Water Resources Board was called to order by Chairman Rudolf J. Herrmann at 9:30 a.m., on August 11, 2009, in the Board Room of the Oklahoma Water Resources Board, 3800 N. Classen Boulevard, Oklahoma City, Oklahoma.

The August 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 4, 2009, at 5:00 p.m. at the Oklahoma Water Resources Board's offices.

#### A. Invocation

Chairman Rudy Herrmann asked Mr. Ed Fite to provide the invocation. Prior to the roll call, Chairman Herrmann introduced the Board's newest member, Dr. Joseph E. Taron of Shawnee, Oklahoma. He said that Dr. Taron has a distinguished history and track record in water-related matters in the state of Oklahoma and received one of the state's more significant recognitions, the Oklahoma Water Pioneer Award in 2004. Dr. Taron said he is awed by what he knows about the work that the Board does; he said he is appreciative of the opportunity to work with the Board and that he has such great respect for Mr. Lonnie Farmer, and he distributed a magazine article regarding Mr. Farmer published by the Oklahoma Rural Water Association. Chairman Herrmann added that each newly appointed member attends an orientation by staff, and Dr. Taron's experience is appreciated by staff and the members.

#### B. Roll Call

##### **Board Members Present**

Rudy Herrmann, Chairman  
Mark Nichols, Vice Chairman  
Linda Lambert, Secretary  
Ford Drummond  
Ed Fite  
Jack Keeley  
Kenneth Knowles  
Richard Sevenoaks  
Joe Taron

##### **Board Members Absent**

None

**Staff Members Present**

Duane A. Smith, Executive Director  
David Dillon, Assistant Director  
Dean Couch, General Counsel  
Joe Freeman, Chief, Financial Assistance Division  
Monte Boyce, Comptroller  
Julie Cunningham, Chief, Planning and Management Division  
Derek Smithee, Chief, Water Quality Programs Division  
Mary Lane Schooley, Executive Secretary  
Mike Melton, Executive Administration Division  
Kyle Arthur, Director of Planning

**Others Present**

Representative Jerry Shoemake, Henryetta, OK  
Greg Buckley, Muskogee, OK  
Ken Senour, Guernsey Inc., Oklahoma City, OK  
Bobby & Donna McSpadden, Sardis Lake, Clayton, OK  
Cheryl Dorrance, Oklahoma Municipal League/Oklahoma Municipal Utility Providers,  
Oklahoma City, OK  
Derek Campbell, City of Sand Springs, OK  
Bruce Ford, City of Sand Springs, OK  
Angie Burckhalter, Oklahoma Independent Petroleum Association, Oklahoma City, OK  
Mike Mathis, Chesapeake, Oklahoma City, OK  
Dan McMahan, McMahan and Varner, Oklahoma City, OK  
Mike Davis, City of Del City, OK  
Nate Ellis, Public Finance Law Group, Oklahoma City, OK  
Meredith Morgan, Public Finance Law Group, Oklahoma City, OK  
Marti Shew, Wagoner, Dallas, TX  
Dick Carter, City of Del City, OK  
Roger Stevens, Owasso, OK  
Duane Winegardner, Central Oklahoma Master Conservancy District, Norman, OK  
Scott Vaughn, City of Duncan, OK  
Clyde Shaw, City of Duncan, OK  
Vicki Reed, Department of Environmental Quality, Oklahoma City, OK  
Greg Carr, Department of Environmental Quality, Oklahoma City, OK  
Nathan Bates  
Patty Thompson, Department of Environmental Quality, Oklahoma City, OK  
Raymond Eldridge, City of Henryetta, OK  
Randy Warden, Central Oklahoma Master Conservancy District, Norman, OK  
Joe Vaughan, City of Del City, OK  
Mike Wofford, Central Oklahoma Master Conservancy District, Oklahoma City, OK  
Kevin Nelson, Sand Springs, OK  
Anthony Daniel, City of Stillwater, OK  
Dick Hersey, Honeywell, El Reno, OK  
Clark M. Williams, Piedmont, OK

Keith McDonald, Oklahoma City, OK  
Steve Almon, City of Muskogee, OK  
Sam Samandi, Oklahoma City Water Utilities Trust, Oklahoma City, OK  
Billy Little, Oklahoma City Water Utilities Trust, Oklahoma City, OK  
Eric Benson, City of Enid, OK  
Billy McBride, City of Enid, OK  
Jim Rodriguez, Oklahoma Aggregates Association, Oklahoma City, OK  
Brian Scribner, City of Healdton, OK  
Ben Oglesby, Municipal Finance Services, Edmond, OK  
Robert Vaughan, Henryetta Municipal Authority, McAlester, OK  
Richard Lainey, Henryetta Municipal Authority, Henryetta, OK  
Herb Collier, Healdton, OK  
Dwayne Elam, Wagoner, OK  
James Jennings, Wagoner, OK  
Stan Nieczoretz, Guthrie, OK  
Arthur Platt, Crescent, OK  
Rebecca Poole, Department of Environmental Quality, Oklahoma City, OK  
Eddie Whitworth, City of Frederick, OK  
Robert B. Johnston, City of Frederick, OK  
Marsha Slaughter, City of Oklahoma City, OK  
Bret Weingart, Oklahoma City, OK

#### C. APPROVAL OF MINUTES

Chairman Herrmann stated the draft minutes of the July 14, 2009, Regular Meeting had been distributed. He stated he would accept a motion to approve the minutes. Ms. Lambert moved to approve the minutes, and Mr. Nichols seconded.

AYE: Nichols, Keeley, Knowles, Sevenoaks, Lambert, Fite  
NAY: None  
ABSTAIN: Drummond, Keeley, Taron, Herrmann  
ABSENT: None

#### D. EXECUTIVE DIRECTOR'S REPORT

Mr. Duane Smith, Executive Director, greeted the members and said there is standing room only today and staff is humbled and honored to be able to help these communities with their water and wastewater infrastructure needs--this is an unbelievable day! He said that historically, the first seven years of the Drinking Water and Clean Water programs in Oklahoma the Board did \$114 million worth of projects; last month was \$62 million, and today is \$85 million. He distributed information on the status of the ARRA money: \$31 million in the Drinking Water program and \$31 million in the Clean Water program; three columns illustrate approved projects, loans closed, and funds drawn. The OWRB has guaranteed 20% of ARRA funds, and there is a balance of \$15 million on the Clean Water with some projects having

already drawn funds and begun the construction--the balance indicates those funds remaining to be appropriated. The Drinking Water fund has a balance of \$10.3 million, but none of those are closed and funds have not been drawn. He said Rural Development received \$70 million for communities, and have approved about \$30 million in projects. At the end of the day, there will be \$120 million going for projects across Oklahoma by February 16, 2010 (State deadline for contracts to be let). Rural Development had a different timeline, and their program is 70% loan/30% grant, but their rules allow them to go above that if economic conditions warrant that. Ms. Jennifer Wasinger will do training following the meeting with the communities to explain the rules and compliance required. Mr. Nichols asked why a community would go to Rural Development rather than the OWRB, and Mr. Smith responded the RD program is for communities less than 10,000 in population, certain economic considerations can raise the grant above 30%, and different rules that fit small communities better than the OWRB program. Mr. Smith said that Mr. Mike Melton is working with the Legislators that represent those communities and assist them. He said the bottom line is that the people here today have had to go to their constituents and raise rates which is difficult and sometimes controversial, but if funding is not provided and these projects not done, Oklahoma will not be the great state that we want it to be!

Mr. Smith said that last month, he missed the Board meeting because he was speaking at the EPA Clean Water/SRF conference. He said the states are looking at different ways to explain projects, which are funded basically through a cost-benefit analysis--and oftentimes there are citizens opposed to raising rates, and don't understand why rates are going up to improve infrastructure. He said he has gone to EPA with an idea about a way to evaluate some of the societal and environmental benefits of these projects--what does the impact of the project mean to a citizen in terms of quality of life. Northbridge Engineering firm received a grant from EPA to set up a matrix of essential points by which we can evaluate the societal and environmental benefits of the project. The OWRB has a contract to match the money (\$77,250) that will go to the University of Oklahoma which will then take sample communities that receive ARRA money, and try to come up with a societal benefit index to show communities for the value of these projects--there is more value to this project than simply meeting an environmental regulation or a DEQ regulation through EPA. He said we are good at putting unfunded mandates on water bills, but we want to try to explain there is real, tangible benefits to communities that take care of the water and wastewater infrastructure. The contract is on the Board agenda today, and Ms. Jennifer Wasinger is the OWRB project lead, and staff is excited about the project moving forward.

Mr. Smith said he attended the Western States Water Council Quarterly meeting in Park City, Utah. The Executive Director, Craig Bell, who was within one month of retiring, passed away from a heart attack, and instead of a celebration of his retirement a memorial service was held with the Council. He said the Council has been working with the U.S. Army Corps of Engineers on a national water planning program. The COE has sampled all of the states in determining the status of water planning in the states, what is the federal government's role--the states want its financial assistance and expert technical evaluation and put that into a process by which the states set the priorities and use the federal agencies to implement those particular strategies, which is the focus of the OWRB Comprehensive Water Plan, and the model for this approach. Mr. Arthur will make a presentation later in the agenda on the progress the OCWP is making, but in order for the State of Oklahoma to look at the federal government, and say,

"follow our lead," we are going to have to lead. Typically states do not want the federal government involved until there is a catastrophe, i.e., the Clean Water Act and results in the federal government dictating what states must do. If the states want to set the priorities, then we have to do and invite the federal agencies, universities, and state agencies and make a State of Oklahoma plan; he said he is very pleased with the progress we are making with the OCWP.

Mr. Smith said he had the opportunity to go to Enid and meet with the mayor and city council; Enid is on the agenda today. He said Enid is the largest groundwater user in the State of Oklahoma in well fields along the Cimarron River. Enid is having long-term issues evaluating how to take care of growth over the next 50 years, and along with the groundwater use, there are declines in water levels in the alluvium terrace of the Cimarron River. Mr. Smith said it is communities like Enid and others here that are doing the right thing--they are planning, hiring technical people and having expert technical evaluation, open discussion and input, and for Enid, that equates to about \$96 million in improvements, a major undertaking.

Mr. Smith said he and Jack and Ann Keeley traveled to Toronto, CA, and spoke at an industrial microbiology symposium. One of the persons he met is the former director of the groundwater center at Rice University--who cooperated with the University of Oklahoma and Oklahoma State University on a the groundwater center. He said they discussed the fragmented management system, the federal agencies--Corps of Engineers, Bureau of Reclamation, National Oceanic and Atmospheric Administration, and the U.S. Geological Survey, etc. -- all of which are asking Congress for appropriations, and looking to Oklahoma and making decisions based upon what they think we want. Oklahoma has several agencies that deal with water, with citizen board members, setting priorities and approaching the legislature for various programs -- then add the Universities and those programs, and in order to keep up there almost needs to be a person on staff who specializes in every agency. The idea of the groundwater center, and taking that to a water center, where there is a comprehensive water plan that sets priorities that has everyone involved so that in looking [at appropriations] for Oklahoma, the Comprehensive Water Plan and see what Oklahoma's priorities are. The University research has a practical application, and the state agencies are focused together. That is the vision for the future--to go to citizens asking for more tax dollars, we need to maximize the efficiencies at the government level--connect the dots: ".gov, .com, .edu." (David Boren)

On August 18, the OWRB will host an informal public input meeting on the results of the Arbuckle Simpson Aquifer study, in Ada from 1-6 p.m. at the Pontotoc County Vo-Tech Center. Currently, 220 are registered to attend. The technical reports on the science of the aquifer will be presented that basically states the equal proportionate share will be somewhere around two inches. The effort is to engage the local citizens and to come up with management options.

Mr. Smith said the agency will host, along with Speaker Bengé's office, a Southwest Water Tour, September 17-18. The Speaker has approved an interim study for Rep. Don Armes to look at water resources in southwest Oklahoma. Mr. Josh McClintock is working with the Speaker's office to put together a schedule; a bus trip departing Oklahoma City traveling to Waurika Lake and making other stops, spending the night in Altus and return via a northern route to Oklahoma City the next afternoon. There are 23 legislators planning to attend as well as Congressional Delegation representatives, and staff is expecting a large turnout. Board members are welcome to attend. Mike Ryan, regional director for the Bureau of Reclamation will also be in town and joining the group for a tour of the Altus-Lugert Lake.

Mr. Smith concluded his report.

Chairman Herrmann noted that he had distributed an updated memorandum for assignments to OWRB Ad Hoc Committees incorporating Dr. Taron.

Chairman Herrmann also asked representatives of the Department of Environmental Quality, and the OWRB staff members, to stand and be recognized. They have worked very hard to put together the projects for these communities on the agenda for the Board's consideration.

## 2. FINANCIAL ASSISTANCE DIVISION

A. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Rural Water District No. 2, Logan County. Recommended for Approval. Mr. Joe Freeman, Chief, Financial Assistance Division, stated to the members that the Logan County Rural Water District #2 has requested \$950,000.00 in Drinking Water loan funds and ARRA funds. The funding will be used to construct waterlines, two new water wells, a standpipe and chlorination station, and to pay related costs of issuance. The ARRA funds will be made available in an amount not less than 20% of the project cost, with a targeted goal of 30%, and will be in the form of principal forgiveness. He noted provisions of the loan agreement, and said over the past ten years, the District's connections have increased by approximately 25%, and the debt-coverage ratio is approximately 1.2-times. This will be the District's first loan with the Board, and Mr. Freeman said stated that staff recommended approval.

District Chairman Art Platt, and Vice Chairman Stand Nieczoretz were present in support of the loan request.

Mr. Nichols moved to approve the loan to the Logan County RWD #2, and Mr. Drummond seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

B. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Healdton Municipal Authority, Carter County. Recommended for Approval. Mr. Freeman said this \$1,075,000.00 funding request by the Healdton Municipal Authority will be for replacing and installing water lines, replacing meters, drilling one test well and one new well. The project will be funded with Drinking Water SRF loan funds and ARRA funds. Mr. Freeman noted the provisions of the loan agreement, and stated the ARRA funds will be in the form of principal forgiveness. The debt-coverage ratio stands at approximately 2.4-times. He said this is Healdton's first loan with the Board, and staff recommended approval.

Mayor Herb Collier, City Manager Ralph Gruber, and Mr. Bryan Scribner, Water Superintendent was present in support of the loan request.

Mr. Drummond moved to approve the Drinking Water SRF loan to the Healdton Municipal Authority, and Mr. Knowles seconded.

Chairman Herrmann asked how critical the ARRA funds are to the project. Mayor Collier responded without the ARRA funds, they would have to keep seeking other available

grant monies, so ARRA funds are moving the project forward. Chairman Herrmann asked if the principal forgiveness is at the beginning or over the life of the bonds? Mr. Freeman said it will probably be upfront so that the ARRA money is out faster, and then put into the project.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann  
NAY: None  
ABSTAIN: None  
ABSENT: None

C. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Del City Municipal Services Authority, Oklahoma County. Recommended for Approval. Mr. Freeman informed the member this \$1,190,000.00 funding request is from the Del City Municipal Services Authority to add a belt filter press to its existing wastewater treatment plant, a building for the press, along with related piping and other appurtenances for better sludge management. Mr. Freeman said the loan funds will be from the Clean Water SRF funds, and ARRA funds as previously described. Mr. Freeman noted provisions of the loan agreement, and said the ARRA funds would be in the form of principal forgiveness. The debt-coverage ratio stands at approximately 4.0-times. This is Del City's first loan with the Board, and staff recommended approval.

Mr. Dick Carter, Chairman; City Manager Mark Edwards; Wastewater Supervisor Mike Davis, and Financial Advisors from MFS were present in support of the loan request.

Ms. Lambert moved to approve the Clean Water SRF loan to the Del City Municipal Services Authority, and Mr. Sevenoaks seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann  
NAY: None  
ABSTAIN: None  
ABSENT: None

D. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Wagoner Public Works Authority, Wagoner County. Recommended for Approval. Mr. Joe Freeman stated that this \$1,200,000.00 funding request by the Wagoner Public Works Authority is to replace aging lines downtown and on Oklahoma Highway 51, and in addition to purchase a portable generator. The project will be funded with Drinking Water SRF funds and ARRA funds as previously described. Mr. Freeman noted provisions of the loan agreement, said the debt-coverage ratio is a strong 4.7-times, and Wagoner PWA is a current loan customer of the Board's. Staff recommended approval.

Mayor James Jennings, Utilities Director Dwayne Elam, Kenneth Peters, and Marty Shue Financial Advisor were present in support of the funding request.

Chairman Herrmann asked absent the ARRA funds, where would the project stand? Mayor Jennings said this project has needed to be done for many years and he and the Public Works Director had met and decided the project would be started if it had to be done one-half block at time, but is now more cost effective and can all be done now.

Mr. Fite moved to approve the Drinking Water SRF loan to the Wagoner Public Works Authority, and Ms. Lambert seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann  
NAY: None  
ABSTAIN: None  
ABSENT: None

E. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Muskogee Municipal Authority, Muskogee County. Recommended for Approval. Mr. Freeman informed the members that this funding request from the Muskogee Municipal Authority is in the amount of \$1,435,000.00 to construct sanitary sewer lines and all related construction and appurtenances. The project will be funded with Clean Water SRF and ARRA funds as previously described. Mr. Freeman noted provisions of the loan agreement and stated the ARRA funds will be in the form of principal forgiveness. He said the Muskogee has been a good, long time customer of the Board's, and currently has eight loans outstanding with a principal balance of \$14.9 million. The debt-coverage ratio stands at 1.28 times, and staff recommended approval.

Mayor John Tyler Hammon, City Manager Greg Buckley, City Engineer Steve Almon, Consulting Engineer Jay Updike, and Financial Advisors.

Mr. Drummond asked the goal on the debt-coverage ratio, and Mr. Freeman responded the minimum is 1.25-times. He is confident Muskogee will stay on top of the matter.

Mr. Fite moved to approve the Clean Water SRF loan to the Muskogee Municipal Authority, and Mr. Nichols seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann  
NAY: None  
ABSTAIN: None  
ABSENT: None

F. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Central Oklahoma Master Conservancy District, Cleveland County. Recommended for Approval. Mr. Freeman stated this \$1.5 million loan request from the Central Oklahoma Master Conservancy District is to provide water supply for Norman, Del City and Midwest City. The primary source of water is Lake Thunderbird. The loan proceeds, along with \$30,500.00 in local funds will be used to refinance the District's loans with First American State Bank of Norman. He detailed aspects of the project regarding pumping units, power generation units, and Midwest City's separate contribution to the project. Mr. Freeman said the loan will be fully funded through the Drinking Water SRF loan program; no ARRA funds will be used as it was constructed prior to ARRA funding becoming available. Mr. Freeman noted provisions of the loan agreement, said it is the District's first loan with the Board.

Those attending in support of the loan request were District Manager Randy Warden, Mike Wofford, District's Attorney, and Mike McMahan, bond counsel.

Chairman Herrmann asked the debt-coverage ratio, and Mr. Freeman said it is 1.25-times, which will be maintained through the District as Del City, Midwest City and Norman will pass through enough funding to maintain that figure. Ms. Lambert asked the interest rate on the original loan, and how much savings would there be; Mr. McMahan said the rate on the previous

bank note is just over 5.25% and they are anticipating a savings of around \$120-130,000.00 over the life of the loan.

Mr. Nichols moved to approve the Drinking Water SRF loan to the Central Oklahoma Master Conservancy District, and Mr. Drummond seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

G. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Stillwater Utilities Authority, Payne County. Recommended for Approval. Mr. Joe Freeman stated to the members that this item is consideration of a \$2,565,000.00 funding request from the Stillwater Utilities Authority. Stillwater is requesting the funding for the construction of enclosure for its ultra-violet disinfection facility and lightning roof and protection equipment at the treatment plant; rehabilitate sewer lines and lift two stations; and to purchase cleaning equipment and apparatus. Mr. Freeman said the funding will be through the Clean Water SRF program and ARRA funds in an amount not less than 20% with a goal of 30%. He noted provisions of the loan agreement; ARRA funds will be in the form of principal forgiveness. Stillwater has had strong growth over the last 20 years with water connections increasing over 50% and sewer connections of 35%. Stillwater has been a long-time, excellent loan customer of the Board's, with a debt-coverage ratio of approximately four-times. Staff recommended approval.

Representing Stillwater is Mayor Nathan Bates, City Manager Dan Galloway, Water Utilities Director Anthony Daniels, Bond Counsel Don Kiser, and Financial Advisors of MFS.

Mr. Knowles moved to approve the Clean Water SRF loan to the Stillwater Utilities Authority, and Mr. Keeley seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

H. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Stillwater Utilities Authority, Payne County. Recommended for Approval. Mr. Freeman said this item is for additional funding for the Stillwater Utilities Authority for \$11,645,000.00 for a Drinking Water Project. The funding will be used for installation of automated meter reading system, mobile generator, rehabilitate water distribution lines and the elevated storage tank, replace booster pump stations, upgrade piping at the water treatment high service pump station. Mr. Freeman said the project will be funded with Drinking Water SRF funds and with ARRA funds, and he noted provisions of the loan agreement; ARRA funds will be as principal forgiveness. The debt coverage ratio exceeds four-times. Staff recommends approval.

Mr. Sevenoaks asked if Stillwater is "capped out" on ARRA funds, and Mr. Freeman stated it is. Ms. Lambert asked what part of the package was the most expensive, and Mr.

Freeman said it is the AMR system. Chairman Herrmann commented that Oklahoma is at the cutting edge in terms of AMR rollout in this country.

Mr. Sevenoaks moved to approve the Drinking Water SRF loan to the Stillwater Utilities Authority, and Mr. Nichols seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

I. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Piedmont Municipal Authority, Canadian County. Recommended for Approval.

Mr. Freeman said the Piedmont Municipal Authority in Canadian County has requested \$2,655,000.00 in Clean Water SRF funding and ARRA funds. Piedmont is requesting the funding for construction of sanitary sewer line, force main, and related appurtenances. Mr. Freeman noted provisions of the loan agreement; ARRA funds will be in the form of principal forgiveness, not less than 20% and a goal of 30%. Since 2000, Piedmont's water and sewer connections have increased by over 40%. Piedmont has one outstanding loan with the Board and a debt-coverage ratio of approximately 2.5-times. Staff recommended approval.

Mayor Mike Fina was present in support of the loan application. He said the city would be "back to square one" if the ARRA funds were not available. He complimented Oklahoma City's partnership.

Ms. Lambert moved to approve the Clean Water SRF loan to Piedmont Municipal Authority, and Mr. Drummond seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

J. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Frederick Public Works Authority, Tillman County. Recommended for Approval.

Mr. Freeman said the Frederick Public Works Authority has made a request for \$4,100,000.00 in Drinking Water SRF loan to construct a one million gallon clear well, chemical feed building, 7,845 feet of water line, renovate two solid contact clarifiers, and replace rapid mix equipment. The proceeds will also be used to modify filter effluent piping and high service pump station, install an altitude valve and chemical feed system. Mr. Freeman noted provisions of the loan agreement; the debt coverage ratio stands at approximately 1.6-times. Staff recommended approval.

Mayor Eddie Whitworth and City Manager Robert Johnson were present in support of the loan request.

Chairman Herrmann asked about the high altitude valve, and Mr. Sevenoaks asked the source of water supply. Mr. Johnson replied the valve regulates the amount of water in the storage tank, and that the water supply is Lake Frederick and Tom Steed Reservoir.

Mr. Nichols moved to approve the Drinking Water SRF loan to the Frederick Public Works Authority, and Ms. Lambert seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann  
NAY: None  
ABSTAIN: None  
ABSENT: None

Chairman Herrmann noted that a second loan request is on the agenda for the Board's consideration included in the Supplemental Agenda items. He asked the Board consider that item, 7.A. 1., following item 2.K. (below).

K. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Owasso Public Works Authority, Tulsa County. Recommended for Approval.

Mr. Freeman said this item is a \$6,085,000.00 loan request from the Owasso Public Works Authority. Owasso is requesting the loan proceeds to construct a sanitary sewer interceptor consisting 18,900 feet of 24-inch sewer line, 1,500 feet of 15-inch sewer line, 5,725 feet of 12-inch sewer line, 1,875 feet of 10-inch sewer line, and 1,050 feet of 8-inch sewer line. The loan will be funded through the Clean Water SRF loan program. Mr. Freeman noted provisions of the loan agreement; Owasso has been a long-time customer of the Board's and currently has 10 outstanding loans. He said that over the last ten years, water connections have increased in excess of 37% and sewer connections increased in excess of 56%; the debt coverage ratio stands at approximately 1.6-times. This loan does not include ARRA funds. Staff recommended approval.

City Manager Rodney Ray and Financial Advisor Keith McDonald were present in support of the loan request. Mr. Ray spoke to both items stating the project had not been without controversy, but the city had gone to great effort to be open and transparent. He complimented the Board on the record-setting day and making a difference in the lives of Oklahomans.

Chairman Herrmann asked what impact the ARRA funds have had on the second project; Mr. Ray said rate increases had been put in place over the past few years to prepare for funding this project, but now will not have a rate increase this year, and the project would not be done this year without the funds. In both cases the OWRB has saved the citizens of Owasso money, and given them a project ahead of time.

Ms. Lambert commented about the number of communities looking at automated reader systems and inquired about whether it would proper protocol for communities to communicate with each other on these projects and whether there could be further cost savings to the communities if a provider could install more than one system. Mr. Freeman said that is great question, and perhaps could be addressed.

Mr. Sevenoaks moved to approve the Clean Water SRF loan to the Owasso Public Works Authority, and Ms. Lambert seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann  
NAY: None

ABSTAIN: None  
ABSENT: None

7.A.1. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Owasso Public Works Authority, Tulsa County. Recommended for Approval.

Mr. Freeman said this item concerns a requests for \$12,880,000.00 in funding to increase the capacity of the wastewater treatment plant from 3.3 million gallons per day to 4.2 mgd, rehabilitate a pump station, and construct a regional retention facility near 96th Street and Garnett road. The project will be funded with Clean Water SRF loan funds and ARRA funds not to exceed \$2 million. Mr. Freeman noted provisions of the loan agreement; the debt coverage ratio is approximately 1.6-times. Staff recommended approval.

Mr. Sevenoaks asked if Owasso was serving any other communities outside the city limits. Mr. Ray answered this is "plan A."

Mr. Sevenoaks moved to approve the Clean Water SRF loan to the Owasso Public Works Authority, and Mr. Drummond seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

L. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Sand Springs Municipal Authority, Tulsa County. Recommended for Approval.

Mr. Freeman said this \$7,000,000.00 funding request by the Sand Springs Municipal Authority is for the installation of an automated metering reading system consisting of 12,000 meters. The project will be funded with the Drinking Water SRF loan funds and ARRA funds made available in the amount not less that 20%, with a goal of 30%. Mr. Freeman noted provisions of the loan agreement; Sand Springs currently has six outstanding loans with the Board, and the debt coverage ratio stands at approximately 2.14-times. Staff recommended approval.

Representing Sand Springs is Kevin Nelson, Assistant City Manager; Derek Campbell, City Engineer; and Bruce Ford, Finance Director. Mr. Nelson told the members that without the ARRA funds, Sand Springs could not proceed with the project. He said that assigning staff that currently read meters to other tasks, that will provide additional service in other areas. He said they had visited with other communities about the AMR system. Ms. Lambert asked if an economic cost statement had been done on the AMR system; Mr. Nelson responded the other communities had, but the SSMA would not require an increase this year, and viewed that as an economic benefit. Mr. Drummond asked the benefit to the cities by installing an AMR, and Mr. Freeman and Mr. Nelson responded the most benefit is through water loss, and replacement of meters that are more than 30 years old.

Mr. Nichols moved to approve the Drinking Water SRF loan to the Sand Springs Municipal Authority, and Mr. Knowles seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann

NAY: None

ABSTAIN: None  
ABSENT: None

M. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Enid Municipal Authority, Garfield County. Recommended for Approval. Mr. Freeman said this \$8,345,000.00 funding request from the Enid Municipal Authority to replace approximately 20,000 meters citywide with an Automated Meter Reading system, and two portable pump station generators. The project will be funded through the Drinking Water SRF loan funds, and ARRA funds to be made available in an amount not less than 20%, but not to exceed \$2 million dollars. Mr. Freeman noted the provisions of the loan agreement; Enid has been a long-time loan customer of the Board and currently has four outstanding loans. The debt coverage ratio stands at approximately 1.58-times. Staff recommended approval.

City Manager Eric Benson, Finance Director Joan Riley, Director of Engineering Robert Hitt, and Water Superintendent Bruce Boyd. Mr. Benson said economic studies indicate the 30-year old meters must be addressed and will be paid for by the recovery of the inefficient loss rate--both financial and water loss--approximately 20% and one-half million dollars.

Mr. Knowles moved to approve the Drinking Water SRF loan application to the Enid Municipal Authority, and Mr. Fite seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

N. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Henryetta Municipal Authority, Okmulgee County. Recommended for Approval. Mr. Freeman said this \$9.5 million funding request from the Henryetta Municipal Authority will be used along with \$860,720.00 in local funds to build a new water intake structure and water lines to the water treatment plant; rehabilitate the existing plant with two new clarifiers, backwash pump, chemical feed system and new raw water flow meter. The fund will also be used to make improvements to the water distribution system, rehabilitate a pump station, and replacing related components. The project will be funded through the Drinking Water SRF fund, and ARRA funds not to exceed \$2 million. Mr. Freeman noted provisions of the loan agreement; Henryetta has been a long-time loan customer of the Board's and the debt coverage ratio stands at approximately 2.8-times. Staff recommended approval.

Mayor Richard Lainey, City Manager Raymond Eldridge, Engineer Robert Vaughn, and Financial Advisors of Municipal Finance Services.

Chairman Herrmann asked the impact of the ARRA funds on the project; Henryetta officials responded there was considerable impact in moving the project forward.

Mr. Duane Smith also recognized Representative Jerry Shoemaker.

Mr. Fite moved to approve the Drinking Water SRF loan to the Henryetta Municipal Authority, and Mr. Knowles seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann

NAY: None  
ABSTAIN: None  
ABSENT: None

Chairman Herrmann recognized Ms. Patty Thompson of the Department of Environmental Quality and her staff's work on the ARRA projects.

O. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Oklahoma City Water Utilities Trust, Oklahoma County. Recommended for Approval. Mr. Freeman said that the Oklahoma City Water Utilities Trust has made a \$2 million dollar funding request to replace and install water lines and mains in various locations throughout the City. The project will be funded with Drinking Water SRF loan funds and ARRA funds in an amount not to exceed \$2 million. Mr. Freeman noted provisions of the loan agreement. The City has experienced steady growth over the last ten years requiring sewer connections increasing by 15% and the debt coverage ratio is approximately 2.08-times. Staff recommended approval.

Ms. Marsha Slaughter, General Manager; Mr. Bret Weingart, Assistant Director; Sam Samandi, Engineering Manager; and Billy Little, Finance Manager were present in support of the loan application. Ms. Slaughter said the availability of the ARRA funds allows the city to do much needed work in the city neighborhoods.

Ms. Lambert said she is aware there is a cap on the amount of a particular ARRA grant, but is there a cap on the number of grants? Mr. Freeman answered the entity has a cap of \$2 million dollars maximum from each program.

Ms. Lambert moved to approve the Drinking Water SRF loan to the Oklahoma City Water Utilities Trust, and Mr. Fite seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann

NAY: None  
ABSTAIN: None  
ABSENT: None

P. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Duncan Public Utilities Authority, Stephens County. Recommended for Approval. Mr. Freeman said this item is a \$13,355,000.00 funding request from the Duncan Public Utilities Authority. The funding will be used to update several pump stations, rehabilitate electrical system, install variable frequency drives and control system improvements. Additionally, 10,000 water meters will be replaced with automated meters, along with Wi-Fi connections and a new GIS utility billing system. The improvements will be funded with Drinking Water SRF loan funds, and ARRA funds in an amount not to exceed \$2 million dollars. Mr. Freeman noted provisions of the loan agreement; Duncan is an excellent loan customer of the Board's and currently has six outstanding loans with the Board. The debt coverage ratio is approximately 2.6-times. Staff recommended approval.

City Manager Clyde Shaw, Public Works Director Scott Bond, and Financial Advisor Keith McDonald were present in support of the loan application.

Mr. Drummond commented about the fees awarded to the Financial Advisor. Mr. Nichols said this has been a financial boost for the financial service industry. Mr. Freeman noted no ARRA funds are used for fees.

Mr. Nichols moved to approve the Drinking Water SRF loan to the Duncan Public Utilities Authority, and Dr. Taron seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

Chairman Herrmann commented the Board has approved about \$147 million dollars over the past two months. He said it is the result of a combination of things: needed catch up and more planned projects have been accelerated by virtue of the ARRA; and in other cases advanced infrastructure improvements that will pay dividends for a very long time. He thanked everyone who has played such an important role in making it happen. Mr. Freeman said that under the Clean Water Program some of the Green Projects will be before the Board at the September meeting.

### **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 transfer items from the Summary Disposition Agenda to the Special Consideration Agenda.

Chairman Herrmann said item E. 1., temporary permit to groundwater by Material Producers, Murray County, is in the Arbuckle Simpson Aquifer area and asked how that is handled. Ms. Cunningham responded said that staff had made the determination that this application regards the Martin Marietta Davis, Oklahoma, plant and the actual geographical location is outside the aquifer boundary and is within the five-mile buffer put into the legislation. Ms. Osborn researched the studies and it appears the groundwater is outside the area. Additionally, there were no protests to the application, therefore, staff recommended approval.

#### **B. Discussion, Questions, and Responses Pertaining to Any Items Remaining on Summary Disposition Agenda and Action on Items and Approval of Items 3.C. through 3.O.**

There being no further questions or discussion regarding items on the Summary Disposition Agenda, Chairman Herrmann asked for a motion.

Ms. Lambert moved to approve the Summary Disposition Agenda, and Mr. Sevenoaks seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann  
NAY: None  
ABSTAIN: None  
ABSENT: None

**The following items were approved:**

C. Consideration of Approval of the Following Application for REAP Grant in Accordance with the Proposed Order Approving the Grant:

<b>REAP</b>				<b>Amount</b>
<b><u>Item No.</u></b>	<b><u>Application No.</u></b>	<b><u>Entity Name</u></b>	<b><u>County</u></b>	<b><u>Recommended</u></b>
NODA				
1.	FAP-00-0047-R	Rural Water District #6	Kay	\$99,990.00

D. Consideration of and Possible Action on Contracts and Agreements, Recommended for Approval:

1. Agreement with the Office of the Secretary of the Environment for the Clean Water Act §604(b) Water Quality Management Planning Program, American Recovery and Reinvestment Act.
2. Contract with the Oklahoma Department of Environmental Quality for lab analysis of environmental samples submitted to DEQ by OWRB.
3. Memorandum Agreement with Applied Energy Services, Shady Point, Inc. and USGS for water monitoring and data collection.
4. Memorandum Agreement with the City of Norman and USGS for water monitoring and data collection.
5. Land use agreement with Oklahoma County for a cooperative project to install in-ground water well to be part of statewide drought-monitoring network.
6. Professional Services contract with Emily Mezell to provide services of hearing examiner for administrative hearings.
7. Memorandum Agreement with Meridian Aggregates Co. and USGS for water monitoring and data collection.
8. Joint Funding Agreement with USGS for the cooperative monitoring program.

- E. Applications for Temporary Permits to Use Groundwater:
  - 1. Material Producers, Inc., Murray County, #2009-523
  
- F. Applications to Amend Temporary Permits to Use Groundwater:
  - None
  
- G. Applications for Regular Permits to Use Groundwater:
  - 1. Steve Long, Cimarron County, #2009-519
  - 2. Marjorie Hamm, Texas County, #2009-522
  - 3. Betty Sue Moore, Texas County, #2009-529
  - 4. Payton Sherman & Donna Sherman Revocable Trust, Tillman County, #2009-530
  
- H. Applications to Amend Regular Permits to Use Groundwater:
  - 1. Melvyn Williams, Texas County, #1975-895
  
- I. Applications to Amend Prior Rights to Use Groundwater:
  - None
  
- J. Applications for Regular Permits to Use Stream Water:
  - 1. Henryetta Municipal Authority, Okmulgee County, #2008-011
  - 2. Charles & Conita Tipton, Coal County, #2009-009
  
- K. Forfeitures of Stream Water Rights:
  - 1. Glen Igo, Washita County, #1971-295
  - 2. Darlene Cox, Roger Mills County, #1948-201
  - 3. Allen Jones, Roger Mills County, #1951-046
  - 4. George Heriford, Custer County, #1960-150
  - 5. O. F. Bailey, Roger Mills County, #1964-372
  - 6. Smith Cogeneration Oklahoma, LeFlore County, #2001-004
  - 7. William Mobley, LeFlore County, #1968-058
  - 8. Tony & Debbie McFarland, LeFlore County, #1996-057
  - 9. David Williams, Adair County, #1965-233
  - 10. John Payne, Adair County, #1979-126
  - 11. Jack Drain, Sequoyah County, #1985-001
  - 12. Randy & Debbie Barrios, Haskell County, #1997-021
  - 13. Ewing & Barbara Harvell, LeFlore County, #1999-011
  
- L. Well Driller and Pump Installer Licensing:
  - 1. New Licenses, Accompanying Operator Certificates and Activities:
    - a. Licensee: D & D Water Well Drilling, Inc. DPC-0777
      - 1. Operator: Donny Maphet OP-1702
        - Activities: Groundwater wells, test holes and observation wells
        - Pump installation
    - b. Licensee: Aqua Drill Services, LLC DPC-0783
      - 1. Operator: Ronnie Neihart OP-1709

- Activities: Groundwater wells, test holes and observation wells  
Pump installation
- 2. Operator: Glen Barnhart
- Activities: Groundwater wells, test holes and observation wells OP-1710  
Pump installation
- 2. New Operators for Existing Licenses:
  - a. Licensee: Comfort Works, Inc. DPC-0012
    - 1. Operator: Clayton Madden OP-1708
    - Activities Heat exchange wells
  - b. Licensee: E TTL Engineers & consultants, Inc. DPC-0605
    - 1. Operator: Jeanie M. Odom OP-1703
    - Activities: Monitoring wells and geotechnical borings
- 3. New Activity of Operators for Existing Licenses:
  - a. Licensee: Ted Jenks Water Well Service, LLC DPC-0109
    - 1. Operator: Ted Lowell Jenks, Jr. OP-0408
    - Activities: Groundwater wells, test holes and observation wells

M. Dam and Reservoir Construction:

- 1. Adair County Conservation District, Adair County, #DS-09-03
- 2. Adair County Conservation District, Adair County, #DS-09-04
- 3. West Caddo County Conservation District, Caddo County, #DS-09-06

N. Permit Applications for Proposed Development on State Owned or Operated Property within Floodplain Areas:

- 1. Oklahoma Department of Transportation, Payne County, #FP-09-13
- 2. Oklahoma Department of Transportation, Rogers County, #FP-09-15
- 3. Oklahoma Department of Transportation, Rogers County, #FP-09-16
- 4. Oklahoma Department of Transportation, Muskogee County, #FP-09-17
- 5. Oklahoma Department of Transportation, McCurtain County, #FP-09-18
- 6. Oklahoma Department of Transportation, Blaine County, #FP-09-19

O. Applications for Accreditation of Floodplain Administrators:

Names of floodplain administrators to be accredited and their associated communities are individually set out in the August 11, 2009 packet of Board materials

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

A. Update Report on Oklahoma Comprehensive Water Plan Activities. Mr. Kyle Arthur, Director of Planning, addressed the members and first noted Dr. Taron's participation in the OWCP public participation planning process. Mr. Arthur updated the members on the activities of the water plan, and began by reviewing the planning process and how we are at this point today. He said about five weeks ago, staff held a "water planning summit" which included a

variety of people from the OWRB, OWRRI, CDM, Guernsey, and others, and discussed the organization of the plan: what it will look like, what it will contain, how it will be presented, what are the timelines, etc., and it was great opportunity to take stock where we are and where we are going from here. He said it is important to note and to understand there are approximately 30 other reports, research investigations and studies that will be a part of the Water Plan, so it became imperative that the discussion at this time evolved around, "what is our story."

Mr. Arthur said it is believed it imperative to have a story, or theme, in this plan especially one that is five years in the making and this comprehensive, that there is a common theme throughout the entire composition, explicitly or implicitly stating the theme throughout all the analysis, helping to define the purpose and keep the planning on point, and ultimately makes for an implementable plan. The consensus is that the goal of the OCWP is summed up in three terms: reliable, integrated and coordinated. Reliable water supplies, water rights, wet water, and water quality -- all components of the "three-legged stool" concept. He talked in-depth about the aspects of supply and demand development process throughout all sectors of water use, current level and projections through 2060, supply availability of surface water and reservoirs and hydrologic variability, groundwater supply availability and statewide supply availability screening. He explained Tool Output, and the next steps regarding basin regional supply fact sheets, work groups for environmental flow considerations, aquifer recharge, and marginal quality; reservoir yield analysis, modeling tools, ongoing research and providing for input for recommendation, and he emphasized the number of state and federal agencies that are involved in the process. Mr. Arthur discussed what is a reliable plan, what makes it reliable--expert technical evaluation, consistent defensible methodologies, robust public participation, the plan should be "forward thinking," integrated (in analysis) and coordinated (in information), and consistent with emerging federal priorities and initiatives, with connections established and implemented in a way the benefits all Oklahoma water users. Mr. Arthur closed his presentation speaking to the examples of a reliable plan as sustainable watershed management and the major national conversations that are currently ongoing regarding water management and how the OWRB has constructed a water plan -- legislation currently in Congress to assess, coordinate, and implement policies and actions to assure sustainable, reliable, usable water resources of the United States; integrated water resources sciences and services (NOAA); impact measures to evaluate environmental, social and economic benefits of infrastructure financing (EPA and OWRB); Western Governors' Association and coordination between states and federal planning efforts, as well as work with the US Corps of Engineers and Bureau of Reclamation.

There were general questions and discussion by members regarding the workshops and the public participation process, particularly comments by Dr. Taron.

Mr. Smith informed the members about a court decision about the Martin Marietta case. The matter regarded the Board's decision on a permit and the use of pit water. The court said the OWRB erred as a matter of law concluding the exemption did not apply, so the court correctly concluded the OWRB was without jurisdiction to require a permit. He explained that there is no regulation by any agency regarding pit water use. Senator Paddock has an interim study regarding the matter.

## 5. SPECIAL CONSIDERATION

For INDIVIDUAL PROCEEDINGS, a majority of a quorum of Board members, in a recorded vote, may call for closed deliberations for the purpose of engaging in formal deliberations leading to an intermediate or final decision in an individual proceeding under the legal authority of the Oklahoma Open Meeting Act, 25 O.S. 2001, Section 307 (B)(8) and the Administrative Procedures Act, 75 O.S. 2001, Section 309 and following.

A majority vote of a quorum of Board members present, in a recorded vote, may authorize an executive session for the purposes of CONFIDENTIAL COMMUNICATIONS between the public body and its attorney concerning a pending investigation, claim, or action if the public body, with the advice of its attorney, determines that disclosure will seriously impair the ability of the public body to process the claim or conduct the pending investigation, litigation, or proceeding in the public interest, under the legal authority of the Oklahoma Open Meetings Act, 25 O.S. 2001, Section 307(B)(4).

A. No items. There were no Special Consideration agenda items presented for the Board's consideration.

B. Items transferred from Summary Disposition Agenda, if any. There were no items transferred from the Summary Disposition Agenda for further consideration.

## 6. PRESENTATION OF AGENCY BUDGET REPORT.

Mr. Monte Boyce, OWRB Comptroller, addressed the members and stated the report contained the first view of the FY 2010 budget, but which has not been approved by the Office of State Finance--\$28 million is the operating budget. He said the deposit from the Gross Production Tax account this August is \$324,000 as compared to August 2008 at \$734,000, and comparatively, August 2006 was \$375,000; he anticipated the full allocation of \$2.6 million. Mr. Smith said the good news is that if the rates keep up, the OWRB will receive the anticipated allocation. Mr. Drummond asked the total for the 2009 budget; Mr. Boyce answered it was \$24 million, the difference this next fiscal year being water plan funding. He said there was also an increase in the Office of the Secretary of Environment pass through monies.

There was general discussion about the budget and anticipated impact due to the economic situation.

## 7. CONSIDERATION OF SUPPLEMENTAL AGENDA ITEMS, IF ANY

Chairman Herrmann stated there is a Supplemental Agenda for the Board's consideration.

### A. Financial Assistance Division, Recommended for Approval

1. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Owasso Public Works Authority, Tulsa County. Recommended for Approval.  
(Considered earlier under item 2. Financial Assistance Division)

2. Consideration of Resolution Approving an Agreement with Hawkins, Delafield and Wood, LLP and the Oklahoma Water Resources Board Relating to the Revolving Fund Revenue Bonds, Series 2004, and Other Related Documents, and Authorizing the Chairman to Execute Documents. Mr. Joe Freeman stated to the members he had visited with each member about the revenue bond program being notified of not meeting a couple of requirements of the Internal Revenue Code. The Attorney General's office has been informed of the letter notification; staff met with Mr. Lynn Rogers of the AG staff, who recommended the Board seek counsel from a law firm that specializes in tax counsel work. The proposed resolution recommends the hiring of Hawkins Delafield Woods to represent the Board in this matter.

The members discussed the estimate amount of \$100,000.00. Mr. Dean Couch, General Counsel, stated the matter could be handled as easily as with a telephone call or letter, or it may be an extensive procedural presentation before the Internal Revenue Service in Washington, D.C. The Attorney General's staff could not provide any idea of what might be entailed but recommended the maximum for purposes of expediency, which is not absolute, but "an amount not to exceed." Mr. Rogers did say that the tax-exempt bond issues of the last year or so had gotten "on the radar screen" of the IRS field agents, but there hadn't been a lot of feedback, and he was unfamiliar with the allegation and could not anticipate the type of complexity this might be. The source of funding will be through the SRF administrative fees.

There was some discussion by the members about the situation.

Mr. Nichols moved to approve the resolution an agreement with Hawkins Delafield and Wood relating to the Revolving Fund Revenue Bonds, Series 2004, and Dr. Taron seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron,  
Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

B. Contracts and Agreements, Recommended for Approval.

1. Amendment to the Standby Bond Purchase Agreement with State Street Bank and Trust Company related to the Board's State Loan Program Revenue Bond Series 1994A, 1995, 1997, and 2001. Mr. Joe Freeman stated this item is an amendment to the Standby Bond Purchase Agreement which related to the non-SRF loan program. The amendment to that agreement with State Street Bank of Boston -- Standard and Poor's rating agency asked for a change in contract and the amendment is in favor of the Board and increases the time period the Board has regarding a judgment a court may have against the Board from 30 days to 60 days. Staff recommended approval.

Ms. Lambert moved to approve the amendment to the agreement, and Mr. Fite seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron,  
Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

2. Contract with The Board of Regents of the University of Oklahoma by and through University Outreach/College of Continuing Education's Center for Public Management for Community Case Studies of Benefits of Clean Water State Revolving Fund Program. Mr. Dave Dillon, Assistant Director, stated that Mr. Smith has already talked about this contract with the University of Oklahoma, specifically with the College of Continuing Education Center for Public Management. Basically, this goes hand-in-hand

with the project with the EPA that Northbridge entered for \$77,206.00, and the OWRB and OU is entering a contract for \$77,250.00 between August 12, 2009 and January 12, 2010, to test the impact measure by Northbridge and to publish the results. Staff recommended approval.

Mr. Sevenoaks commented about the publishing rights; Mr. Dillon stated it had been altered from the previous draft that indicated the Board can do with the results as it needs to and may allow others to use the information.

Mr. Drummond moved to approve the contract with the University of Oklahoma, and Mr. Sevenoaks seconded.

AYE: Nichols, Drummond, Keeley, Knowles, Sevenoaks, Lambert, Fite, Taron, Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

## 9. 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 or any revised agenda.

There were no New Business items for the Board's consideration. However, Dr. Taron expressed his appreciation to the staff for bringing him into the OWRB process, and supported the comments made by the representatives of the communities today as to the professionalism and comfort level with which they do their job, making it easy for him to vote today in confidence with the staff, knowing due diligence had been done.

## 10. ADJOURNMENT

There being no further business, Chairman Herrmann adjourned the meeting of the Oklahoma Water Resources Board at 12:10 p.m. on Tuesday, August 11, 2009.

## OKLAHOMA WATER RESOURCES BOARD

\_\_\_\_\_/s/\_\_\_\_\_  
Rudolf J. Herrmann, Chairman

\_\_\_\_\_/s/\_\_\_\_\_  
Jess Mark Nichols, Vice Chairman

\_\_\_\_\_/s/\_\_\_\_\_  
Edward H. Fite

\_\_\_\_\_/s/\_\_\_\_\_  
Richard Sevenoaks

\_\_\_\_\_/s/\_\_\_\_\_  
Jack W. Keeley

\_\_\_\_\_/s/\_\_\_\_\_  
Kenneth K. Knowles

\_\_\_\_\_/s/\_\_\_\_\_  
F. Ford Drummond

\_\_\_\_\_/s/\_\_\_\_\_  
Joseph E. Taron

***ATTEST:***

\_\_\_\_\_/s/\_\_\_\_\_  
Linda P. Lambert, Secretary  
(SEAL)