

OKLAHOMA WATER RESOURCES BOARD

OFFICIAL MINUTES

August 17, 2021

1. CALL TO ORDER

The Regular Meeting of the Oklahoma Water Resources Board was called to order by Chairman Matt Muller, at 9:30 a.m. on August 17, 2021, 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 13, 2021, 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 Muller welcomed everyone to the meeting and asked for the roll call of members. In the absence of the Secretary, Chairman Muller appointed member Mr. Robert Stallings as Acting Secretary for the meeting.

Board Members Present

Matt Muller, Chairman
Charles Darby, Vice Chairman
Thomas A. Gorman
Ron Justice
Suzanne Landess
Robert L. Melton
Robert L. Stallings, Jr.

Board Members Absent

Jennifer Castillo, Secretary
Bob Latham

Staff Members Present

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

Others Attending

David Oakley, LegisOK, Oklahoma City, OK
Jerry Eubanks, Blackwell, OK
Sherry Eubanks, Blackwell, OK
Ray Poland, Jones, OK

Charles Swinton, BancFirst, Oklahoma City, OK
Karin Teuffer, Guernsey, Oklahoma City, OK
Season Crabtree, Guernsey, Oklahoma City, OK
Kevin Ruark, OOWA
Isabella Ostrowe, Office of the Secretary of Energy & Environment, Oklahoma City, OK
Bodie Bachelor, Centennial Law, Oklahoma City, OK
Jeff Everett, OG&E, Oklahoma City, OK

B. Discussion, Amendments, and Vote to Approve Official Minutes of the July 20, 2021, Regular Meeting. Chairman Muller stated members were provided the draft minutes of the July 20, 2021, meeting and asked the Board's pleasure regarding the minutes. There were no comments or amendments.

Mr. Gorman moved to approve the minutes of the July 20, 2021, Regular Meeting, and Mr. Darby seconded. Chairman Muller called for the vote.

AYE: Landess, Stallings, Gorman, Darby, Melton, Justice, Muller

NAY: None

ABSTAIN: None

ABSENT: Castillo, Latham

C. Executive Director's Report

Ms. Julie Cunningham, Executive Director, welcomed everyone to the meeting and began the report updating the members on the drought conditions and lake levels across the state, and that the seasonal outlook predicts normal to above-normal temperatures. The southeast portion of the state is currently experiencing the highest drought and low precipitation.

Ms. Cunningham announced the 2021 Governor's Water Conference will be held at the Reed Conference Center in Midwest City on December 1-2, 2021. Staff is working with Oklahoma State University on the program and is planning for backup/alternative arrangements in the event the pandemic situation changes.

On July 28, Oklahoma and the OWRB hosted the 2021 Annual meeting of the Kansas-Oklahoma Arkansas River Commission. There are no issues between the states, and the Commission, through the newly established Water Quality Committee, is looking at projects that effect both states in the northeast portion of Oklahoma. Staff met with Representative Sims regarding the Oklahoma Flood Plan; he is a proponent of the legislation that supports the Oklahoma Flood Plan and is inquiring about necessary funding and needed legislation. Chief Engineer Yohanes Sugeng has identified a need for \$1.3 million and an agenda item for the Board's consideration today concerns one of three expected grant assistance agreements which will be used as seed money to begin the plan. There is no comprehensive list at this time; however, projects have been identified that total \$400 million for dam rehabilitation, storm water and nonpoint source control. A component will include a classification of dams considered as high hazard potential cross-referenced with condition assessment and downstream population at risk with data that is currently available at the agency through annual inspections of high hazard dams.

On August 11, the first Hydrogen Gas Task Force met. The task force was created by SB 1021 by Senator David and Representative McBride to analyze the logistics and capacity of existing infrastructure i.e., gas resources, potential pipelines, and renewable energies such as wind that is available. The task force hopes to develop a GIS tool to overlay the current assets of the state to identify the location of produced water, and in this case, the cost will be treatment and transportation. There are four subcommittees of the Task Force, and Ms. Cunningham stated she is co-chair of the Production Subcommittee, along with Representative Brad Boles and OU VP of Research & Partnerships Dr. Thomas Diaz de la Rubia. The subcommittee met to discuss growing the industry, setting Oklahoma apart from other states, and looked at production technologies. The report to the Governor and Legislature will look at water needs and potential

suppliers of water. Mr. Chris Neel, OWRB Chief of Water Rights, is attending the Task Force meeting this morning.

Regarding the State Legislature, there are interim studies the OWRB has been asked to participate in, both regarding the impact of medical marijuana industry and production on water resources. Staff is compiling information on complaints received by the Board about providing water and capacity issues. Federally, staff has been working with Senator Inhofe's office on the bi-partisan infrastructure bill that was passed by the Senate and is now in the House. There is \$43 billion dollars in a supplemental bill for Clean Water and Drinking Water SRFs over a 5-year period that has no match requirement and funded by three sources of money, one requires a minimum of 50% additional subsidies that target smaller and disadvantaged communities and will not affect the OWRB normal funding programs. There is \$15 billion for the DWSRF for lead remediation, with 50% additional subsidy, \$1 billion for CWSRF and \$4 billion for DWSRF for emergent contaminants. Regarding the American Rescue Act, the Oklahoma Legislature will announce the application process, and staff will be applying for funding that can be passed along to small communities and rural districts for water and sewer projects. She said the state's portion is \$1.9 billion and the competitive process will allow requests for funding eligible projects, and the Legislators and Governor Stitt will decide which projects should move forward.

Ms. Cunningham concluded her report. There were no questions by members.

D. Financial Update

1. Budget Report. Mr. Cleve Pierce presented the budget report for the period ending July 2021. He said July begins the first period of the fiscal year where the agency spends at much lower levels and most expenses are personnel costs. The budget was posted in the system in the middle of July and staff is working on backlog. He said for the period, the agency has spent 4% of the appropriated budget, leaving 96%; has spent 4% of the revolving budget leaving 96%; and has spent 2% of federal dollars with 98% remaining. Overall, the total budget remaining is 97% of the budget remaining with 92% of the year remaining, noting the same time last year the agency was at 96% of the budget remaining. He mentioned the Arbuckle Simpson Phase 2 study funding of \$2 million was left in appropriations and could not be transferred to a revolving fund. This will make the appropriated dollars look overstated and the budget look larger compared to last year. He said that to date, the agency has spent \$267,000 for FY'21 obligations.

Mr. Pierce concluded the report, and there were no questions. He introduced the agency's new Human Resources Manager, Gene Higgins.

2. FINANCIAL ASSISTANCE DIVISION

A. Consideration of and Possible Action on a Proposed Order Approving Clean Water Funding Application for Blackwell Municipal Authority, Kay County. Recommended for Approval. Mr. Joe Freeman, Chief, Financial Assistance Division, stated to the members that this first item is a \$3,600,000.00 loan request from the Blackwell Municipal Authority located in Kay County. The Authority is requesting the loan proceeds for the installation for an Advanced Metering Infrastructure system for its water and electric system. He said the loan will be funded through the Clean Water State Revolving Fund Loan Program, and he noted provisions of the loan agreement, and said the debt coverage ratio stands at 1.77-times. Staff recommended approval of the loan request.

Mr. Jerry Eubanks, Director of Public Works, addressed the Board and expressed appreciation on behalf of Mayor T.J. Greenfield, City Manager Jerry Wieland, himself, and the citizens of Blackwell. He said the project has been needed for several years, the plant is 95 years old and while good quality water is produced, it is unknown how long it will last, and currently, the plant is not completely compliant.

There were no questions by the members.

Mr. Stallings moved to approve the CWSRF loan to the Blackwell Municipal Authority, and Mr. Darby seconded. There were no questions or discussion and Chairman Muller called for the vote.

AYE: Landess, Stallings, Gorman, Darby, Melton, Justice, Muller
NAY: None
ABSTAIN: None
ABSENT: Castillo, Latham

B. Consideration of and Possible Action on a Proposed Order Approving State Loan Program Revenue Bond Loan Funding Application for Blackwell Municipal Authority, Kay County. Recommended for Approval. Mr. Freeman stated this item is a \$13,240,000.00 loan request by the Blackwell Municipal Authority for the construction of a new 3MGD water treatment plant and installation of a water line to an existing elevated storage tank. The loan will be funded through the State Loan Program Revenue Bond Loan, or “FAP,” and he noted provisions of the loan agreement; the debt coverage ratio stands at 1.77-times. Staff recommended approval.

Mr. Eubanks is representing the Blackwell Municipal Authority. There were no questions by the members, and Chairman Muller called for the vote.

Mr. Stallings move to approve the FAP loan to the Blackwell Municipal Authority, and Mr. Gorman seconded. Chairman Muller called for the vote.

AYE: Landess, Stallings, Gorman, Darby, Melton, Justice, Muller
NAY: None
ABSTAIN: None
ABSENT: Castillo, Latham

C. Consideration of and Possible Action on a Proposed Order Approving State Loan Program Revenue Bond Loan Funding Application for Jones Public Works Authority, Oklahoma County. Recommended for Approval. Mr. Freeman said the Jones Municipal Authority located in Oklahoma County has requested a loan in the amount of \$10,535,000.00. The Authority is requesting the loan for improvements to its wastewater treatment plant, replace water and sewer line, replace the current water meters with new AMR meters, develop a new water well, and construct a 150,000-gallon elevated storage tank as well as water lines associated with the well and tower. Mr. Freeman said the loan will be funded through the State Loan Program Revenue Bond Loan (FAP), and he noted provisions of the loan agreement. The population of Jones has increased by 15% the past ten years, and the debt coverage ratio stands at approximately 1.61-times. Staff recommended approval.

Mayor Ray Bolen, representing the Jones Public Works Authority, addressed the Board and said that for 12 years the town has been struggling with water problems and several years ago he met with Mr. Freeman and OML Director Mike Fina to find financing for the project. The town passed an historic \$0.01 sales tax increase to fund the project. Mayor Bolen stated the population has increased and with the new turnpike, he anticipated continued growth. He said with this project the town is preparing for the future, and he thanked the Board for its consideration.

There were no questions, and Chairman Muller asked the Board’s pleasure regarding the Jones application. Mr. Darby moved to approve the FAP loan request to the Jones Public Works Authority, and Mr. Melton seconded. There was no discussion, and Chairman Muller called for the vote.

AYE: Landess, Stallings, Gorman, Darby, Melton, Justice, Muller
NAY: None
ABSTAIN: None
ABSENT: Castillo, Latham

D. Resolution Authorizing the Issuance of Oklahoma Water Resources Board Revolving Fund Revenue Bonds - Clean Water and Drinking Water Program (New Series Master Trust Bonds), in the Aggregate Principal Amount Not to Exceed \$250,000,000.00; 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. Mr. Freeman stated to the members this agenda item is a resolution authorizing the issuance of additional Drinking Water State Revolving Loan Fund bonds. He reviewed with the members how the SRF programs have been leveraged over the years. In 2003, the Board issued the first SRF bond issue utilizing the reserve fund model until the passage of the Federal Tax Increase, Prevention, and Reconciliation Act of 2005, and the market turmoil of 2008-2009 when there were no traditional reserve fund investments to sustain the model. The Board evolved to a cashflow model to leverage the SRF. He explained under this model, the Board's SRF debt is tied to cashflow and the fund capacity. Currently, the fund has \$562.4 million dollars of DWSRF loans which have closed and drawn approximately \$168 million in loan proceeds leaving approximately \$394 million dollars of funds yet to be drawn.

Mr. Freeman said the resolution before the Board authorizes the issuance of additional DWSRF bonds in an amount not to exceed \$250 million dollars, authorizes execution of a bond indenture providing for the issuance, authorizes the issuance on a negotiated basis, approves the preliminary official statement, directs payment of the cost of issuance, and authorizes other documents necessary to close the issue. Staff recommended approval.

Chairman Muller asked if there were questions by the members. He said Mr. Freeman had briefed the members prior to the meeting regarding the Board's status and the needs that will be coming going forward. There were no questions.

Mr. Stallings moved to approve the resolution authorizing the issuance of \$250 million in DWSRF bonds, and Ms. Landess seconded.

AYE: Landess, Stallings, Gorman, Darby, Melton, Justice, Muller

NAY: None

ABSTAIN: None

ABSENT: Castillo, Latham

E. Consideration of and Possible Action on a Proposed Resolution Expressing Official Intent to Reimburse Costs of Loans for Drinking Water State Revolving Funds Projects. Recommended for Approval.

Mr. Freeman said this last item is a reimbursement resolution for the Drinking Water State Revolving Fund Loan Program. He said the tax law changes in 2005 tightened spenddown rules regarding debt issuance such as the OWRB's. Prior rules allowed a good faith effort to lend in excess of 90% of bond proceeds within three years of bond issue closing. The new rule requires that 30% be drawn down within one year of closing and 95% within three years. By closing SRF loans and funding them with non-bond proceeds in the beginning, then closing a bond issue, and then reimbursing ourselves with bond proceeds, allows the Board to be in compliance with the 30% first year requirement on the day the SRF bond issue closed. Mr. Freeman said in order to accomplish this, Treasury regulations require the Board to declare the reimbursement intention in a form such as the resolution before the Board today. Exhibit A of the resolution notes the DWSRF loans that have been approved but not closed, closed DWSRF loans that are drawing, and those loans on the DWSRF priority list that are eligible for reimbursement. He said that as noted in the resolution, over \$1.4 billion dollars in DWSRF loans have been identified that may be eligible for reimbursement. Staff recommended approval of the resolution.

Chairman Muller asked if there were questions regarding the resolution. There were no questions, and he asked the Board's pleasure. Mr. Darby moved to approve the resolution regarding intent to reimburse costs, and Mr. Melton seconded. Chairman Muller called for the vote.

AYE: Landess, Stallings, Gorman, Darby, Melton, Justice, Muller

NAY: None

ABSTAIN: None

ABSENT: Castillo, Latham

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 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 Muller asked if there were changes to the Summary Disposition Agenda. There were none; he said asked the Board’s pleasure regarding the Summary Disposition Agenda items.

Mr. Stallings moved to approve the Summary Disposition Agenda items, and Mr. Gorman seconded. Chairman Muller called for the vote.

- AYE: Landess, Stallings, Gorman, Darby, Melton, Justice, Muller
- NAY: None
- ABSTAIN: None
- ABSENT: Castillo, Latham

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-21-0041-R	Mulhall Public Works Authority	Logan	\$60,000.00
COEDD				
b.	FAP-21-0009-R	Wanette Public Works Authority	Pottawatomie	110,300.00
SODA				
c.	FAP-21-0056-R	Rural Water District #6	Hughes	92,000.00

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

1. Joint Funding Agreement between United States Geological Survey and OWRB for continuous monitoring of seven streamflow sites and three lakes within the Little Washita River Basin and the Washita River near Carnegie.
2. Hazard Mitigation Assistance Grant Agreement between Oklahoma Department of Emergency Management and Homeland Security and OWRB to aid in development of a statewide flood plan.
3. Grant Agreement between Oklahoma Tourism and Recreation Department and OWRB for OWRB to provide funding for planning, preliminary engineering, and engineering design required to assess the rehabilitation of Clayton Lake Dam (OK21490) as required by FEMA’s Rehabilitation of High Hazard Potential Dams grant program

4. Grant Agreement between Guthrie Public Works Authority, Logan County and OWRB for OWRB to provide funding for planning, preliminary engineering and engineering design required to assess the rehabilitation of the Guthrie Lake Dam (OK02123) spillway and discharge channel as required by FEMA's Rehabilitation of High Hazard Potential Dams grant program.

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

1. Al & Jill Westfahl, Garfield County, #2020-535

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

None

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

1. Payton & Donna Sherman Revocable Trust, Tillman County, #2021-518

H. Consideration of and Possible Action on Applications to Amend Regular Permits to Use Groundwater:

1. Henry C. Hitch Ranch Trust, Texas County, #1977-568B

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:

None

K. Consideration of and Possible Action on Applications for Regular Permits to Use Stream Water:

1. Edward W. & April Ann Granger, Caddo County, #2021-003

L. Consideration of and Possible Action on Applications to Amend Regular Permits to Use Stream Water:

None

M. Consideration of and Possible Action on Well Driller and Pump Installer Licensing:

1. New Licenses, Accompanying Operator Certificates and Activities:

- | | |
|--|----------|
| a. Licensee: American Heritage Septic, Inc. | DPC-1055 |
| Operator: Robert Ohop | OP-2375 |
| b. Licensee: Hendrixson's Drilling, LLC | DPC-1057 |
| Operator: Mike Hendrixson | OP-2376 |
| c. Licensee: Okie Drilling and Water Well Services | DPC-1059 |
| Operator: Tyrell Sheppard | OP-2377 |
| d. Licensee: Pipeline Compliance Services | DPC-1061 |
| Operator: Clay Vest | OP-2378 |

2. New Operators, Licensee Name Change, and/or Activities for Existing Licenses

- | | |
|------------------------------------|----------|
| a. Licensee: C & G Water Well, LLC | DPC-0454 |
| Operator: Glenna Woodbury | OP-2379 |

N. Consideration and Possible Action on Proposed Resolution Appointing Persons to Serve as Members of the Well Driller and Pump Installers Advisory Council:

Names of persons to serve as members are individually set out in the August 17th 2021 packet of Board materials.

O. Consideration of and Possible Action on Dam and Reservoir Construction:

1. Justin & Sherry Bunch (Bunch Lake Dam), McClain County, OK30595

- P. Consideration of and Possible Action on Permit Applications for Proposed Development on State Owned or Operated Property within Floodplain Areas:
 - 1. Oklahoma Department of Transportation, Choctaw County, FP-2021-10
- Q. Consideration of and Possible Action on Applications for Accreditation of Floodplain Administrators:
 - 1. Zachary Davis, CFM, City of Shawnee, FPA-017
 - 2. Terry Black, City of Lexington, FPA-018

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

- A. No items. There was no discussion about agency matters or other items of interest.

5. SPECIAL CONSIDERATION

- A. No Items. There were no items for the Board’s consideration
- B. Consideration of and Possible Action on Items Transferred from the Summary Disposition Agenda, if any. There were no items transferred from the Summary Disposition for the Board's consideration.

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 or any revised agenda.

There were no New Business items for the Board's consideration.

7. ADJOURNMENT

There being no further business, Chairman Muller adjourned the Regular Meeting of the Oklahoma Water Resources Board at 10:00 a.m., on August 17, 2021.

OKLAHOMA WATER RESOURCES BOARD

_____/s/_____
Matt Muller, Chairman

_____Absent_____
Charles Darby, Vice Chairman

_____/s/_____
Robert L. Melton, Sr.

_____/s/_____
Suzanne V. Landess

_____/s/_____
Robert L. Stallings, Jr.

_____/s/_____
Thomas A. Gorman

_____/s/_____
Ron Justice

_____/s/_____
B. Latham

ATTEST:

_____/s/_____
Jennifer Castillo, Secretary
(SEAL)