

OKLAHOMA WATER RESOURCES BOARD MEETING INFORMATION

The Oklahoma Water Resources Board meets monthly in accordance with the date, time, and location shown on the final posted agenda. A draft Board meeting agenda and packet materials are scheduled to be prepared approximately 10 calendar days prior to the Board's meeting. A final agenda is scheduled to be posted at least 24 hours prior to the meeting. The standard sections of the agenda are numbered in a series; additional or special items will appear on the agenda subsequently. Standard sections include the following:

- 01000 = Call to Order
- 02000 = Financial Assistance Division
- 03000 = Summary Disposition Agenda
- 04000 = Items of Interest
- 05000 = Special Consideration Items

This meeting packet contains expanded information (summary documents, proposed orders, etc.) associated with individual agenda items. Each section of the packet contains a cover sheet noting the appropriate corresponding agenda item/number. (For example, to locate agenda item 2.D., concerning a grant or loan, review the packet for the section labeled, "2. Financial Assistance Division," which will begin on page 02000. Item D. is placed in alphabetical order in the section and is labeled accordingly.) The documents and information provided within the meeting packet are draft until approved by the Board. Please contact OWRB staff for the final, official documents as approved by the Board.

If you require assistance in locating an item or accompanying documents, please contact OWRB staff at (405) 530-8800.

1.B.

**July 16, 2024, Regular Meeting Draft Official Minutes
For consideration at the August 20, 2024 Board Meeting**

CALL TO ORDER

The Regular Meeting of the Oklahoma Water Resources Board was called to order by Madam Chair Jennifer Castillo, on July 16, 2024, at 9:31 a.m. at the Oklahoma Water Resources Board located at 3800 N. Classen Blvd. 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 May 15, 2024, at 4:00 p.m., at the Oklahoma Water Resources Board's offices at 3800 N. Classen Boulevard, Oklahoma City, Oklahoma.

A. Roll Call. Madam Chair Castillo welcomed everyone to the meeting and asked for the roll call of members.

Board Members Present

Ron Justice
Robert L. Stallings, Jr.
Darren Cook
Jennifer Castillo
Tom Gorman
Bob Latham
Jarred Campbell

Board Members Absent

Matt Muller

Staff Members Present

Julie Cunningham, Executive Director
Sara Gibson, General Counsel
Robby Short, Communication and Marketing Coordinator
Tamara Lilly, Executive Administrator
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

Others Attending

Chad Roach, City of Cherokee
Marc long, SRB Engineering
Rusty Whisenhunt, City of Lawton
Mary Stallings
Charles Lindsey-O., Legis OK
Matt Coe, Cimarron Valley
Stuart England, Floyd & Driver
Victoria Tran, SOEE
Randy McDaniel, BancFirst
Roger Galwin, City of Warr Acres
Bodie Bachelor, Centennial Law
Emily Criswell, Centennial Law
Leslie Lewis, HALFF
Bud Ground, EFO
Trey Peterson, DEQ
Cameron Bertelli, BOKF
Sara Senyondo, Parkhill

B. Discussion, Amendments and Vote to Approve Official Minutes of the June 18, 2024, Regular Meeting. Madam Chair Castillo inquired if all members reviewed the minutes of the June 18, 2024, meeting and if no questions, or changes, requested a motion to approve. No comments or amendments; Mr. Stallings motioned to approve, and Mr. Campbell seconded the motion. Madam Chair Castillo called for the vote.

AYE: Latham, Stallings, Justice, Landess, Gorman, Cook, Castillo, Campbell
NAY: None
ABSTAIN: None
ABSENT: Muller

C. Executive Director’s Report:

The last month has been particularly dry for the southern part of the state with the south-central region the lowest at 48% normal rainfall. Most major reservoirs are holding steady at near normal pool storage on average, but this could change rapidly. Average streamflow across the state was well below normal for most of June. 322,800 Oklahomans (18% in area statewide) are now in moderate drought or worse according to the drought monitor. The seasonal outlook shows an increased probability for above normal temperatures and below normal precipitation for the rest of the summer. The entire state is predicted to have drought development from now through September 30 with the west central region currently being hit the hardest.

Legislative Session:

Sen. Lonnie Paxton R-Tuttle selected as senate president pro tem elect; Interim studies have been filled, Senate studies approved, House deadline to file is July 28th.

Bills of Note:

SSP2012 - Howard, Brent (R) A study on water usage, monitoring and oversight.

SSP2016 - Hamilton, Warren (F) (R) A study on the corps of engineers and Eufaula Lake.

HSP2050 - Schreiber, Suzanne (F) (D) A study on flood control laws and regulations in the state.

HSP2087 - West, Rick(R), A study on the Kiamichi River and the possibility of a hydroelectric dam or designation as a scenic river.

D. Financial Update

Mr. Cleve pierce, Chief Administrative Services Division, presents the budget report for the period ending June 2024. Mr. Pierce reports the agency has spent 91 % of it appropriated budget leaving 9 %; spent 63% of its revolving budget, leaving 37%; has spent 41% of its federal budget, leaving 29%. Overall, the total budget remaining is 38% with 0% of the year remaining.

2. **FINANCIAL ASSISTANCE DIVISION**

A. Consideration of and Possible Action on a Proposed Order Approving Drinking Water Funding Application for The Lawton Water Authority, Comanche County, Oklahoma. Recommended for Approval.

This is a \$29,000 request for a loan to the Lawton Water Authority in Comanche County. They will use the funds to replace approximately 85,000 feet of water lines throughout the system. The loan will be funded through the DWSRF program with a fixed interest rate plus a 0.5% administrative fee. The loan will mature within 30 years and will be secured with a lien on the revenues of the county’s water, sewer, and sanitation revenues. Lawton’s debt coverage ratio stands at 1.49 times and staff recommends approval.

Madam Chair Castillo asked for additional questions, discussion, or motion. A motion for approval was made by Mr. Justice and Mr. Gorman seconded the motion; Madam Chair Castillo called for the vote.

AYE: Latham, Stallings, Justice, Landess, Gorman, Cook, Castillo, Campbell
NAY: None
ABSTAIN: None
ABSENT: Muller

- B.** 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.

This resolution authorizes certain staff to act on behalf of the board regarding the Board’s financial assistance loan programs, including the states Clean Water SRF and Drinking Water SRF loan programs. The resolution allows BancFirst as our Trustee bank and have signatures on file for verification. The resolution also adds Board member Mr. Campbell in place of Mr. Darby and adds Jerri Hargis as new Assistant Chief of the Financial Division. Staff recommends approval.

Madam Chair Castillo asked for additional questions, discussion, or motion. A motion for approval was made by Mr. Gorman and Mr. Latham seconded the motion; Madam Chair Castillo called for the vote.

AYE: Latham, Stallings, Justice, Landess, Gorman, Cook, Castillo, Campbell
NAY: None
ABSTAIN: None
ABSENT: Muller

3. SUMMARY DISPOSITION AGENDA ITEMS

All the items listed below under this Summary Disposition Agenda are recommended for approval. Any item listed under this Summary Disposition Agenda may, at the request of any member of the Board, the Board’s staff, or any other person attending this meeting, 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.

Request to transfer items from Summary Disposition to the Special Consideration Agenda and Action on whether to transfer such items.

Discussion, questions, and responses pertaining to any items remaining on Summary Disposition agenda and possible action items listed below.

- A. Requests to Transfer Items from Summary Disposition Agenda to the Special Consideration Agenda and Action on Whether to Transfer Such Items.
- B. Discussion, Questions, and Responses Pertaining to Any Items Remaining on Summary Disposition Agenda and Possible Action on Items Listed Below.
- C. Consideration of and Possible Action on Financial Assistance Division Items:
 - 1. Emergency Grant Applications:
None

2. 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>
EODD a.	FAP-24-0011-R	Rural Water District No. 2, Wagoner County	Wagoner	\$ 99,999.00
GGEDA b.	FAP-24-0099-R	Town of Oologah	Rogers	\$ 99,275.48
KEDDO c.	FAP-24-0014-R	Rural Water District No. 4, Latimer County	Latimer	\$ 99,999.00
SODA d.	FAP-24-0073-R	The Caddo Public Works Authority	Bryan	\$ 99,000.00

3. 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-23-0012-CW	Okmulgee Municipal Authority	Okmulgee	\$ 352,500.00
b.	ORF-25-0015-CW	Pawnee Public Works Authority	Pawnee	\$ 402,500.00
c.	ORF-25-0014-CW	Cherokee Development Authority	Alfalfa	\$ 467,500.00
d.	ORF-24-0012-CW	Custer City Public Works Authority	Custer	\$ 999,999.00
e.	ORF-24-0009-CW	Minco Municipal Authority	Grady	\$ 1,010,000.00
f.	ORF-25-0026-CW	Warr Acres Public Works Authority	Oklahoma	\$ 1,219,150.00
g.	ORF-23-0171-CW	The Boynton Public Works Authority	Muskogee	\$ 1,295,000.00
h.	ORF-25-0006-CW	The Wynnewood City Utilities Authority	Garvin	\$ 1,500,000.00

4. DWSRF Principal Forgiveness Loan Applications:

None.

5. Sewer Overflow and Stormwater Reuse Municipal Grants (“OSG”)

None.

6. American Rescue Plan Act (ARPA) Grant Applications:

<u>Item No.</u>	<u>Application No.</u>	<u>Entity Name</u>	<u>County</u>	<u>Amount Recommended</u>
a.	ARP-23-0071-G	The Pittsburg County Water Authority	Pittsburg	\$ 500,000.00

b.	ARP-23-0031-DTG	Rural Water District No. Two, County of Okmulgee	Okmulgee	\$ 600,000.00
c.	ARP-23-0022-DTG	City of Holdenville	Hughes	\$ 861,500.00
d.	ARP-23-0026-DTG	The Porter Public Works Authority	Wagoner	\$ 947,500.00
e.	ARP-23-0019-DTG	Perkins Public Works Authority	Payne	\$ 967,000.00
f.	ARP-23-0004-DG	Barnsdall, Oklahoma, Public Works Authority	Osage	\$ 1,000,000.00
g.	ARP-23-0271-G	Barnsdall, Oklahoma, Public Works Authority	Osage	\$ 1,000,000.00
h.	ARP-23-0021-DTG	Perkins Public Works Authority	Payne	\$ 1,146,000.00

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

1. Contract for Legal Services between the Oklahoma Office of Attorney General and OWRB to provide a hearing examiner to conduct administrative hearings on behalf of OWRB.
2. No-Cost Amendment of Contract between the Department of Environmental Quality and OWRB providing renewal of term for Bathymetric Survey of Select Dissolved Oxygen Impaired Reservoirs (FY24/25).
3. No-Cost Amendment of Contract between the Department of Environmental Quality and OWRB providing renewal of term for SWS Lakes – Boomer Lake and Watershed TMDL Monitoring (FY 24/25).

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

1. Nubbin Holding, LLC, Delaware County, 2023-615
2. Stellar Leasing Company, LLC, Tulsa County, 2023-620
3. Weston and Carly Kay, Harmon County, 2023-693

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. Clinton Michael and Jessica Lynn Wilcox, Blaine and Major County, 2023-541
2. Vector Capital, LLC, Oklahoma County, 2023-568
3. Need It More, LP, Beaver County, 2023-582
4. Morton Water Co., LLC, Garvin County, 2023-634
5. Zachary David Pierce, Canadian County, 2024-525
6. Joe D. Hardin, Beckham County, 2024-535
7. Joe D. Hardin, Beckham County, 2024-536

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

None

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/Seasonal Permits to Use Stream Water:

None

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

1. Red Water Hunting, LLC, Pottawatomie County, 2023-017
2. Dunkin Families, LLC, Wagoner County, 2024-004

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: BNG Enterprises DPC-1052
1. Operator: David Holloway OP-2540
Activities: Groundwater Wells

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

- A. Licensee: Western Drilling DPC-1041
1. Operator: Jeffrey Lusk OP- 2541
Activities: Groundwater wells and pump installation
- B. Licensee: Howell's Water Well Service DPC-1115
2. Operator: Jonathan Johnson OP- 2542
Activities: Groundwater wells and pump installation
- C. Licensee: Howell's Water Well Service DPC-1115
3. Operator: Antonio Colungo OP- 2543
Activities: Groundwater wells and pump installation
- D. Licensee: Cherokee Nation DPC-0885
4. Operator: Leslie Scudder OP- 2544
Activities: Pump installation
- E. Licensee: EPC Engineering & testing DPC-1043
5. Operator: Kyle Haviland OP- 2545
Activities: Monitoring wells

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

1. Whittington Dam, #OK10248, Love County
2. Deer Lake Dam, #OK11112, Osage County

O. Consideration of and Possible Action on Permit Applications for Proposed Development on State-Owned or Operated Property within Floodplain Areas:

None

P. Consideration of and Possible Action on Applications for Accreditation of Floodplain Administrators:

1. Ranae Gorman, Tulsa County, #FPA-824
2. Jim Fairbanks, Kay County, #FPA-104
3. David Agbetunsin, Noble County, #FPA-431

Q. Consideration of and Possible Action on a Proposed Default Order:

1. Okie Ranch, LLC, Logan County, 2023-567

Madam Chair Castillo asked for additional questions, discussion, or motion. A motion for approval was made by Mr. Stallings and Ms. Landess seconded the motion; Madam Chair Castillo called for the vote.

AYE: Latham, Stallings, Justice, Landess, Gorman, Cook, Castillo, Campbell
NAY: None
ABSTAIN: None
ABSENT: Muller

0400 4. QUESTIONS AND DISCUSSION ABOUT AGENCY MATTERS AND OTHER ITEMS OF INTEREST

A. No items **Chairman Jennifer Castillo**

05000 5. SPECIAL CONSIDERATION **Chairman Jennifer Castillo**

- A. No Special Consideration items.
- B. Consideration of and Possible Action on Items Transferred from Summary Disposition, if any.

06000 6. NEW BUSINESS **Chairman Jennifer Castillo**

07000 7. ADJOURNMENT **Chairman Jennifer Castillo**

The next regular meeting of the Oklahoma Water Resources Board will be held on Tuesday, August 20, 2024, at 9:30 am. In the offices of the OWRB, 3800 N. Classen Boulevard, Oklahoma City, OK 73118.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

Thomas Gorman, Vice Chairman

Matt Muller

Darren Cook

Ron Justice

Bob. Latham

Robert L. Stallings, Jr.

Jarred Campbell

ATTEST:

Suzanne Landess, Secretary (SEAL)

1. D. FINANCIAL UPDATE

1. D.1. Monthly Budget Report

JULY 2024 FOR FY2025
FY 2025 Revenues and Expenses

General Revenue		Budgeted	Expended	Balance	Percentage Remaining
1	FY 25 Appropriation	6,003,372	146,611	5,856,761	98%
Total General Revenue		6,003,372	146,611	5,856,761	98%
Revolving Funds					
2	Drillers Indemnity Fund	50,000	0	50,000	100%
3	OWRB Revolving Fund	5,509,081	54,197	5,454,884	99%
4	Phase II A-S Hydro St Rev Fund	211,412	0	211,412	100%
5	Revolving Fund	891,000	29,710	861,290	97%
6	Drillers Regulation Fund	0	0	0	
7	Water Infrastructure Dev. Fund (OCWP)	3,674,861	52,782	3,622,079	99%
8	USGS Cooperative Agreement	351,600	0	351,600	100%
9	DW Loan Administration Fund	1,507,037	12,788	1,494,249	99%
10	CW Loan Administration Fund	2,520,581	40,488	2,480,093	98%
Total Revolving Funds		14,715,572	189,964	14,525,608	99%
Federal Funds					
11	Federal Fund - General	1,177,679	23,429	1,154,250	98%
12	Federal Fund - Engineering and Planning	4,578,738	27,863	4,550,875	99%
13	Federal Fund - *ARPA	1,441,330	17,498.96	1,423,831	99%
Total Federal Funds		7,197,747	68,791	7,128,956	99%
Total Funding		27,916,691	405,366	27,511,325	99%
		Budgeted	Expended	Balance	Percentage Remaining
14	Salary Expense	8,263,646	292,629	7,971,017	96%
15	Insurance	1,468,665	47,109	1,421,556	97%
16	FICA and Retirement	1,994,985	65,629	1,929,356	97%
17	Professional Services	10,064,106		10,064,106	100%
18	Flexible Benefits	16,000		16,000	100%
Total Personal Services		21,807,402	405,366	21,402,036	98%
19	Travel Expense	654,167		654,167	100%
20	Administrative Expense	1,305,124		1,305,124	100%
21	Furniture and Equipment Expense	598,975		598,975	100%
22	Intra Inter Agency Payments	3,551,023		3,551,023	100%
Total Operating Expenses		6,109,289	0	6,109,289	100%
Total Expenditures		27,916,691	405,366	27,511,325	99%

*American Recovery and Reinvestment Act (ARPA)

2. FINANCIAL ASSISTANCE DIVISION

August 20, 2024

LOAN APPLICATION
RECOMMENDED FOR APPROVAL

Applicant: Okemah Utilities Authority, Okfuskee County

Loan Application No.: FAP-24-0017-L
State Loan Program Revenue Bond Loan (“FAP Loan”)

Amount Requested: \$2,365,000.00

Interest Rate: The FAP Loan shall bear interest at a fixed rate.

Payment Term: Principal and interest payments shall be made on a semi-annual basis. The term of the FAP Loan shall be no longer than thirty (30) years.

Security Position: The loan shall be secured with a lien on the revenues of the applicant's water and sewer systems, a 1 cent sales tax and may include a mortgage on the applicant's water and sewer systems and other real property.

Purpose: The applicant will utilize the loan proceeds to: (i) provide additional funds needed to construct a new water treatment plant for which a loan was approved on February 15, 2022, all related appurtenances (the “Project”), (ii) satisfy the Local Reserve Requirement, if necessary; and (iii) pay related costs of issuance.

<u>Sources of Funds (Est.)</u>		<u>Uses of Funds (Est.)</u>	
Loan Proceeds	\$ 2,271,276.60	Project	\$35,112,711.89
Project Fund (2022 FAP)	21,263,763.76	Bond Counsel	25,212.77
Indian Health Service Grant	10,573,000.00	Financial Advisor	25,212.77
ARPA Grant	1,000,000.00	OWRB Costs of Issuance	11,652.93
Local Contribution	75,000.00	Local Counsel	7,500.00
		Trustee Bank	750.00
Total	\$35,183,040.36	Total	\$35,183,040.36

**BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA**

IN THE MATTER OF LOAN APPLICATION)
NO. FAP-24-0017-L IN THE NAME OF)
OKEMAH UTILITIES AUTHORITY)
OKFUSKEE COUNTY, OKLAHOMA)

**PROPOSED
ORDER APPROVING LOAN APPLICATION**

This matter came on for consideration before the Oklahoma Water Resources Board (the "Board") on the 20th day of August, 2024.

WHEREAS, Okemah Utilities Authority (the "Applicant") has made its Application for Funding No. FAP-24-0017-L (the "Loan Application") to the Board for a loan from the proceeds of the Board's State Loan Program Revenue Bonds issued pursuant to the 2016 General Bond Resolution dated as of November 1, 2016, as supplemented and amended (the "Bond Resolution"), and authorized by Title 82 Oklahoma Statutes 2021, Sections 1085.31 *et seq*, as amended; and

WHEREAS, the Applicant intends to use the loan to provide for acquisition, development, and utilization of storage and control facilities for water and sewage systems for the use and benefit of the public and for the conservation and distribution of water for beneficial purposes in or from reservoirs or other storage facilities and/or refinancing indebtedness originally incurred for such purposes; and

WHEREAS, the Board has completed its review of the Loan Application and related information, and finds that the Loan Application should be approved according to the terms and conditions set forth below.

NOW, THEREFORE, LET IT BE RESOLVED AND ORDERED BY THE OKLAHOMA WATER RESOURCES BOARD:

Application for Funding No. FAP-24-0017-L in the name of Okemah Utilities Authority be and the same is hereby approved. Subject to and contingent upon the Board's receipt of sufficient funds, a loan shall be made to the Applicant for the following purpose and subject to the following terms and conditions:

Purpose

The loan proceeds, along with other funds of the Applicant, if any, will be used to (i) provide additional funds needed to construct a new water treatment plant for which a loan was approved on February 15, 2022, all related appurtenances (the "Project"), (ii) satisfy the Local Reserve Requirement, if necessary and (iii) pay related costs of issuance, all as more specifically set forth in the Application.

Terms and Conditions

1. A loan shall be made out of proceeds of the Board's State Loan Program Revenue Bonds to the Applicant to provide funds for the Project described in the Loan Application in an aggregate principal amount not to exceed \$2,365,000.00. The Applicant shall pay interest on the loan at a fixed or variable rate to be established periodically by the Board. Principal and interest payments shall be made on a semi-annual basis or as otherwise provided for under the Bond Resolution. The term of the loan shall be no longer than thirty (30) years.

**ORDER APPROVING LOAN APPLICATION
OKEMAH UTILITIES AUTHORITY
FAP-24-0017-L**

2. The loan shall be secured with a lien on the revenues of the Applicant's water and sewer systems, a 1 cent sales tax and may include a mortgage on the Applicant's water and sewer systems and other real property.

3. The funds shall be reserved for the Applicant for a period of one (1) year from the date of this Order. In the event the loan is not closed on or before such date, the Board reserves the right to (i) approve, at the Applicant's request, a reasonable extension of time to close the loan, or (ii) de-obligate all or a portion of the loan funds in order to be used by the Board to make other loans, as the Board determines shall permit the best use of the funds. Funds shall be provided to the Applicant from proceeds of the Board's State Loan Program Revenue Bonds in accordance with the requirements of the Bond Resolution.

4. The Board's Staff is authorized to determine what additional conditions or requirements shall be necessary in order to assure the soundness of the loan and compliance with applicable financial, legal, and Bond Resolution requirements. The Board's Staff is further authorized to approve future modifications or additions to the project purposes and uses of funds approved herein, provided such modifications or additions will not materially and adversely affect the loan.

5. The loan shall be subject in all respects to the provisions of the Applicant's promissory note(s), loan agreement(s), and other loan documents which shall be executed by proper officials of the Applicant and a Board Member at or prior to loan closing as appropriate.

6. Additional loans may be made at such times, for such projects of the Applicant, at such repayment periods and interest rates, and upon such other terms and conditions as may be agreed to and approved by the Board and the Applicant.

So ordered this 20th day of August, 2024, in regular and open meeting of the Oklahoma Water Resources Board.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

ATTEST:

Suzanne Landess, Secretary

(SEAL)

**ORDER APPROVING LOAN APPLICATION
OKEMAH UTILITIES AUTHORITY
FAP-24-0017-L**

Reviewed By:

A handwritten signature in cursive script that reads "Lori Johnson".

Lori Johnson, Assistant Chief
Financial Assistance Division

LOAN APPLICATION
RECOMMENDED FOR APPROVAL

Applicant: Broken Arrow Municipal Authority, Tulsa County

Loan Application No.: FAP-24-0016-L
State Loan Program Revenue Bond Loan (“FAP Loan”)

Amount Requested: \$21,450,000.00

Interest Rate: The FAP Loan shall bear interest at a fixed rate.

Payment Term: Principal and interest payments shall be made on a semi-annual basis. The term of the FAP Loan shall be no longer than thirty (30) years.

Security Position: The loan shall be secured with a lien on the revenues of the applicant's water, sewer, and sanitation systems, a one cent sales tax and may include a mortgage on the applicant's water and sewer systems and other real property.

Purpose: The applicant will utilize the loan proceeds to: (i) complete planning, design, and construction of various water and wastewater projects throughout the system, all related appurtenances (the “Project”), (ii) satisfy the Local Reserve Requirement, if necessary; and (iii) pay related costs of issuance.

<u>Sources of Funds (Est.)</u>		<u>Uses of Funds (Est.)</u>	
Loan Proceeds	\$20,593,252.60	Project	\$20,295,532.60
		OWRB Costs of Issuance	140,000.00
		Bond Counsel	78,485.00
		Financial Advisor	78,485.00
		Trustee Bank	750.00
Total	\$20,593,252.60	Total	\$20,593,252.60

**BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA**

IN THE MATTER OF LOAN APPLICATION)
NO. FAP-24-0016-L IN THE NAME OF)
BROKEN ARROW MUNICIPAL AUTHORITY)
TULSA COUNTY, OKLAHOMA)

**PROPOSED
ORDER APPROVING LOAN APPLICATION**

This matter came on for consideration before the Oklahoma Water Resources Board (the "Board") on the 20th day of August, 2024.

WHEREAS, Broken Arrow Municipal Authority (the "Applicant") has made its Application for Funding No. FAP-24-0016-L (the "Loan Application") to the Board for a loan from the proceeds of the Board's State Loan Program Revenue Bonds issued pursuant to the 2016 General Bond Resolution dated as of November 1, 2016, as supplemented and amended (the "Bond Resolution"), and authorized by Title 82 Oklahoma Statutes 2021, Sections 1085.31 *et seq*, as amended; and

WHEREAS, the Applicant intends to use the loan to provide for acquisition, development, and utilization of storage and control facilities for water and sewage systems for the use and benefit of the public and for the conservation and distribution of water for beneficial purposes in or from reservoirs or other storage facilities and/or refinancing indebtedness originally incurred for such purposes; and

WHEREAS, the Board has completed its review of the Loan Application and related information, and finds that the Loan Application should be approved according to the terms and conditions set forth below.

NOW, THEREFORE, LET IT BE RESOLVED AND ORDERED BY THE OKLAHOMA WATER RESOURCES BOARD:

Application for Funding No. FAP-24-0016-L in the name of Broken Arrow Municipal Authority be and the same is hereby approved. Subject to and contingent upon the Board's receipt of sufficient funds, a loan shall be made to the Applicant for the following purpose and subject to the following terms and conditions:

Purpose

The loan proceeds, along with other funds of the Applicant, if any, will be used to (i) complete planning, design, and construction of various water and wastewater projects throughout the system, all related appurtenances (the "Project"), (ii) satisfy the Local Reserve Requirement, if necessary and (iii) pay related costs of issuance, all as more specifically set forth in the Application.

Terms and Conditions

1. A loan shall be made out of proceeds of the Board's State Loan Program Revenue Bonds to the Applicant to provide funds for the Project described in the Loan Application in an aggregate principal amount not to exceed \$21,450,000.00. The Applicant shall pay interest on the loan at a fixed or variable rate to be established periodically by the Board. Principal and interest payments shall be made on a semi-annual basis or as otherwise provided for under the Bond Resolution. The term of the loan shall be no longer than thirty (30) years.

**ORDER APPROVING LOAN APPLICATION
BROKEN ARROW MUNICIPAL AUTHORITY
FAP-24-0016-L**

2. The loan shall be secured with a lien on the revenues of the Applicant's water, sewer, and sanitation systems, a one cent sales tax and may include a mortgage on the Applicant's water and sewer systems and other real property.

3. The funds shall be reserved for the Applicant for a period of one (1) year from the date of this Order. In the event the loan is not closed on or before such date, the Board reserves the right to (i) approve, at the Applicant's request, a reasonable extension of time to close the loan, or (ii) de-obligate all or a portion of the loan funds in order to be used by the Board to make other loans, as the Board determines shall permit the best use of the funds. Funds shall be provided to the Applicant from proceeds of the Board's State Loan Program Revenue Bonds in accordance with the requirements of the Bond Resolution.

4. The Board's Staff is authorized to determine what additional conditions or requirements shall be necessary in order to assure the soundness of the loan and compliance with applicable financial, legal, and Bond Resolution requirements. The Board's Staff is further authorized to approve future modifications or additions to the project purposes and uses of funds approved herein, provided such modifications or additions will not materially and adversely affect the loan.

5. The loan shall be subject in all respects to the provisions of the Applicant's promissory note(s), loan agreement(s), and other loan documents which shall be executed by proper officials of the Applicant and a Board Member at or prior to loan closing as appropriate.

6. Additional loans may be made at such times, for such projects of the Applicant, at such repayment periods and interest rates, and upon such other terms and conditions as may be agreed to and approved by the Board and the Applicant.

So ordered this 20th day of August, 2024, in regular and open meeting of the Oklahoma Water Resources Board.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

ATTEST:

Suzanne Landess, Secretary

(SEAL)

**ORDER APPROVING LOAN APPLICATION
BROKEN ARROW MUNICIPAL AUTHORITY
FAP-24-0016-L**

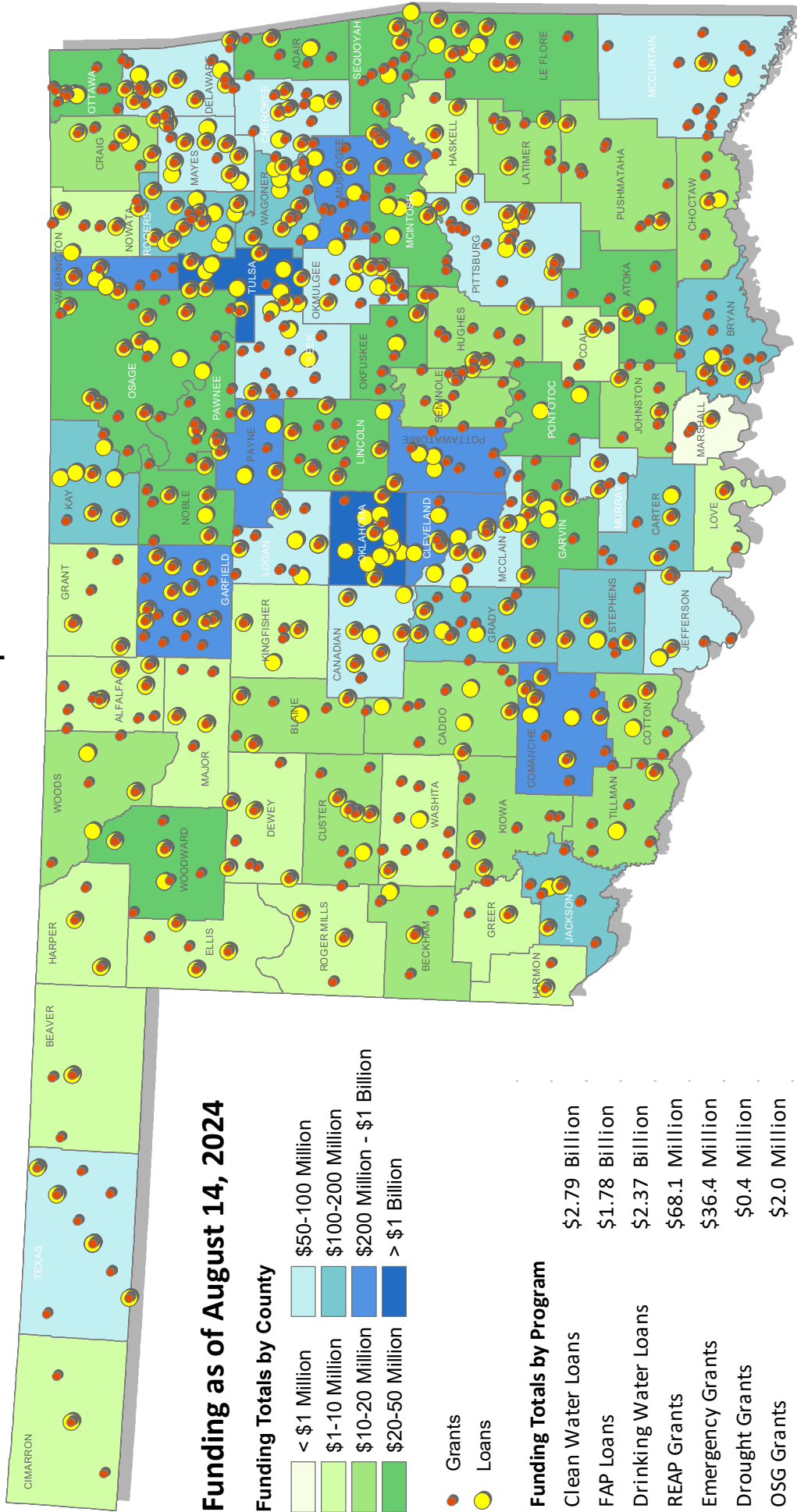
Reviewed By:

A handwritten signature in cursive script that reads "Lori Johnson".

Lori Johnson, Assistant Chief
Financial Assistance Division

Financial Assistance Division

Loan and Grant Recipient Status



3.C. SUMMARY DISPOSITION AGENDA ITEMS

FINANCIAL ASSISTANCE DIVISION

August 20, 2024

EMERGENCY GRANT INCREASE APPLICATION
RECOMMENDED FOR APPROVAL

APPLICANT: City of Kaw City
COUNTY: Kay

DATE RECEIVED:
APPLICATION NUMBER: FAP-24-0007-G

Amount Requested: \$26,474.95

Amount Recommended: \$26,474.95

PROJECT DESCRIPTION: City of Kaw City (City) was approved for an emergency grant of \$63,867.25 on February 20, 2024 to address a collapsed sewer line issue caused by root intrusion. Since the time of the approval the bids came back higher than expected, thereby increasing the amount required to complete the project. The new estimated cost of the project is \$223,932 which will be funded by the OWRB Emergency grant of \$90,342.20, a NODA REAP Grant of \$100,000, and a 15% match of local funds of \$33,589.80.

Priority Ranking		Priority Points
Emergency Ranking <u>2</u> (Maximum: 50 points)		<u>40</u>
WATER AND SEWER RATE STRUCTURE (Maximum: 13 points)		
Water rate per 5,000 gal/month: \$ 40.80	<input type="checkbox"/> Flat rate <u>-3</u>	<u>12</u>
Sewer rate per 5,000 gal/month: <u>34.00</u>	<input type="checkbox"/> Decreasing Block <u>-2</u>	
Total \$ 74.80	<input type="checkbox"/> Uniform <u>0</u>	
<u>10</u> points	<input checked="" type="checkbox"/> Increasing Block <u>+2</u>	
	<input type="checkbox"/> Sales tax (W/S) <u>+1</u>	
INDEBTEDNESS PER CUSTOMER (Maximum: 10 points)		
Total Indebtedness: \$ 64,000.00		<u>3</u>
Monthly Debt Payment: \$ 1,462.00		
Number of Customers: 148		
Monthly Payment Per Customer: \$ 9.88		
LOCAL PARTICIPATION (Maximum 10 points)		
From Reserves: \$ 33,583.80		<u>1</u>
Contribution from Loan: \$ 0.00		
% of Project Local Funded: 15%		
MEDIAN HOUSEHOLD INCOME \$ 46,250.00 (Maximum: 10 points)		<u>2</u>
ABILITY TO FINANCE PROJECT (Maximum: 12 points)		
FP = $\frac{(\$90,342.20)}{(148)} \cdot \frac{(0.0710)}{(12)} =$ \$ 3.61		<u>7</u>
AMOUNT OF GRANT REQUESTED (Maximum: 10 points)		
AR = \$90,342.20		<u>-4</u>
REQUEST NUMBER <u>1</u>		<u>0</u>
BENEFIT OF PROJECT TO OTHER SYSTEMS No		<u>0</u>
TOTAL PRIORITY POINTS		<u>61</u>

**BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA**

IN THE MATTER OF LOAN APPLICATION)
NO. FAP-24-0007-G IN THE NAME OF)
CITY OF KAW CITY)
KAY COUNTY, OKLAHOMA)

**PROPOSED
ORDER APPROVING INCREASE OF EMERGENCY GRANT FUNDS**

This matter came on for consideration before the Oklahoma Water Resources Board (the "Board") on the 20th day of August, 2024. After consideration of a presentation by staff, the Board finds as follows:

1. On February 20, 2024, the Board approved an emergency grant to the City of Kaw City in the amount of \$63,867.25. The Board's Order ("Order") approving application as of that date specified various purposes and conditions of the grant.
2. In the Order, the Board specified that the grant funds were to be used to replace the upstream sewer line, bore underneath Washunga Drive with a 12-inch steel casing connecting it to the existing sewer line, redirecting the flow to go around the collapsed portion in order to achieve full compliance with State standards.
3. The City has requested approval of \$26,474.95 increase made necessary by bids on the project being higher than initially estimated.
4. Good cause for this request has been shown, and the Board is agreeable to approving the City's request accordingly, subject to the terms and conditions stated below.

IT IS THEREFORE ORDERED by the Oklahoma Water Resources Board that the requested increase shall be approved, and the terms of the Order shall be amended to provide that the emergency grant amount shall not exceed \$90,342.20.

IT IS FURTHER ORDERED that except for the amendment specified herein, all terms, purposes, and conditions specified in the Board's Order shall remain in full force and effect.

IT IS SO ORDERED this 20th day of August, 2024, in regular and open meeting of the Oklahoma Water Resources Board.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

ATTEST:

Suzanne Landess, Secretary

(SEAL)

Reviewed By:



Lori Johnson, Chief
Financial Assistance Division

REAP GRANT APPLICATION
RECOMMENDED FOR APPROVAL

APPLICANT: Rural Water District No. 5, Comanche County, Oklahoma **DATE RECEIVED:** 09/01/2023
COUNTY: Comanche **APPLICATION NUMBER:** FAP-24-0103-R

Amount Requested: \$150,000.00

Amount Recommended: \$150,000.00

PROJECT DESCRIPTION: Rural Water District No. 5, Comanche County, Oklahoma, previously Pecan Valley Waterworks Association (PVWA), operates a sewer lagoon system. The PVWA is under ODEQ consent order for the sewer system’s lagoons having overflowing dikes, overgrown brush, cattails and trees, and insufficient freeboard and for an unsecured lift station. The proposed project is to purchase and install an advanced evaporative system to increase freeboard, and all appurtenances required to complete the project. The total estimated cost of the project is \$226,000, to be funded by an OWRB REAP Grant for \$150,000 and \$76,000 of local funds.

Priority Ranking			Priority Points
Taps <u>300</u> (Maximum: 55 points)			<u>55</u>
WATER AND SEWER RATE STRUCTURE (Maximum: 13 points)			
Water rate per 5,000 gal/month:	\$ 63.81	() Flat rate	<u>-3</u>
Sewer rate per 5,000 gal/month:	<u>38.00</u>	() Decreasing Block	<u>-2</u>
Total	\$ 101.81	() Uniform	<u>0</u>
		(x) Increasing Block	<u>+2</u>
	<u>10</u> points	() Sales tax (W/S)	<u>+1</u>
INDEBTEDNESS PER CUSTOMER (Maximum: 10 points)			
Total Indebtedness:	\$ 0.00		
Monthly Debt Payment:	\$ 0.00		<u>0</u>
Number of Customers:	300		
Monthly Payment Per Customer:	\$ 0.00		
MEDIAN HOUSEHOLD INCOME \$ 48,718.00		(Maximum: 10 points)	<u>1</u>
ABILITY TO FINANCE PROJECT (Maximum: 12 points)			
FP =	$\frac{(\$150,000.00)}{(300)} \frac{(0.0710)}{(12)}$	= \$ 2.96	<u>6</u>
AMOUNT OF GRANT REQUESTED (Maximum: 5 points)			
AR =	\$150,000.00		<u>5</u>
REQUEST NUMBER	<u>0</u>		<u>0</u>
ENFORCMENT ORDER	<u>Yes</u>	(Maximum: 5 points)	<u>5</u>
BENEFIT OF PROJECT TO OTHER SYSTEMS	<u>No</u>		<u>0</u>
FISCAL SUSTAINABILITY			<u>10</u>
TOTAL PRIORITY POINTS			<u>84</u>

BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA

IN THE MATTER OF REAP GRANT APPLICATION)
NO. FAP-24-0103-R IN THE NAME OF THE)
RURAL WATER DISTRICT NO. 5,)
COMANCHE COUNTY, OKLAHOMA.)

PROPOSED
ORDER APPROVING REAP GRANT APPLICATION

This matter came on for consideration before the Oklahoma Water Resources Board on the 20th day of August 2024. The Board finds that since the application for this grant has received a priority ranking of 84 points under Chapter 50 of the Board's Rules and that since sufficient funds are available in the REAP Grant Account of the Water Resources Fund, the grant application for an amount not to exceed \$150,000.00 should be approved to be advanced for the following purpose and subject to the following conditions:

Conditions:

1. The amount of the REAP grant shall not exceed \$150,000.00.
2. REAP Grant funds shall be deposited in a separate account with a federally insured financial institution.
3. Applicants who have raised water and/or sewer rates resulting in an advancement in position of priority for assistance shall not modify those rates after receipt of the REAP grant without the prior written consent of the Board, unless such modification would not result in a change in position of priority.
4. The applicant shall fully document disbursement of REAP grant funds as required by the Board or its staff. Further, applicant shall maintain proper books, records, and supporting documentation, and make the same available for inspection by the Board or its staff. Disbursement of grant funds without supporting documentation shall be considered and deemed unauthorized expenditure of grant funds.
5. The applicant shall return any unexpended REAP grant funds to the Board within thirty (30) days of completion of the project or within thirty (30) days from the applicant's receipt of all invoices, whichever is later.

6. The project shall be to purchase and install an advanced evaporative system and all appurtenances required to complete the project, as more fully described in the engineering report included in applicant's grant application. Applicant is authorized to expend the REAP grant funds only for purposes of completing such project. The applicant shall return or otherwise pay to the Board, any REAP grant funds expended for unauthorized or unallowable purposes. Any funds due to be returned by the applicant under this paragraph shall additionally bear interest at the maximum rate allowed by law until repaid in full. Whenever there is any doubt as to whether an expenditure is authorized, the applicant shall consult with Board staff and obtain staff's answer before making the expenditure.
7. Furthermore, prior to and during the construction period, Rural Water District No. 5, Comanche County is required to comply with the requirements of all applicable federal and state statutory provisions and all Oklahoma Water Resources Board rules, regulations and grant policies.

SO ORDERED this 20th day of August 2024, in regular and open meeting of the Oklahoma Water Resources Board.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

ATTEST:

Suzanne Landess, Secretary

(SEAL)

Reviewed By:



Lori Johnson, Chief
Financial Assistance Division

LOAN APPLICATION
RECOMMENDED FOR APPROVAL

Applicant: The Mannford Public Works Authority, Creek County

Loan Application No.: ORF-24-0049-CW
Clean Water SRF Loan (“CWSRF Loan”)

Amount Requested: \$191,550.00

Payment Term: The applicant shall be required to comply with all CWSRF loan provisions. If all CWSRF loan provisions are met to the satisfaction of the OWRB, then the funding shall be forgiven in total without fees for administration or interest.

Purpose: The applicant will utilize the loan proceeds for: (i) planning and design of the construction of a lift station and installation of approximately 7,000 linear feet of 6" force main to replace the existing total retention lagoon and land application system (the “Project”), and (ii) pay related costs of issuance.

<u>Sources of Funds (Est.)</u>		<u>Uses of Funds (Est.)</u>	
Loan Proceeds	\$191,550.00	Project	\$176,550.00
		Bond Counsel	7,500.00
		Financial Advisor	7,500.00
Total	<u>\$191,550.00</u>	Total	<u>\$191,550.00</u>

**BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA**

IN THE MATTER OF LOAN APPLICATION)
NO. ORF-24-0049-CW IN THE NAME OF)
THE MANNFORD PUBLIC WORKS AUTHORITY)
CREEK COUNTY, OKLAHOMA)

**PROPOSED
ORDER APPROVING LOAN APPLICATION**

This matter came on for consideration before the Oklahoma Water Resources Board (the "Board") on the 20th day of August, 2024.

WHEREAS, The Mannford Public Works Authority (the "Applicant") has made its Application for Funding No. ORF-24-0049-CW (the "Application") to the Board for a loan from the Clean Water State Revolving Fund (the "CWSRF") program, pursuant to Title 82 Oklahoma Statutes 2021, Sections 1085.51 *et seq.*, as amended; and

WHEREAS, the Applicant intends to use the loan for wastewater system improvements and/or water quality protection efforts to further compliance with State and Federal standards, and/or to refinance existing indebtedness originally incurred for such purposes; and

WHEREAS, the Board has completed its review of the Application and related information, and finds that the Application should be approved according to the terms and conditions set forth below.

NOW, THEREFORE, LET IT BE RESOLVED AND ORDERED BY THE OKLAHOMA WATER RESOURCES BOARD:

Application for Funding No. ORF-24-0049-CW in the name of The Mannford Public Works Authority be and the same is hereby approved. Subject to and contingent upon the Board's receipt of sufficient funds, a loan shall be made to the Applicant for the following purpose and subject to the following terms and conditions:

Purpose

The proceeds, along with other funds of the Applicant, if any, will be used for (i) planning and design of the construction of a lift station and installation of approximately 7,000 linear feet of 6" force main to replace the existing total retention lagoon and land application system (the "Project"), and (ii) pay related costs of issuance, all as more specifically set forth in the Application.

Terms and Conditions

1. Funding shall be made to the Applicant to provide funds for the Project described in the Loan Application in an aggregate principal amount not to exceed \$191,550.00.
2. Upon the Applicant's acceptance of the Board's Letter of Binding Commitment, the funds shall be reserved for the Applicant for a period of one (1) year from the date of this Order. In the event the loan is not closed on or before such date, the Board reserves the right to (i) approve, at the Applicant's request, a reasonable extension of time to close the loan, or (ii) de-obligate all or a portion of the loan funds in order to be used by the Board to make other CWSRF loans, as the Board determines shall permit the best use of the funds. Funds shall be provided to

ORDER APPROVING LOAN APPLICATION
The Mannford Public Works Authority
ORF-24-0049-CW

the Applicant from the CWSRF in accordance with the CWSRF program regulations as approved by the United States Environmental Protection Agency.

3. The Board's Staff is authorized to determine what additional conditions or requirements shall be necessary in order to assure the soundness of the loan and compliance with applicable financial, legal, CWSRF, and Bond Resolution requirements. In accordance with applicable authority and the United States Environmental Protection Agency ("EPA") guidelines for the implementation of the CWSRF Capitalization Grant, the loan conditions may include principal forgiveness to be used to pay all or a portion of the costs of the Project as described in the Application or for other purposes authorized by applicable authority and EPA guidelines. The Board's Staff is further authorized to approve future modifications or additions to the project purposes and uses of funds approved herein, provided such modifications or additions will not materially and adversely affect the loan.

4. The loan shall be subject in all respects to the provisions of the Applicant's promissory note(s), loan agreement(s), and other funding documents which shall be executed by proper officials of the Applicant and a Board Member at or prior to loan closing as appropriate.

5. Additional loans may be made at such times, for such projects of the Applicant, at such repayment periods and interest rates, and upon such other terms and conditions as may be agreed to and approved by the Board and the Applicant.

So ordered on this 20th day of August, 2024, in regular and open meeting of the Oklahoma Water Resources Board.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

ATTEST:

Suzanne Landess, Secretary

(SEAL)

ORDER APPROVING LOAN APPLICATION
The Mannford Public Works Authority
ORF-24-0049-CW

Reviewed By:

A handwritten signature in cursive script that reads "Lori Johnson".

Lori Johnson, Assistant Chief
Financial Assistance Division

LOAN APPLICATION
RECOMMENDED FOR APPROVAL

Applicant: Fairmont Public Works Authority, Garfield County

Loan Application No.: ORF-22-0019-CW
Clean Water SRF Loan (“CWSRF Loan”)

Amount Requested: \$221,500.00

Payment Term: The applicant shall be required to comply with all CWSRF loan provisions. If all CWSRF loan provisions are met to the satisfaction of the OWRB, then the funding shall be forgiven in total without fees for administration or interest.

Purpose: The applicant will utilize the loan proceeds to: (i) plan and design lagoon system improvements (the “Project”) and (ii) pay related costs of issuance.

<u>Sources of Funds (Est.)</u>		<u>Uses of Funds (Est.)</u>	
Loan Proceeds	\$221,500.00	Project	\$179,000.00
		Bond Counsel	20,000.00
		Financial Advisor	20,000.00
		Local Counsel	2,500.00
Total	\$221,500.00	Total	\$221,500.00

**BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA**

IN THE MATTER OF LOAN APPLICATION)
NO. ORF-22-0019-CW IN THE NAME OF)
FAIRMONT PUBLIC WORKS AUTHORITY)
GARFIELD COUNTY, OKLAHOMA)

**PROPOSED
ORDER APPROVING LOAN APPLICATION**

This matter came on for consideration before the Oklahoma Water Resources Board (the "Board") on the 20th day of August, 2024.

WHEREAS, Fairmont Public Works Authority (the "Applicant") has made its Application for Funding No. ORF-22-0019-CW (the "Application") to the Board for a loan from the Clean Water State Revolving Fund (the "CWSRF") program, pursuant to Title 82 Oklahoma Statutes 2021, Sections 1085.51 *et seq.*, as amended; and

WHEREAS, the Applicant intends to use the loan for wastewater system improvements and/or water quality protection efforts to further compliance with State and Federal standards, and/or to refinance existing indebtedness originally incurred for such purposes; and

WHEREAS, the Board has completed its review of the Application and related information, and finds that the Application should be approved according to the terms and conditions set forth below.

NOW, THEREFORE, LET IT BE RESOLVED AND ORDERED BY THE OKLAHOMA WATER RESOURCES BOARD:

Application for Funding No. ORF-22-0019-CW in the name of Fairmont Public Works Authority be and the same is hereby approved. Subject to and contingent upon the Board's receipt of sufficient funds, a loan shall be made to the Applicant for the following purpose and subject to the following terms and conditions:

Purpose

The proceeds, along with other funds of the Applicant, if any, will be used to (i) plan and design lagoon system improvements (the "Project") and (ii) pay related costs of issuance, all as more specifically set forth in the Application.

Terms and Conditions

1. Funding shall be made to the Applicant to provide funds for the Project described in the Loan Application in an aggregate principal amount not to exceed \$221,500.00.
2. Upon the Applicant's acceptance of the Board's Letter of Binding Commitment, the funds shall be reserved for the Applicant for a period of one (1) year from the date of this Order. In the event the loan is not closed on or before such date, the Board reserves the right to (i) approve, at the Applicant's request, a reasonable extension of time to close the loan, or (ii) de-obligate all or a portion of the loan funds in order to be used by the Board to make other CWSRF loans, as the Board determines shall permit the best use of the funds. Funds shall be provided to the Applicant from the CWSRF in accordance with the CWSRF program regulations as approved by the United States Environmental Protection Agency.

ORDER APPROVING LOAN APPLICATION
Fairmont Public Works Authority
ORF-22-0019-CW

3. The Board's Staff is authorized to determine what additional conditions or requirements shall be necessary in order to assure the soundness of the loan and compliance with applicable financial, legal, CWSRF, and Bond Resolution requirements. In accordance with applicable authority and the United States Environmental Protection Agency (“EPA”) guidelines for the implementation of the CWSRF Capitalization Grant, the loan conditions may include principal forgiveness to be used to pay all or a portion of the costs of the Project as described in the Application or for other purposes authorized by applicable authority and EPA guidelines. The Board’s Staff is further authorized to approve future modifications or additions to the project purposes and uses of funds approved herein, provided such modifications or additions will not materially and adversely affect the loan.

4. The loan shall be subject in all respects to the provisions of the Applicant’s promissory note(s), loan agreement(s), and other funding documents which shall be executed by proper officials of the Applicant and a Board Member at or prior to loan closing as appropriate.

5. Additional loans may be made at such times, for such projects of the Applicant, at such repayment periods and interest rates, and upon such other terms and conditions as may be agreed to and approved by the Board and the Applicant.

So ordered on this 20th day of August, 2024, in regular and open meeting of the Oklahoma Water Resources Board.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

ATTEST:

Suzanne Landess, Secretary

(SEAL)

ORDER APPROVING LOAN APPLICATION
Fairmont Public Works Authority
ORF-22-0019-CW

Reviewed By:

A handwritten signature in cursive script that reads "Lori Johnson".

Lori Johnson, Assistant Chief
Financial Assistance Division

LOAN APPLICATION
RECOMMENDED FOR APPROVAL

Applicant: The Arapaho Public Works Authority, Custer County

Loan Application No.: ORF-25-0018-CW
Clean Water SRF Loan (“CWSRF Loan”)

Amount Requested: \$285,000.00

Payment Term: The applicant shall be required to comply with all CWSRF loan provisions. If all CWSRF loan provisions are met to the satisfaction of the OWRB, then the funding shall be forgiven in total without fees for administration or interest.

Purpose: The applicant will utilize the loan proceeds to: (i) perform planning and design for improvements to the sanitary sewer system (the “Project”) and (ii) pay related costs of issuance.

<u>Sources of Funds (Est.)</u>		<u>Uses of Funds (Est.)</u>	
Loan Proceeds	\$285,000.00	Project	\$250,000.00
		Bond Counsel	32,500.00
		Local Counsel	2,500.00
Total	<u><u>\$285,000.00</u></u>	Total	<u><u>\$285,000.00</u></u>

**BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA**

IN THE MATTER OF LOAN APPLICATION)
NO. ORF-25-0018-CW IN THE NAME OF)
THE ARAPAHO PUBLIC WORKS AUTHORITY)
CUSTER COUNTY, OKLAHOMA)

**PROPOSED
ORDER APPROVING LOAN APPLICATION**

This matter came on for consideration before the Oklahoma Water Resources Board (the "Board") on the 20th day of August, 2024.

WHEREAS, The Arapaho Public Works Authority (the "Applicant") has made its Application for Funding No. ORF-25-0018-CW (the "Application") to the Board for a loan from the Clean Water State Revolving Fund (the "CWSRF") program, pursuant to Title 82 Oklahoma Statutes 2021, Sections 1085.51 *et seq.*, as amended; and

WHEREAS, the Applicant intends to use the loan for wastewater system improvements and/or water quality protection efforts to further compliance with State and Federal standards, and/or to refinance existing indebtedness originally incurred for such purposes; and

WHEREAS, the Board has completed its review of the Application and related information, and finds that the Application should be approved according to the terms and conditions set forth below.

NOW, THEREFORE, LET IT BE RESOLVED AND ORDERED BY THE OKLAHOMA WATER RESOURCES BOARD:

Application for Funding No. ORF-25-0018-CW in the name of The Arapaho Public Works Authority be and the same is hereby approved. Subject to and contingent upon the Board's receipt of sufficient funds, a loan shall be made to the Applicant for the following purpose and subject to the following terms and conditions:

Purpose

The proceeds, along with other funds of the Applicant, if any, will be used to (i) perform planning and design for improvements to the sanitary sewer system (the "Project") and (ii) pay related costs of issuance, all as more specifically set forth in the Application.

Terms and Conditions

1. Funding shall be made to the Applicant to provide funds for the Project described in the Loan Application in an aggregate principal amount not to exceed \$285,000.00.
2. Upon the Applicant's acceptance of the Board's Letter of Binding Commitment, the funds shall be reserved for the Applicant for a period of one (1) year from the date of this Order. In the event the loan is not closed on or before such date, the Board reserves the right to (i) approve, at the Applicant's request, a reasonable extension of time to close the loan, or (ii) de-obligate all or a portion of the loan funds in order to be used by the Board to make other CWSRF loans, as the Board determines shall permit the best use of the funds. Funds shall be provided to

ORDER APPROVING LOAN APPLICATION
The Arapaho Public Works Authority
ORF-25-0018-CW

the Applicant from the CWSRF in accordance with the CWSRF program regulations as approved by the United States Environmental Protection Agency.

3. The Board's Staff is authorized to determine what additional conditions or requirements shall be necessary in order to assure the soundness of the loan and compliance with applicable financial, legal, CWSRF, and Bond Resolution requirements. In accordance with applicable authority and the United States Environmental Protection Agency ("EPA") guidelines for the implementation of the CWSRF Capitalization Grant, the loan conditions may include principal forgiveness to be used to pay all or a portion of the costs of the Project as described in the Application or for other purposes authorized by applicable authority and EPA guidelines. The Board's Staff is further authorized to approve future modifications or additions to the project purposes and uses of funds approved herein, provided such modifications or additions will not materially and adversely affect the loan.

4. The loan shall be subject in all respects to the provisions of the Applicant's promissory note(s), loan agreement(s), and other funding documents which shall be executed by proper officials of the Applicant and a Board Member at or prior to loan closing as appropriate.

5. Additional loans may be made at such times, for such projects of the Applicant, at such repayment periods and interest rates, and upon such other terms and conditions as may be agreed to and approved by the Board and the Applicant.

So ordered on this 20th day of August, 2024, in regular and open meeting of the Oklahoma Water Resources Board.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

ATTEST:

Suzanne Landess, Secretary

(SEAL)

ORDER APPROVING LOAN APPLICATION
The Arapaho Public Works Authority
ORF-25-0018-CW

Reviewed By:

A handwritten signature in cursive script that reads "Lori Johnson". The signature is written in black ink and is positioned below the "Reviewed By:" text.

Lori Johnson, Assistant Chief
Financial Assistance Division

LOAN APPLICATION
RECOMMENDED FOR APPROVAL

Applicant: Hollis Public Works Authority, Harmon County

Loan Application No.: ORF-24-0021-CW
Clean Water SRF Loan (“CWSRF Loan”)

Amount Requested: \$332,500.00

Payment Term: The applicant shall be required to comply with all CWSRF loan provisions. If all CWSRF loan provisions are met to the satisfaction of the OWRB, then the funding shall be forgiven in total without fees for administration or interest.

Purpose: The applicant will utilize the loan proceeds to: (i) complete planning and design for replacement of approximately 22,000 linear feet of sewer lines and for upgrading or retrofitting the primary lift station (the “Project”), and (ii) pay related costs of issuance.

<u>Sources of Funds (Est.)</u>		<u>Uses of Funds (Est.)</u>	
Loan Proceeds	\$332,500.00	Project	\$300,000.00
		Bond Counsel	30,000.00
		Local Counsel	2,500.00
Total	\$332,500.00	Total	\$332,500.00

**BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA**

IN THE MATTER OF LOAN APPLICATION)
NO. ORF-24-0021-CW IN THE NAME OF)
HOLLIS PUBLIC WORKS AUTHORITY)
HARMON COUNTY, OKLAHOMA)

**PROPOSED
ORDER APPROVING LOAN APPLICATION**

This matter came on for consideration before the Oklahoma Water Resources Board (the "Board") on the 20th day of August, 2024.

WHEREAS, Hollis Public Works Authority (the "Applicant") has made its Application for Funding No. ORF-24-0021-CW (the "Application") to the Board for a loan from the Clean Water State Revolving Fund (the "CWSRF") program, pursuant to Title 82 Oklahoma Statutes 2021, Sections 1085.51 *et seq*, as amended; and

WHEREAS, the Applicant intends to use the loan for wastewater system improvements and/or water quality protection efforts to further compliance with State and Federal standards, and/or to refinance existing indebtedness originally incurred for such purposes; and

WHEREAS, the Board has completed its review of the Application and related information, and finds that the Application should be approved according to the terms and conditions set forth below.

NOW, THEREFORE, LET IT BE RESOLVED AND ORDERED BY THE OKLAHOMA WATER RESOURCES BOARD:

Application for Funding No. ORF-24-0021-CW in the name of Hollis Public Works Authority be and the same is hereby approved. Subject to and contingent upon the Board's receipt of sufficient funds, a loan shall be made to the Applicant for the following purpose and subject to the following terms and conditions:

Purpose

The proceeds, along with other funds of the Applicant, if any, will be used to (i) complete planning and design for replacement of approximately 22,000 linear feet of sewer lines and for upgrading or retrofitting the primary lift station (the "Project"), and (ii) pay related costs of issuance, all as more specifically set forth in the Application.

Terms and Conditions

1. Funding shall be made to the Applicant to provide funds for the Project described in the Loan Application in an aggregate principal amount not to exceed \$332,500.00.
2. Upon the Applicant's acceptance of the Board's Letter of Binding Commitment, the funds shall be reserved for the Applicant for a period of one (1) year from the date of this Order. In the event the loan is not closed on or before such date, the Board reserves the right to (i) approve, at the Applicant's request, a reasonable extension of time to close the loan, or (ii) de-obligate all or a portion of the loan funds in order to be used by the Board to make other CWSRF loans, as the Board determines shall permit the best use of the funds. Funds shall be provided to the Applicant from the CWSRF in accordance with the CWSRF program regulations as approved by the United States Environmental Protection Agency.

ORDER APPROVING LOAN APPLICATION
Hollis Public Works Authority
ORF-24-0021-CW

3. The Board's Staff is authorized to determine what additional conditions or requirements shall be necessary in order to assure the soundness of the loan and compliance with applicable financial, legal, CWSRF, and Bond Resolution requirements. In accordance with applicable authority and the United States Environmental Protection Agency (“EPA”) guidelines for the implementation of the CWSRF Capitalization Grant, the loan conditions may include principal forgiveness to be used to pay all or a portion of the costs of the Project as described in the Application or for other purposes authorized by applicable authority and EPA guidelines. The Board’s Staff is further authorized to approve future modifications or additions to the project purposes and uses of funds approved herein, provided such modifications or additions will not materially and adversely affect the loan.

4. The loan shall be subject in all respects to the provisions of the Applicant’s promissory note(s), loan agreement(s), and other funding documents which shall be executed by proper officials of the Applicant and a Board Member at or prior to loan closing as appropriate.

5. Additional loans may be made at such times, for such projects of the Applicant, at such repayment periods and interest rates, and upon such other terms and conditions as may be agreed to and approved by the Board and the Applicant.

So ordered on this 20th day of August, 2024, in regular and open meeting of the Oklahoma Water Resources Board.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

ATTEST:

Suzanne Landess, Secretary

(SEAL)

ORDER APPROVING LOAN APPLICATION
Hollis Public Works Authority
ORF-24-0021-CW

Reviewed By:



Lori Johnson, Assistant Chief
Financial Assistance Division

LOAN APPLICATION
RECOMMENDED FOR APPROVAL

Applicant: The Crescent Public Works Authority, Logan County

Loan Application No.: ORF-24-0011-CW
Clean Water SRF Loan (“CWSRF Loan”)

Amount Requested: \$332,500.00

Payment Term: The applicant shall be required to comply with all CWSRF loan provisions. If all CWSRF loan provisions are met to the satisfaction of the OWRB, then the funding shall be forgiven in total without fees for administration or interest.

Purpose: The applicant will utilize the loan proceeds to: (i) complete planning and design for replacement of approximately 23,000 linear feet of sewer lines and for upgrading or retrofitting the primary lift station (the “Project”) and (ii) pay related costs of issuance.

<u>Sources of Funds (Est.)</u>		<u>Uses of Funds (Est.)</u>	
Loan Proceeds	\$332,500.00	Project	\$300,000.00
		Bond Counsel	30,000.00
		Local Counsel	2,500.00
Total	\$332,500.00	Total	\$332,500.00

**BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA**

IN THE MATTER OF LOAN APPLICATION)
NO. ORF-24-0011-CW IN THE NAME OF)
THE CRESCENT PUBLIC WORKS AUTHORITY)
LOGAN COUNTY, OKLAHOMA)

**PROPOSED
ORDER APPROVING LOAN APPLICATION**

This matter came on for consideration before the Oklahoma Water Resources Board (the "Board") on the 20th day of August, 2024.

WHEREAS, The Crescent Public Works Authority (the "Applicant") has made its Application for Funding No. ORF-24-0011-CW (the "Application") to the Board for a loan from the Clean Water State Revolving Fund (the "CWSRF") program, pursuant to Title 82 Oklahoma Statutes 2021, Sections 1085.51 *et seq.*, as amended; and

WHEREAS, the Applicant intends to use the loan for wastewater system improvements and/or water quality protection efforts to further compliance with State and Federal standards, and/or to refinance existing indebtedness originally incurred for such purposes; and

WHEREAS, the Board has completed its review of the Application and related information, and finds that the Application should be approved according to the terms and conditions set forth below.

NOW, THEREFORE, LET IT BE RESOLVED AND ORDERED BY THE OKLAHOMA WATER RESOURCES BOARD:

Application for Funding No. ORF-24-0011-CW in the name of The Crescent Public Works Authority be and the same is hereby approved. Subject to and contingent upon the Board's receipt of sufficient funds, a loan shall be made to the Applicant for the following purpose and subject to the following terms and conditions:

Purpose

The proceeds, along with other funds of the Applicant, if any, will be used to (i) complete planning and design for replacement of approximately 23,000 linear feet of sewer lines and for upgrading or retrofitting the primary lift station (the "Project") and (ii) pay related costs of issuance, all as more specifically set forth in the Application.

Terms and Conditions

1. Funding shall be made to the Applicant to provide funds for the Project described in the Loan Application in an aggregate principal amount not to exceed \$332,500.00.
2. Upon the Applicant's acceptance of the Board's Letter of Binding Commitment, the funds shall be reserved for the Applicant for a period of one (1) year from the date of this Order. In the event the loan is not closed on or before such date, the Board reserves the right to (i) approve, at the Applicant's request, a reasonable extension of time to close the loan, or (ii) de-obligate all or a portion of the loan funds in order to be used by the Board to make other CWSRF

ORDER APPROVING LOAN APPLICATION
The Crescent Public Works Authority
ORF-24-0011-CW

loans, as the Board determines shall permit the best use of the funds. Funds shall be provided to the Applicant from the CWSRF in accordance with the CWSRF program regulations as approved by the United States Environmental Protection Agency.

3. The Board's Staff is authorized to determine what additional conditions or requirements shall be necessary in order to assure the soundness of the loan and compliance with applicable financial, legal, CWSRF, and Bond Resolution requirements. In accordance with applicable authority and the United States Environmental Protection Agency ("EPA") guidelines for the implementation of the CWSRF Capitalization Grant, the loan conditions may include principal forgiveness to be used to pay all or a portion of the costs of the Project as described in the Application or for other purposes authorized by applicable authority and EPA guidelines. The Board's Staff is further authorized to approve future modifications or additions to the project purposes and uses of funds approved herein, provided such modifications or additions will not materially and adversely affect the loan.

4. The loan shall be subject in all respects to the provisions of the Applicant's promissory note(s), loan agreement(s), and other funding documents which shall be executed by proper officials of the Applicant and a Board Member at or prior to loan closing as appropriate.

5. Additional loans may be made at such times, for such projects of the Applicant, at such repayment periods and interest rates, and upon such other terms and conditions as may be agreed to and approved by the Board and the Applicant.

So ordered on this 20th day of August, 2024, in regular and open meeting of the Oklahoma Water Resources Board.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

ATTEST:

Suzanne Landess, Secretary

(SEAL)

ORDER APPROVING LOAN APPLICATION
The Crescent Public Works Authority
ORF-24-0011-CW

Reviewed By:

A handwritten signature in cursive script that reads "Lori Johnson". The signature is written in black ink and is positioned above a horizontal line.

Lori Johnson, Assistant Chief
Financial Assistance Division

LOAN APPLICATION
RECOMMENDED FOR APPROVAL

Applicant: Arkoma Municipal Authority, LeFlore County

Loan Application No.: ORF-24-0008-CW
 Clean Water SRF Loan (“CWSRF Loan”)

Amount Requested: \$400,000.00

Payment Term: The applicant shall be required to comply with all CWSRF loan provisions. If all CWSRF loan provisions are met to the satisfaction of the OWRB, then the funding shall be forgiven in total without fees for administration or interest.

Purpose: The applicant will utilize the loan proceeds to: (i) conduct camera inspections of the sewer collection system and planning and design to rehabilitate the existing lift station to upgrade the pumps, drives, electrical system, piping, and telemetry (the “Project”), and (ii) pay related costs of issuance.

<u>Sources of Funds (Est.)</u>		<u>Uses of Funds (Est.)</u>	
Loan Proceeds	\$400,000.00	Project	\$357,500.00
		Bond Counsel	20,000.00
		Financial Advisor	20,000.00
		Local Counsel	2,500.00
Total	\$400,000.00	Total	\$400,000.00

**BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA**

IN THE MATTER OF LOAN APPLICATION)
NO. ORF-24-0008-CW IN THE NAME OF)
ARKOMA MUNICIPAL AUTHORITY)
LEFLORE COUNTY, OKLAHOMA)

**PROPOSED
ORDER APPROVING LOAN APPLICATION**

This matter came on for consideration before the Oklahoma Water Resources Board (the "Board") on the 20th day of August, 2024.

WHEREAS, Arkoma Municipal Authority (the "Applicant") has made its Application for Funding No. ORF-24-0008-CW (the "Application") to the Board for a loan from the Clean Water State Revolving Fund (the "CWSRF") program, pursuant to Title 82 Oklahoma Statutes 2021, Sections 1085.51 *et seq*, as amended; and

WHEREAS, the Applicant intends to use the loan for wastewater system improvements and/or water quality protection efforts to further compliance with State and Federal standards, and/or to refinance existing indebtedness originally incurred for such purposes; and

WHEREAS, the Board has completed its review of the Application and related information, and finds that the Application should be approved according to the terms and conditions set forth below.

NOW, THEREFORE, LET IT BE RESOLVED AND ORDERED BY THE OKLAHOMA WATER RESOURCES BOARD:

Application for Funding No. ORF-24-0008-CW in the name of Arkoma Municipal Authority be and the same is hereby approved. Subject to and contingent upon the Board's receipt of sufficient funds, a loan shall be made to the Applicant for the following purpose and subject to the following terms and conditions:

Purpose

The proceeds, along with other funds of the Applicant, if any, will be used to (i) conduct camera inspections of the sewer collection system and planning and design to rehabilitate the existing lift station to upgrade the pumps, drives, electrical system, piping, and telemetry (the "Project") and (ii) pay related costs of issuance, all as more specifically set forth in the Application.

Terms and Conditions

1. Funding shall be made to the Applicant to provide funds for the Project described in the Loan Application in an aggregate principal amount not to exceed \$400,000.00.
2. Upon the Applicant's acceptance of the Board's Letter of Binding Commitment, the funds shall be reserved for the Applicant for a period of one (1) year from the date of this Order. In the event the loan is not closed on or before such date, the Board reserves the right to (i) approve, at the Applicant's request, a reasonable extension of time to close the loan, or (ii) de-obligate all or a portion of the loan funds in order to be used by the Board to make other CWSRF loans, as the Board determines shall permit the best use of the funds. Funds shall be provided to

ORDER APPROVING LOAN APPLICATION

Arkoma Municipal Authority

ORF-24-0008-CW

the Applicant from the CWSRF in accordance with the CWSRF program regulations as approved by the United States Environmental Protection Agency.

3. The Board's Staff is authorized to determine what additional conditions or requirements shall be necessary in order to assure the soundness of the loan and compliance with applicable financial, legal, CWSRF, and Bond Resolution requirements. In accordance with applicable authority and the United States Environmental Protection Agency ("EPA") guidelines for the implementation of the CWSRF Capitalization Grant, the loan conditions may include principal forgiveness to be used to pay all or a portion of the costs of the Project as described in the Application or for other purposes authorized by applicable authority and EPA guidelines. The Board's Staff is further authorized to approve future modifications or additions to the project purposes and uses of funds approved herein, provided such modifications or additions will not materially and adversely affect the loan.

4. The loan shall be subject in all respects to the provisions of the Applicant's promissory note(s), loan agreement(s), and other funding documents which shall be executed by proper officials of the Applicant and a Board Member at or prior to loan closing as appropriate.

5. Additional loans may be made at such times, for such projects of the Applicant, at such repayment periods and interest rates, and upon such other terms and conditions as may be agreed to and approved by the Board and the Applicant.

So ordered on this 20th day of August, 2024, in regular and open meeting of the Oklahoma Water Resources Board.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

ATTEST:

Suzanne Landess, Secretary

(SEAL)

ORDER APPROVING LOAN APPLICATION
Arkoma Municipal Authority
ORF-24-0008-CW

Reviewed By:



Lori Johnson, Assistant Chief
Financial Assistance Division

LOAN APPLICATION
RECOMMENDED FOR APPROVAL

Applicant: El Reno Municipal Authority, Canadian County

Loan Application No.: ORF-24-0001-CW
Clean Water SRF Loan (“CWSRF Loan”)

Amount Requested: \$1,500,000.00

Payment Term: The applicant shall be required to comply with all CWSRF loan provisions. If all CWSRF loan provisions are met to the satisfaction of the OWRB, then the funding shall be forgiven in total without fees for administration or interest.

Purpose: The applicant will utilize the loan proceeds to: (i) develop a Drainage Master Plan which identifies deficiencies in the drainage system, develop solutions for the five most critical problems (the “Project”), and (ii) pay related costs of issuance.

<u>Sources of Funds (Est.)</u>		<u>Uses of Funds (Est.)</u>	
Loan Proceeds	\$1,500,000.00	Project	\$1,425,000.00
		Bond Counsel	35,000.00
		Financial Advisor	35,000.00
		Local Counsel	5,000.00
Total	\$1,500,000.00	Total	\$1,500,000.00

**BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA**

IN THE MATTER OF LOAN APPLICATION)
NO. ORF-24-0001-CW IN THE NAME OF)
EL RENO MUNICIPAL AUTHORITY)
CANADIAN COUNTY, OKLAHOMA)

**PROPOSED
ORDER APPROVING LOAN APPLICATION**

This matter came on for consideration before the Oklahoma Water Resources Board (the "Board") on the 20th day of August, 2024.

WHEREAS, El Reno Municipal Authority (the "Applicant") has made its Application for Funding No. ORF-24-0001-CW (the "Application") to the Board for a loan from the Clean Water State Revolving Fund (the "CWSRF") program, pursuant to Title 82 Oklahoma Statutes 2021, Sections 1085.51 *et seq*, as amended; and

WHEREAS, the Applicant intends to use the loan for wastewater system improvements and/or water quality protection efforts to further compliance with State and Federal standards, and/or to refinance existing indebtedness originally incurred for such purposes; and

WHEREAS, the Board has completed its review of the Application and related information and finds that the Application should be approved according to the terms and conditions set forth below.

NOW, THEREFORE, LET IT BE RESOLVED AND ORDERED BY THE OKLAHOMA WATER RESOURCES BOARD:

Application for Funding No. ORF-24-0001-CW in the name of El Reno Municipal Authority be and the same is hereby approved. Subject to and contingent upon the Board's receipt of sufficient funds, a loan shall be made to the Applicant for the following purpose and subject to the following terms and conditions:

Purpose

The proceeds, along with other funds of the Applicant, if any, will be used to (i) develop a Drainage Master Plan which identifies deficiencies in the drainage system, develop solutions for the five most critical problems (the "Project"), and (ii) pay related costs of issuance, all as more specifically set forth in the Application.

Terms and Conditions

1. Funding shall be made to the Applicant to provide funds for the Project described in the Loan Application in an aggregate principal amount not to exceed \$1,500,000.00.
2. Upon the Applicant's acceptance of the Board's Letter of Binding Commitment, the funds shall be reserved for the Applicant for a period of one (1) year from the date of this Order. In the event the loan is not closed on or before such date, the Board reserves the right to (i) approve, at the Applicant's request, a reasonable extension of time to close the loan, or (ii) de-obligate all or a portion of the loan funds in order to be used by the Board to make other CWSRF loans, as the Board determines shall permit the best use of the funds. Funds shall be provided to

ORDER APPROVING LOAN APPLICATION

El Reno Municipal Authority

ORF-24-0001-CW

the Applicant from the CWSRF in accordance with the CWSRF program regulations as approved by the United States Environmental Protection Agency.

3. The Board's Staff is authorized to determine what additional conditions or requirements shall be necessary in order to assure the soundness of the loan and compliance with applicable financial, legal, CWSRF, and Bond Resolution requirements. In accordance with applicable authority and the United States Environmental Protection Agency ("EPA") guidelines for the implementation of the CWSRF Capitalization Grant, the loan conditions may include principal forgiveness to be used to pay all or a portion of the costs of the Project as described in the Application or for other purposes authorized by applicable authority and EPA guidelines. The Board's Staff is further authorized to approve future modifications or additions to the project purposes and uses of funds approved herein, provided such modifications or additions will not materially and adversely affect the loan.

4. The loan shall be subject in all respects to the provisions of the Applicant's promissory note(s), loan agreement(s), and other funding documents which shall be executed by proper officials of the Applicant and a Board Member at or prior to loan closing as appropriate.

5. Additional loans may be made at such times, for such projects of the Applicant, at such repayment periods and interest rates, and upon such other terms and conditions as may be agreed to and approved by the Board and the Applicant.

So ordered on this 20th day of August, 2024, in regular and open meeting of the Oklahoma Water Resources Board.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

ATTEST:

Suzanne Landess, Secretary

(SEAL)

ORDER APPROVING LOAN APPLICATION
El Reno Municipal Authority
ORF-24-0001-CW

Reviewed By:

A handwritten signature in cursive script that reads "Lori Johnson". The signature is written in black ink and is positioned above a horizontal line.

Lori Johnson, Assistant Chief
Financial Assistance Division

OSG GRANT
RECOMMENDED FOR APPROVAL

Applicant: Taneha Utilities Authority, Creek County

Grant No.: OSG-25-0001-G
 Sewer Overflow and Stormwater Reuse Municipal Grant (“OSG”)

Amount Requested: \$739,000.00

Purpose: The applicant will utilize the grant proceeds to fund the following project: To complete the planning and design of the railroad crossings project which includes select sanitary sewer segments for rehabilitation, replacement, and capacity upsizing. The estimated cost of the project is \$739,000.00 which will be funded by the OSG grant of \$739,000.00.

<u>Sources of Funds (Est.)</u>		<u>Uses of Funds (Est.)</u>	
Grant Proceeds	\$739,000.00	Engineering	\$739,000.00
Total	\$739,000.00	Total	\$739,000.00

BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA

IN THE MATTER OF OSG GRANT)
NO. OSG-25-0001-G IN THE NAME OF THE)
TANEHA UTILITIES AUTHORITY,)
CREEK COUNTY, OKLAHOMA.)

PROPOSED
ORDER APPROVING OSG GRANT

This matter came on for consideration before the Oklahoma Water Resources Board on the 20th day of August 2024. The Board finds that since the Taneha Utilities Authority has met the eligibility requirements of the Sewer Overflow and Stormwater Reuse Municipal Grant (OSG) program and that subject to and contingent upon the Board’s receipt of sufficient funds for an amount not to exceed \$739,000.00 should be approved to be advanced for the following purpose and subject to the following conditions:

Conditions:

1. The amount of the OSG grant shall not exceed \$739,000.00.
2. OSG Grant funds shall be accounted for separately with a federally insured financial institution.
3. The project shall be to: complete the planning and design of the railroad crossings project which includes select sanitary sewer segments for rehabilitation, replacement, and capacity upsizing. Applicant is authorized to expend the OSG grant funds only for purposes of completing such project.
4. Furthermore, Taneha Utilities Authority is required to comply with the requirements of all applicable federal and state statutory provisions and all Oklahoma Water Resources Board rules, regulations and grant policies as applicable.

SO ORDERED this 20th day of August 2024, in regular and open meeting of the Oklahoma Water Resources Board.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

ATTEST:

Suzanne Landess, Secretary
(SEAL)

Taneha Utilities Authority
OWRB OSG Grant No. OSG-25-0001-G

Reviewed By:



Lori Johnson, Chief
Financial Assistance Division

**AMERICAN RESCUE PLAN ACT (ARPA) APPLICATION
INCREASE REQUEST RECOMMENDED FOR APPROVAL**

Applicant: The Eufaula Public Works Authority, McIntosh County

Grant Application No.: ARP-23-0029-DTG
American Rescue Plan Act Grant (“ARPA Grant”)

Amount Requested: \$102,000.00

Designated Grant

Information: Name and/or number of the ARPA Grant account under which designated: Tribal Matching Grant – ARPA YY000881

Purpose: The Eufaula Public Works Authority operates a wastewater collection system (system). Infiltration is evident in the system due to aging pipes and manholes. This project was previously approved for \$400,000 to install 8,032 linear feet of sanitary sewer pipe via pipe bursting methods, remove and replace twelve manholes, and all appurtenances required to complete the project. The tribe has elected to reappropriate their funding to increase this amount by \$102,000 thereby increasing the amount of the OWRB ARPA Grant. The estimated cost of the project is \$1,004,000.00 which will be funded by the OWRB ARPA grant of \$502,000.00 and Muscogee Creek Tribal funds of \$502,000.00.

Sources of Funds (Est.)

Uses of Funds (Est.)

OWRB ARPA Increase Grant Amount:	\$102,000.00	Project:	\$800,000.00
OWRB Approved ARPA Funds:	400,000.00	Project increase:	204,000.00
Muscogee Creek Tribal Increase Matching Funds:			
Muscogee Creek Tribal Matching Funds Approved:	102,000.00		
	400,000.00		
Total	<u>\$1,004,000.00</u>	Total	<u>\$1,004,000.00</u>

**BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA**

IN THE MATTER OF AMERICAN RESCUE PLAN ACT)
(ARPA) GRANT APPLICATION NO. ARP-23-0029-DTG)
IN THE NAME OF THE EUFAULA PUBLIC WORKS)
AUTHORITY, MCINTOSH COUNTY, OKLAHOMA.)

**PROPOSED
ORDER APPROVING ARPA GRANT INCREASE REQUEST**

This matter came on for consideration before the Oklahoma Water Resources Board on the 20th day of August 2024. The Board finds that since the application for this grant has been identified by the legislature, has met the eligibility requirements for this grant, and that since sufficient funds are available, the grant increase for an amount not to exceed \$102,000.00 should be approved for the following purpose and subject to the following conditions:

Conditions:

1. The amount of the ARPA grant shall not exceed \$102,000.00. This is in addition to the previously approved APRA grant of \$400,000.00 for a total awarded of \$502,000.00.
2. ARPA grant funds shall be accounted for separately with a federally insured financial institution.
3. The project shall be to install 8,032 linear feet of sanitary sewer pipe via pipe bursting methods and remove and replace twelve manholes. Applicant is authorized to request the ARPA grant funds only for costs incurred for eligible expenses for the purposes of completing such project.
4. Furthermore, prior to and during the construction period, The Eufaula Public Works Authority is required to comply with the requirements of all applicable federal and state statutory provisions, all applicable ARPA regulations, and the Oklahoma Water Resources Board ARPA Grant Agreement, Board rules, regulations, and grant policies. The Board Staff is authorized to determine what additional conditions may be necessary in order to assure compliance with the applicable requirements.
5. The Board's Staff is authorized to approve future modifications or additions to the project purposes and uses of funds approved herein, provided such modifications or additions will not materially or adversely affect the grant.

SO ORDERED this 20th day of August 2024, in regular and open meeting of the Oklahoma Water Resources Board.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

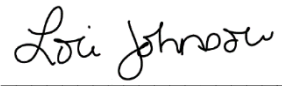
ATTEST:

Suzanne Landess, Secretary

(SEAL)

The Eufaula Public Works Authority
OWRB ARPA Grant No. ARP-23-0029-DTG

Reviewed By:



Lori Johnson, Chief
Financial Assistance Division

ARPA GRANT APPLICATION
RECOMMENDED FOR APPROVAL

APPLICANT: Oklahoma City Water Utilities Trust
COUNTY: Oklahoma

DATE RECEIVED: 11/30/2022
APPLICATION NUMBER: ARP-23-0202-G
ARPA NUMBER: ARPA-YY002306
Amount Recommended: \$2,000,000.00

Amount Requested: \$2,000,000.00

PROJECT DESCRIPTION: Oklahoma City Water Utilities Trust has various projects including the North Canadian Wastewater Treatment Plant (WWTP) rehabilitation. The WWTP has several structures that have reached the end of their useful life and require upgrades and improvements. The proposed project is to rehabilitate and upgrade the WWTP plus all appurtenances required to complete the project. The estimated cost of the project is \$56,317,845.00 which will be funded by the ARPA Grant of \$2,000,000.00 and a CWSRF loan with a remaining balance of \$83,123,641.28.

Priority Ranking			Priority Points
Population <u>681,088</u>			
WATER AND SEWER RATE STRUCTURE (Maximum: 13 points)			
Water rate per 5,000 gal/month: \$ 36.67	<input type="checkbox"/> Flat rate	<u>-3</u>	<u>12</u>
Sewer rate per 5,000 gal/month: <u>32.11</u>	<input type="checkbox"/> Decreasing Block	<u>-2</u>	
Total \$ 68.78	<input type="checkbox"/> Uniform	<u>0</u>	
	<input checked="" type="checkbox"/> Increasing Block	<u>+2</u>	
10 points	<input type="checkbox"/> Sales tax (W/S)	<u>+1</u>	
INDEBTEDNESS PER CUSTOMER (Maximum: 10 points)			
Total Indebtedness: \$ 737,594,915.00			<u>8</u>
Monthly Debt Payment: \$ 4,026,001.00			
Number of Customers: 240,740			
Monthly Payment Per Customer: \$ 167.23			
APCI Tier Tier 4 (Maximum: 24 points)			<u>6</u>
LEGISLATIVE PORTAL REQUEST (Maximum: 5 points) Yes			<u>5</u>
PREVIOUS GRANTS <u>2</u>			<u>(8)</u>
ENFORCMENT ORDER <u>No</u> (Maximum: 5 points)			<u>0</u>
BENEFIT OF PROJECT TO OTHER SYSTEMS <u>Yes</u>			<u>5</u>
FISCAL SUSTAINABILITY			<u>10</u>
TOTAL PRIORITY POINTS			<u>38</u>

**BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA**

IN THE MATTER OF THE AMERICAN RESCUE PLAN ACT)
(ARPA) GRANT APPLICATION)
NO. ARP-23-0202-G IN THE NAME OF THE)
OKLAHOMA CITY WATER UTILITIES TRUST,)
OKLAHOMA COUNTY, OKLAHOMA.)

**PROPOSED
ORDER APPROVING ARPA GRANT APPLICATION**

This matter came on for consideration before the Oklahoma Water Resources Board on the 20th day of August 2024. The Board finds that since the application for this grant has received a priority ranking of 38 points under Chapter 50 of the Board's Rules and that since sufficient funds are available, the grant application for an amount not to exceed \$2,000,000.00 should be approved for the following purpose and subject to the following conditions:

Conditions:

1. The amount of the ARPA grant shall not exceed \$2,000,000.00.
2. ARPA grant funds shall be accounted for separately with a federally insured financial institution.
3. The project shall be to to rehabilitate and upgrade the WWTP. Applicant is authorized to request the ARPA grant funds only for costs incurred for eligible expenses for the purposes of completing such project.
4. Furthermore, prior to and during the construction period, Oklahoma City Water Utilities Trust is required to comply with the requirements of all applicable federal and state statutory provisions, all applicable ARPA rules, and the Oklahoma Water Resources Board ARPA Grant Agreement, Board rules, regulations, and grant policies. The Board Staff is authorized to determine what additional conditions may be necessary in order to assure compliance with the applicable requirements.
5. The Board's Staff is authorized to approve future modifications or additions to the project purposes and uses of funds approved herein, provided such modifications or additions will not materially or adversely affect the grant.

SO ORDERED this 20th day of August 2024, in regular and open meeting of the Oklahoma Water Resources Board.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

ATTEST:

Suzanne Landess, Secretary

(SEAL)

Oklahoma City Water Utilities Trust
OWRB ARPA Grant No. ARP-23-0202-G

Reviewed By:



Lori Johnson, Chief
Financial Assistance Division

**AMERICAN RESCUE PLAN ACT (ARPA) APPLICATION
RECOMMENDED FOR APPROVAL**

Applicant: The Lawton Water Authority, Comanche County

Grant Application No.: ARP-23-0017-DPG
American Rescue Plan Act Grant (“ARPA Grant”)

Amount Requested: \$2,000,000.00

Designated Grant

Information: Name and/or number of the ARPA Grant account under which designated: Statewide Targeted Water Infrastructure

Purpose: The Lawton Water Authority owns and operates Gondola Lake Dam that is in poor condition and has potential of failure. The proposed project is to evaluate three different alternatives to rehabilitate the dam and construction of the chosen alternative. The estimated project cost ranges from \$2,172,000 to \$8,198,000 depending on the chosen alternative. The project will be funded by the ARPA Designated Grant of \$2,000,000.00 in addition to loans and local funds to secure the remaining funds.

<u>Sources of Funds (Est.)</u>		<u>Uses of Funds (Est.)</u>	
OWRB ARPA Grant:	\$2,000,000.00	Project:	\$8,198,000.00
Local Matching Funds:	\$6,198,000.00		
Total	<hr/> <u>\$8,198,000.00</u>	Total	<hr/> <u>\$8,198,000.00</u>

**BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA**

IN THE MATTER OF AMERICAN RESCUE PLAN ACT)
(ARPA) GRANT APPLICATION NO. ARP-23-0017-DPG)
IN THE NAME OF THE LAWTON WATER AUTHORITY,)
COMANCHE COUNTY, OKLAHOMA.)

**PROPOSED
ORDER APPROVING ARPA GRANT APPLICATION**

This matter came on for consideration before the Oklahoma Water Resources Board on the 20th day of August 2024. The Board finds that since the application for this grant has been identified by the legislature, has met the eligibility requirements for this grant, and that since sufficient funds are available, the grant application for an amount not to exceed \$2,000,000.00 should be approved for the following purpose and subject to the following conditions:

Conditions:

1. The amount of the ARPA grant shall not exceed \$2,000,000.00.
2. ARPA grant funds shall be accounted for separately with a federally insured financial institution.
3. The project shall be to evaluate three different alternatives to rehabilitate the Gondola Lake dam and construction of the chosen alternative. Applicant is authorized to request the ARPA grant funds only for costs incurred for eligible expenses for the purposes of completing such project.
4. Furthermore, prior to and during the construction period, The Lawton Water Authority is required to comply with the requirements of all applicable federal and state statutory provisions, all applicable ARPA regulations, and the Oklahoma Water Resources Board ARPA Grant Agreement, Board rules, regulations, and grant policies. The Board Staff is authorized to determine what additional conditions may be necessary in order to assure compliance with the applicable requirements.
5. The Board's Staff is authorized to approve future modifications or additions to the project purposes and uses of funds approved herein, provided such modifications or additions will not materially or adversely affect the grant.

SO ORDERED this 20th day of August 2024, in regular and open meeting of the Oklahoma Water Resources Board.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

ATTEST:

Suzanne Landess, Secretary
(SEAL)

Reviewed By:



Lori Johnson, Chief
Financial Assistance Division

AMERICAN RESCUE PLAN ACT (ARPA) APPLICATION
RECOMMENDED FOR APPROVAL

Applicant: Rural Water, Sewer, and Solid Waste Management District No. 4
Atoka County, Oklahoma

Grant Application No.: ARP-23-0042-DTG
American Rescue Plan Act Grant (“ARPA Grant”)

Amount Requested: \$2,381,032.77

Designated Grant

Information: Name and/or number of the ARPA Grant account under which designated: Tribal Matching Grant - ARPA - YY000881

Purpose: Rural Water, Sewer, and Solid Waste Management District No. 4 Atoka County, Oklahoma owns and operates a public water supply system which is nearing capacity. The proposed project is to install a new 18-inch waterline from McGee Creek to the water plant to increase the water supply, expand capacity at the water treatment plant with a new flow splitter, clarifier, additional filter unit, and all appurtenances required to complete the project.

<u>Sources of Funds (Est.)</u>		<u>Uses of Funds (Est.)</u>	
OWRB ARPA Grant:	\$2,381,032.77	Project:	\$4,762,065.54
Choctaw Tribal Matching Funds:	2,381,032.77		
Total	<u>\$4,762,065.54</u>	Total	<u>\$4,762,065.54</u>

**BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA**

IN THE MATTER OF AMERICAN RESCUE PLAN ACT)
(ARPA) GRANT APPLICATION NO. ARP-23-0042-DTG)
IN THE NAME OF THE RURAL WATER, SEWER, AND)
SOLID WASTE MANAGEMENT DISTRICT NO. 4 ATOKA)
COUNTY, OKLAHOMA)

**PROPOSED
ORDER APPROVING ARPA GRANT APPLICATION**

This matter came on for consideration before the Oklahoma Water Resources Board on the 20th day of August 2024. The Board finds that since the application for this grant has been identified by the legislature, has met the eligibility requirements for this grant, and that since sufficient funds are available, the grant application for an amount not to exceed \$2,381,032.77 should be approved for the following purpose and subject to the following conditions:

Conditions:

1. The amount of the ARPA grant shall not exceed \$2,381,032.77.
2. ARPA grant funds shall be accounted for separately with a federally insured financial institution.
3. The project shall be to install a new 18-inch waterline from McGee Creek to the water plant to increase the water supply, expand capacity at the water treatment plant with a new flow splitter, clarifier, and additional filter unit. Applicant is authorized to request the ARPA grant funds only for costs incurred for eligible expenses for the purposes of completing such project.
4. Furthermore, prior to and during the construction period, Rural Water, Sewer, and Solid Waste Management District No. 4 Atoka County, Oklahoma is required to comply with the requirements of all applicable federal and state statutory provisions, all applicable ARPA regulations, and the Oklahoma Water Resources Board ARPA Grant Agreement, Board rules, regulations, and grant policies. The Board Staff is authorized to determine what additional conditions may be necessary in order to assure compliance with the applicable requirements.
5. The Board's Staff is authorized to approve future modifications or additions to the project purposes and uses of funds approved herein, provided such modifications or additions will not materially or adversely affect the grant.

SO ORDERED this 20th day of August 2024, in regular and open meeting of the Oklahoma Water Resources Board.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

ATTEST:

Suzanne Landess, Secretary
(SEAL)

Rural Water, Sewer, and Solid Waste Management District No. 4 Atoka County, Oklahoma
OWRB ARPA Grant No. ARP-23-0042-DTG

Reviewed By:



Lori Johnson, Chief
Financial Assistance Division

3. SUMMARY DISPOSITION AGENDA ITEMS

D. Contracts and Agreements Recommended for Approval

August 20, 2024

AGENDA ITEM 3D(1)

CONTRACT

WITH: Geotech Environmental Equipment, Inc.

PURPOSE: Provision of a supplier to assist in the process of replacing sensors while maintaining the existing parts of the deployment and expanding the network to include new wells

AMOUNT: Not to exceed \$67,351.87

TERM: One-time purchase and delivery with no renewal options. Supplier may begin work upon full execution of contract.



STATE OF OKLAHOMA CONTRACT WITH Geotech Environmental Equipment, Inc.

This State of Oklahoma Contract (“Contract”) is entered into between the State of Oklahoma by and through the Oklahoma Water Resources Board (“State”) and Geotech Environmental Equipment, Inc. (“Supplier”) and is effective as of the effective date set forth on a properly issued purchase order or, if no effective date is listed, the date of last signature (“Effective date”). This is a one-time purchase and delivery with no renewal options.

Purpose

The State is awarding the Contract to Supplier for the provision of a supplier to assist in the process of replacing sensors while maintaining the existing parts of the deployments and expanding the network to include new wells, as more particularly described in certain Contract Documents. Supplier submitted a proposal with no exceptions, vendor documents or confidentiality requests. Supplier did include a best and final offer. This Contract Document memorializes the agreement of the parties with respect to terms of the Contract that is being awarded to Supplier.

Now, therefore, in consideration of the foregoing and the mutual promises set forth herein, the receipt and sufficiency of which are hereby acknowledged the parties agree as follows:

1. The parties agree that Supplier has not yet begun performance of work under the Contract. Upon full execution of the Contract, Supplier may begin work. Issuance of a purchase order is required prior to payment to a Supplier.
2. The following Contract Documents are attached hereto and incorporated herein:
 - 2.1. SolicitationEV00000483, Attachment A;
 - 2.2. Requirements, Exhibit 1
 - 2.3. General Terms, Attachment B;
 - 2.4. Agency Terms, Attachment C;
 - 2.5. Information Technology terms, Attachment D;
 - 2.6. Price, Attachment E
3. The parties additionally agree:
 - 3.1. Except for information deemed confidential by the State pursuant to applicable law, rule, regulation or policy, the parties agree Contract terms and information are not confidential and are disclosable without further approval of or notice to Supplier.
 - 3.2. To the extent any term or condition in any Contract Document, including via a hyperlink or uniform resource locator, conflicts with an applicable Oklahoma and/or United States law

or regulation, such term or condition is void and unenforceable. By executing any Contract Document which contains a conflicting term or condition, the State or Customer makes no representation or warranty regarding the enforceability of such term or condition and the State or Customer does not waive the applicable Oklahoma and/or United States law or regulation which conflicts with the term or condition.

4. Payment obligations rest solely with the Oklahoma Water Resources Board. Please send invoices and billing inquiries to:

3800 N Classen Blvd
Oklahoma City OK 73118

AccountsPayable@owrb.ok.gov

5. The undersigned Agency hereby attests that any required terms and conditions based on a Federal Award applicable to this Contract are included herein.
6. Any reference to a Contract Document refers to such Contract Document as it may have been amended. If and to the extent any provision is in multiple documents and addresses the same or substantially the same subject matter but does not create an actual conflict, the more recent provision is deemed to supersede earlier versions.

SIGNATURES

The undersigned represent and warrant that they are authorized, as representatives of the party on whose behalf they are signing, to sign this Agreement and to bind their respective party thereto.

STATE OF OKLAHOMA
by and through the Water Resources Board:

Geotech Environmental Equipment, Inc.

By:

By:

Name: Jennifer Castillo

Name:

Title: Chairman

Title:

Date:

Date:

The State Purchasing Director is signing solely to ensure state agency compliance with provisions of the Oklahoma Central Purchasing Act pursuant to 74 O.S., 85.5 concerning acquisitions by state agencies.

By:

Name:

Title:

Date:

ATTEST:

Suzanne Landess, Secretary
(SEAL)

Date

Attachment E: Pricing Attachment A: ITEMS (Please Bid on the Following)	SKU # *	<i>feet per cable</i>	QTY.	Price	Cost
<p><i>The bid shall state the cost per unit for each type of equipment, including all items needed to deploy, install, and maintain units for the stated amounts of data loggers, cables, and connectors. OWRB will utilize the available funds to purchase units depending on unit price and the total amount of the bid.</i></p>					
Rugged Twist Lock Cable(Premium Titanium Connectors - 2 year Warranty) Polyurethane, non-vented , 200 feet	0052000-01	200	4	\$791.77	3167.08
Rugged Twist Lock Cable(Premium Titanium Connectors - 2 year Warranty) Polyurethane, vented , 200 feet		200	2	\$881.77	1763.54
Rugged Twist Lock Cable(Premium Titanium Connectors - 2 year Warranty) Polyurethane, non-vented , 150 feet	0052000-02	150	8	\$635.77	5086.16
Rugged Twist Lock Cable(Premium Titanium Connectors - 2 year Warranty) Polyurethane, vented , 150 feet		150	2	\$703.27	1406.54
Rugged Twist Lock Cable(Premium Titanium Connectors - 2 year Warranty) Polyurethane, non-vented , 100 feet	0052000-01	100	8	\$468.17	3745.36
Rugged Twist Lock Cable(Premium Titanium Connectors - 2 year Warranty) Polyurethane, vented , 100 feet		100	2	\$513.17	1026.34
Rugged Twist Lock Cable(Premium Titanium Connectors - 2 year Warranty) Polyurethane, non-vented , 50 feet	0052000-01	50	9	\$312.17	2809.53
Rugged Twist Lock Cable(Premium Titanium Connectors - 2 year Warranty) Polyurethane, vented , 50 feet		50	2	\$334.67	669.34
Rugged Twist Lock Cable(Premium Titanium Connectors - 2 year Warranty) Polyurethane, non-vented , 25 feet	0052000-01	25	4	\$234.17	936.68
Rugged Twist Lock Cable(Premium Titanium Connectors - 2 year Warranty) Polyurethane, vented , 25 feet		25	2	\$245.42	490.84
Level Troll 400 (30 PSI)	CFG-LT400DL	N/A	20	\$798.70	15974
Level Troll 500 (30 PSI)	9936196	N/A	5	\$1,155.66	5778.3
Aqua Troll 200 (30 PSI)	CFG-LT500DL	N/A	10	\$1,780.34	17803.4
VuLink Lithium Batteries (Set of 3)	0103050	N/A	62	\$74.96	4647.52
VuLink Antenna	0043630	N/A	62	\$33.02	2047.24
Shipping (Freight Estimate)					
Total					\$67,351.87

AGENDA ITEM 3D(2)

THIRD AMENDMENT AGREEMENT

WITH: Office of Management and Enterprise Services

PURPOSE: For administrative services related to the American Rescue Plan Act Grant Funds designated by the Legislature for Tribal cooperation grant matching funds for water and wastewater infrastructure projects.

AMOUNT: Amended amount not to exceed \$82,000.000.00

TERM: Through December 31, 2026

This third Amendment (the “Third Amendment”) dated this 12th day of August 2024, is made part of and modifies the Grant Agreement (the “Agreement”) bearing the date of last signature of August 31, 2022, and any subsequent supplements and amendments thereto between the Office of Management and Enterprise Services Grant Management Office (OMES) and the Oklahoma Water Resources Board (“Subrecipient”) and is an Exhibit in connection to the Agreement. This Third Amendment supplements and amends the Agreement which provided for a grant award totaling \$20,000,000.00, and the Amended Grant Agreement bearing the date of last signature of February 27, 2023, which provided for a grant award totaling \$57,000,000.00, and the Second Amended Grant Agreement (the “Second Amendment”) bearing the date of last signature of December 13, 2023, which provided for a grant award totaling \$72,000,000.00. This Third Amendment shall be appended to the Agreement as **Exhibit E-2**. Unless otherwise indicated herein, undefined capitalized terms used in this Third Amendment shall have the respective meanings specified in the Agreement and Amendments. All other terms of the Agreement, the Amended Grant Agreement, and the Second Amendment not modified by this Third Amendment remain in full force and effect.

The parties agree to amend the Agreement, Amended Grant Agreement, and the Second Amendments as follows:

1. The total amount of the subaward of \$72,000,000.00 as identified in the Second Amendment to the Grant Agreement is hereby amended in this Third Amendment to reflect a new total amount of **\$82,000,000.00** as more particularly described in House Bill 2937 (May 2024) and the attached Funding Review Template.

This Third Amendment incorporates herein the following new attachments to the Agreement:

- I. Attachment A-6: Tribal Matching Fund for Water and Sewer Infrastructure Funding Review Template, Revised August 2, 2024
- II. Attachment A-7: House Bill 2937 (May 2024)



SIGNATURES

Except as amended hereby, the Agreement remains in full force and effect. The undersigned represent and warrant they are authorized, as representatives of the Party on whose behalf they are signing, to bind their respective Party thereto, by signing this Third Amendment.

**OFFICE OF MANAGEMENT AND
ENTERPRISE SERVICES FOR THE
STATE OF OKLAHOMA**

**OKLAHOMA WATER
RESOURCES BOARD**

Authorized Signature

Authorized Signature

Printed Name

Printed Name

Title

Title

Date

Date



Attachment A-6
*Revised Tribal Matching Fund for Water and Sewer
Infrastructure Funding Review Packet*



AMERICAN RESCUE PLAN ACT



State of Oklahoma

ARPA State & Local Fiscal Recovery Funds (SLFRF) Project Funding Review

Table of Contents

Summary	3
SLFRF Resources	3
Project Overview	4
Reporting and Planning	6
Capital Expenditure Requirements.....	8
Risk Assessment	8
Monitoring & Internal Controls.....	10
Other Project Questionnaire Information	11
Appendix A: Expenditure Categories.....	14
Table 1: Public Health.....	14
Table 2: Negative Economic Impacts.....	16
Table 3: Services to Disproportionately Impacted Communities	20
Table 4: Premium Pay.....	21
Table 5: Infrastructure	22
Table 6: Revenue Replacement	24
Table 7: Administrative.....	25
Appendix B: Capital Expenditure Written Justification.....	28

Summary

This Funding Review Template is sent to the Oklahoma ARPA project applicant prior to consideration by a Working Group of the Joint Committee on Pandemic Relief Funding. The Template includes the information collected through the project intake workflow and collects further information necessary for Working Group, Joint Committee, Steering Committee and Governor consideration and review.

SLFRF Resources

- Final Rule (FR) ([link](#))
- Overview of Final Rule ([link](#))
- Frequently Asked Questions ([link](#))
- Compliance and Reporting Guidance (February 22, 2022) ([link](#))

Project Overview

Project Name: ***Tribal Matching Fund for Water and Sewer Infrastructure***

Organization Name: Office of the Oklahoma Secretary of Energy and Environment as administered through the Oklahoma Water Resources Board with assistance from the Oklahoma Department of Environmental Quality.

Primary Contact

Name: Julie Cunningham
 Email: julie.cunningham@owrb.ok.gov
 Phone: 405-530-8800

Project Lawyer

Name: Sara Gibson
 Email: sara.gibson@owrb.ok.gov
 Phone: 405-530-8800

Project Cost: 82,000,000.00

Project Cost Breakdown: *The submitter must complete the template below. An incomplete project cost breakdown or a breakdown provided in a different format may result in delays in project review. The goal of the budget is to provide a clear and concise description of the expenses requested to support the activities in your application. A successful budget will show what each expense is, how much it costs, and the calculation used to get that amount.*

Proposed Project Cost Breakdown		
Total Requested Amount	\$ 82,000,000	Total of all below sections
Co-investment grants to eligible public entities (e.g. rural water and wastewater service providers for design and construction of water and sewer infrastructure	\$72,000,000	This funding request <u>requires</u> a dollar-for-dollar tribal co-investment (from the Chickasaw Nation, Cherokee Nation, Choctaw Nation of Oklahoma, Iowa Tribe of Oklahoma, and Muscogee (Creek) Nation. Project selection will be through the Tribe with approval from the Secretary of Energy and Environment. The funds will co-fund a project along with the local contribution and other funding sources such as grants from USDA and Indian Health Services. The idea is to leverage both sources of ARPA funds to create larger, more

State of Oklahoma
ARPA SLFRF Project Funding Review

		impactful projects benefitting the most Oklahomans, including tribal citizens.
	\$10,000,000.00	This funding request will require a co-investment from the state and the tribe. However, it will be open to any tribe in the State of Oklahoma. The OWRB will send out a request for projects to all the tribes, which will then have 30 days to respond, with a letter of interest for any projects that are eligible. The OWRB will then rank the projects, and gain approval from the Secretary of Energy and Environment on the selected projects.

Other funding identified by applicant (non-SLFRF, matching funds, SLFRF from other sources, private, etc.):

At a minimum, \$82,000,000 (total) from the Chickasaw Nation, Cherokee Nation, Choctaw Nation, Iowa Tribe, Muscogee (Creek) Nation of Oklahoma, or any other tribe located in Oklahoma, together with a minimum local match depending on each project. Additionally, there will likely be additional federal funding from agencies like Indian Health Services, USDA and others.

What goods or services will you need to complete this project?

There is a potential for contracting a portion of engineering, IT, or other services, should it be necessary, depending on timing of individual project start, etc., however.

Have you identified competitive bidding procedures to be utilized to procure the necessary goods or services?

Yes, we are aware of the requirement of 2 CFR 200 for federal procurement requirements of the program.

Project Timeline (all projects must expend funds before December 31, 2026) identifying anticipated start date, completion date, and any milestone date goals

Timelines will vary based on specific project development. OWRB has been approving projects under this award since February of 2023. Letters of Interest on the additional \$10 million are due in August 2024. Expenditures would be completed by December 2026.

How many Oklahomans will benefit from this project?

100,000-500,000

What is the potential return on investment for this project?

250%-1000%

Project Description to include impact of COVID-19, intended impact of project, and general description of services

The ARPA legislation expressly includes public water, wastewater, and stormwater control projects eligible under the federal Clean Water and Drinking Water State Revolving Funds, administered by all states through the Environmental Protection Agency. These funds would be used to create regional water infrastructure in rural Oklahoma communities in dire need of system upgrades to provide safe and reliable drinking water and wastewater systems in some of Oklahoma's most economically underserved and poorest areas of the state. These citizens, without assistance, would have little possibility of affording this critical infrastructure and essential public health upgrades.

Reporting and Planning

Which Expenditure Category should this project be reported under? (See Appendix A) Water/Sewer Infrastructure under the eligibilities in Appendix A 5.1-5.15

___Initial here to confirm that you understand you will be a subrecipient and required to comply with federal compliance, reporting, and contract requirements, including the Uniform Guidance (2 CFR Part 200). Among other requirements of the Uniform Guidance, you are confirming that you have:

- A financial management system capable of separately tracking individual Federal programs, and providing accurate, current, and complete information
- Written procedures regarding compensation and benefits, procurement (including a conflict-of-interest policy), and allowability of costs
- Established and will maintain effective internal controls over each Federal award to provide reasonable assurance that such awards are managed in compliance with Federal statutes, regulations, and the terms and conditions of the award

____Initial here to confirm understanding that subrecipients expending more than \$750,000 total in Federal funds during their fiscal year will be subject to an audit under the Single Audit Act and its implementing regulation at 2 CFR Part 200, Subpart F regarding audit requirements.

Does your organization plan to expend \$750,000 or more in Federal funding in a single fiscal year when accounting for this request and any other federal awards you receive?

Yes

What are the performance indicators (inputs, outputs, and outcomes) that this project will track to capture impact?

National Pollution Discharge Elimination System discharge permit requirements, construction standards and permit to construct, tasks outlined in compliance orders, Safe Drinking Water Act and Clean Water Act compliance

Please provide an outline/brief summary of your performance management plan. A complete performance management plan will be required after grant agreement execution.

OWRB has financial controls, technical expertise, and processes in place to administer federal programs, oversee construction, and audit projects. The board has approved 2,746 projects for nearly \$7.5 billion, spanning over thirty years, with documented, longstanding AAA bond ratings on multiple issuances, and consistently clean annual program audit reviews from independent auditors and EPA (available upon request). Project performance is ultimately measured by successful construction and regulatory approval. The OWRB will oversee, facilitate, and document information on project management, pre-construction approvals by various regulatory agencies, bidding and contracting, site inspections, invoice compliance review, financial controls and project close out. Grant agreements with awardees will also be in place to help ensure compliance with requirements.

Please provide an outline/brief summary of your community engagement or outreach plan. A complete community engagement/outreach plan will be required after grant agreement execution.

The Secretary of Energy and Environment and OWRB will coordinate engagement activities with tribal, community, and agency partners. The intention is to jointly, with the specific tribal nation, agree upon a highly impactful project or projects to co-fund. Also, in addition to the executive management and assigned financial and engineering staff, the OWRB's current marketing & outreach manager, will be assigned to the project to assist in coordinating engagement activities with tribal, local, and agency partners and broad information sharing regarding the use of these funds. Use of platforms such as social media, GovDelivery, website updates, press releases and workshops will help meet this goal.

Please explain how non-English speaking constituents will be able to benefit from this program. Note that more documentation may be required around this after grant agreement execution.

OWRB has adopted a "Discrimination and Federal Funding Policy" to ensure that OWRB or any sub-recipient of funding must comply with civil rights laws and regulations. The policy can be found on OWRB's website at https://www.owrb.ok.gov/about/about_pdf/discriminationpolicy.pdf.

Capital Expenditure Requirements

Definitions: *Per the Uniform Guidance, the term “capital expenditures” means “expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.” Equipment with a useful life of more than one year and a per-unit acquisition cost greater or equal to \$5,000 is considered a capital expenditure.*

Does your project include a capital expenditure? If yes, is the total capital expenditure greater than \$1 million?

Yes; In some cases the expenditure may be more than \$1,000,000.

Do you or your team have prior experience in administering capital expenditure projects? If yes, briefly describe your years of experience. Please list details on project scope and size, as well as any relevant experience in handling capital expenditure projects.

OWRB has been administering grant and loan programs with both state and federal funding since the 1980's to address water/sewer infrastructure projects.

JC Initial here to confirm that you have reviewed and understand provisions of the US Treasury Final Rule regarding the use of State and Local Recovery Funds for capital expenditure, including the requirement to complete a written justification, including an alternatives analysis for capital expenditures of more than \$1 million in SLRF funds. See 87 Fed. Reg. 4450, Sec. 35.6(b)(3)(ii)(E)(4)(January 27, 2022) (summary: Appendix B)

JC Initial here to confirm that you agree to complete and meet the substantive requirements of a written justification for capital expenditure projects, where capital expenditures are greater than \$1million.

JC Initial here to confirm that you have read and understand fully the real property provisions, laid out under 2 CFR 200, specifically, 2 CFR 200.310 – 2 CFR 200.316 and 2 CFR 200.330.

JC Initial here to confirm that you have undertaken due diligence to ensure that the project will comply with all applicable federal and state laws, and including, but not limited to, environmental, siting and permitting laws and regulations.

JC Initial here to confirm you would be able to provide information regarding required programmatic data upon request (pg. 23-28, US Treasury State and Local Fiscal Recovery Funds Compliance and Reporting Guidance version 3.0)

Risk Assessment

JC Initial here to confirm your understanding that 2 CFR Part 200.206 requires the State to perform a risk assessment of applicants focusing on items such as financial stability, management systems and standards, history of performance, audit reports and findings, and ability to implement programs.

JC Initial here to confirm your understanding that 2 CFR Part 200.206 requires any subrecipient that subgrants State and Local Recovery Funds provided by the State of Oklahoma for this project to its own subrecipients to perform a risk assessment of those potential subrecipients for financial stability, management systems and standards, history of performance, audit reports and findings, and ability to implement programs.

Will you be administering the project? If so, describe your prior experience administering federal or state grants. How many years of experience do you have? If not, who will be administering and what is their prior experience?

Yes, OWRB has over 30 years experience administering the federal State Revolving Funds capitalization grant, STAG Grant Program and American Recovery & Reinvestment Act funding (2009) to subsidize water/sewer loan programs; Over 25 years experience administering the state Rural Economic Action Plan (REAP) program for water/sewer infrastructure, Emergency Grant, and various drought assistance grants.

What administrative costs do you expect to incur from the funds requested? (Expressed as a percentage or an amount). Does your organization have a Negotiated Indirect Costs Rate Agreement (NICRA) established with a federal agency?

OWRB has funding set aside for administering this program. Yes, OWRB has a Negotiated Indirect Cost Agreement with the Environmental Protection Agency.

Have you successfully completed a similar project in the past?

If yes, how many years of experience do you have in completing projects similar in scope and size?

Yes, over 30 years experience

Has your organization or entity been administratively responsible for expending, monitoring and compliance reporting for other pandemic relief funds?

If yes, how much funding was received by your organization or entity?

Yes, \$67,431.14 was our reimbursement for Covid-19 related expenditures.

Does your organization receive other Federal Funding?

If yes, please describe the type of funding (i.e., federal agency grant source, specific grant description etc.). How many years of experience does your organization have with other Federal funding and the corresponding federal grant requirements, including the Uniform Guidance.

Yes; See above. OWRB has received the EPA CWSRF capitalization grant since it was established over 30 years, the EPA Sewer Overflow and Stormwater Reuse Municipal Grant (our first year).

Is your proposal a pre-existing project or program?

If yes, how much funding has already been committed to the project? Please describe any other assets that have been committed to the project.

No

Does your organization have a record retention policy, procedure, and/or system to comply with the federal requirement to retain records for 5 years? If yes, please describe. If no, how do you plan to develop a record retention policy, procedure, and/or system?

Yes, The State's Consolidated General Records Disposition Schedule requires agencies, boards, commissions, and institutions whose programs are funded all or in part by federal funds shall retain all records in accordance with applicable records keeping requirements. OWRB has an electronic filing database where records are maintained indefinitely.

Is your organization registered in SAM.gov? If yes, please provide the DUNS and unique entity identifier (UEI). Please note that registration in SAM.gov is required prior to the execution of the grant agreement.

Yes, DUNS 0056213700000; UEI: E5KGD1NYA1S5

Monitoring & Internal Controls

Has your organization ever been subject to an audit or state or federal monitoring in the last three years? If yes, describe and provide reports.

Yes, the OWRB's CWSRF, DWSRF and FAP loan programs and administrative accounts undergo annual audits, including a single audit. Also, the SRF programs undergo an annual evaluation of the programs by EPA. The audits are contained on our website at <https://www.owrb.ok.gov/audit/>.

Describe all of the internal controls that will be used to ensure use of funds is consistent with State and Local Fiscal Recovery Funds regulations. (e.g., written policies and procedures, standard of conduct, etc.)

OWRB will develop Standard Operating Procedures (SOP's) and a grant recipient packet to ensure the recipient complies with the regulations of SLFR.

Does your organization utilize a financial management system? Would that same system be used to monitor/ track/ report projects financial compliance? If yes, please describe your accounting software and financial management system.

Yes, OWRB's accounting software is a proprietary system, Infrastructure Financing Software (IFS), and has the capability to assign unique identifiers, track and account for different sources of funding, and create reports on the project level or funding source level.

Will this project distribute sub-grants or funds to beneficiaries (households, individuals, small businesses, non-profits, etc.)? If you plan to distribute these funds, what internal controls will be in place for eligibility determination to ensure funds are distributed in compliance with the U.S. Treasury Final Rule guidelines?

Yes, eligible recipients are public entities as defined in Title 82 of Oklahoma State Statute and project eligibilities are generally defined for water/sewer projects as those projects that are eligible for funding under the CWSRF and DWSRF program. OWRB administers the CWSRF program and provides financial administration for the DWSRF program with ODEQ and has process in place to determine eligibility.

Please provide the job titles and years of experience for individuals who would be responsible for monitoring compliance.

OWRB Executive Director, over 7 years direct experience in OWRB's Financial Assistance Division; Chief of Financial Assistance Division, with 9 years of experience, along with the assistant chief, engineer manager, professional engineers, accountant, assistant general counsel, lending manager, operations & grants manager, and administrative assistant, reporting to executive director, with combined longevity overseeing similar projects over 100 years.

Other Project Questionnaire Information

In which county is your organization headquartered?

Oklahoma

In 100 words or less, please describe any evidence or sources that validate the interventions proposed in your project or program.

OWRB has a long history of administering grants and loans for water/sewer infrastructure projects. Partnering with the major tribal nations and local public water suppliers in Oklahoma will leverage the state investment in order to serve communities within the tribal boundaries, which are often underserved areas.

Describe communities or vulnerable populations, including those that have been disproportionately impacted, that will benefit from this project. Include details on how this

community was impacted by the pandemic. A complete analysis of disproportionately impacted populations will be required after grant agreement execution.

These projects will directly benefit some of the most vulnerable populations across Oklahoma in the footprints of the Choctaw Nation of Oklahoma, Cherokee Nation, Chickasaw Nation, Muscogee (Creek) Nation, Iowa Tribe of Oklahoma, or any tribe located in Oklahoma. More importantly, this will be an example for other partnerships to follow with the state to leverage investment in water infrastructure.

Which counties would be most impacted by this project or program?

Projects in this proposal would be located within the boundaries of the Chickasaw Nation, Cherokee Nation, Choctaw Nation of Oklahoma, Iowa Tribe of Oklahoma, and Muscogee (Creek) Nation. This includes all or a portion of the following counties, including: Adair, Cherokee, Craig, Creek, Delaware, Hughes, Mayes, McIntosh, Muskogee, Nowata, Okfuskee, Okmulgee, Ottawa, Rogers, Sequoyah, Tulsa, Wagoner, and Washington, Atoka, Bryan, Carter, Choctaw, Coal, Garvin, Grady, McClain, Murray, Haskell, Hughes, Jefferson, Johnston, Latimer, LeFlore, Lincoln, Love, Marshall, McCurtain, Payne, Pittsburgh, Pontotoc, Pushmataha, and Stephens.

The second proposal will be open to any tribe in the State of Oklahoma which may include additional counties.

Will this project support qualified census tracts?

No

If so, please identify which qualified census tracts will be impacted.

Enter Answer to the Above Question Here

Are matching funds or co-investment available from other organizations (philanthropic, local governments, other) that are interested in this project?

Yes. The 5 tribes have agreed in principle and concept to this initiative.

In 50 words or less, tell us which organizations have agreed to match or co-invest funds or have promised in-kind work and tell us what kind of organization they represent (business interest, non-profit, municipal agency, state agency, individual, etc.)

In total, how many dollars have outside organizations financially committed to this project?

Alternatively, describe any other assets that have been committed to the project or program.

Chickasaw Nation, Cherokee Nation, Choctaw Nation of Oklahoma, Iowa Tribe of Oklahoma, and Muscogee (Creek) Nation have agreed to match, dollar-for-dollar, any funds available through this program, with potential to add additional programmatic federal grants from sources such as USDA and Indian Health Services along with some minimal local contribution as dictated by ability to pay and availability of other federal sources. To date, we have received committal letters with preliminary project cost

estimates and pledged funds of \$100.8 million in addition to State ARPA funding. Final pledged dollars from the various funding partners will be available upon construction completion.

The second proposal will require guaranteed matching funds from the tribe that submits a letter of interest.

After initial funding from the state, would this project be able to continue operation, or would ongoing investment be required?

This proposal is set up as a one-time grant program. Projects funded would be standalone projects, completed within the 2026 deadline.

If not able to continue operations without additional State general fund appropriations, describe the amount of additional funding, the period of time such additional state funding would be required and potential alternative sources for the additional funding.

Water and Sewer rehabilitation is an ongoing critical need in Oklahoma to adequately operate and maintain the infrastructure. Communities can access other funding opportunities once these funds have been expended.

Will this project bring revenue to the state or impacted communities?

Yes

If yes, how much revenue may be generated by this project annually, over the next five years?

According to "The Value of Water" report by American Society of Civil Engineers, there is a \$34.90 benefit for every \$1 investment in water infrastructure. You can find the report here

http://www.uswateralliance.org/sites/uswateralliance.org/files/publications/VOW%20Economic%20Paper_0.pdf.

Tribal Matching Fund for Water and Sewer Infrastructure

1 Appendix A: Expenditure Categories

*Denotes areas where recipients must identify the amount of the total funds that are allocated to evidence-based interventions
 ^Denotes areas where recipients must report on whether projects are primarily serving disproportionately impacted communities.

Additional programmatic data and justifications required for projects in Public Health and Negative Economic Impact categories (EC 1.1-3.5) and projects with Capital Expenditures. See details below table 7.

Table 1: Public Health

Section	Public Health	
COVID-19 Mitigation & Prevention		
1.1	COVID-19 Vaccination ^	
1.2	COVID-19 Testing ^	
1.3	COVID-19 Contact Tracing^	
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, Child care facilities, etc.)*^	
1.5	Personal Protective Equipment^	
1.6	Medical Expenses (including Alternative Care Facilities)^	
1.7	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)^	
1.8	COVID-19 Assistance to Small Businesses^	➤ Number of small businesses served (by program if recipient establishes multiple separate small businesses assistance programs)

State of Oklahoma
 ARPA SLFRF Project Funding Review
Tribal Matching Fund for Water and Sewer Infrastructure

Section	Public Health	
1.9	COVID 19 Assistance to Non-Profits^	<ul style="list-style-type: none"> ➤ Number of Non-Profits served (by program if recipient establishes multiple separate non-profit assistance programs)
1.10	COVID-19 Aid to Impacted Industries^	<ul style="list-style-type: none"> ➤ If aid is provided to industries other than travel, tourism, and hospitality (EC 2.36), describe if the industry experienced at least 8 percent employment loss from pre-pandemic levels, or the industry is experiencing comparable or worse economic impacts as the national tourism, travel, and hospitality industries as of the date of the final rule, and rationale for providing aide to the industry ➤ For each subaward: <ul style="list-style-type: none"> ○ Sector of employer (Note: additional detail, including list of sectors, to be provided in the user guide posted to www.treasury.gov/SLFRP) ○ Purpose of funds (e.g., payroll support, safety measure implementation)
Community Violence Interventions		
1.11	Community Violence Interventions*^	
Behavioral Health		
1.12	Mental Health Services*^	
1.13	Substance Use Services*^	
Other		
1.14	Other Public Health Services^	

Table 2: Negative Economic Impacts

Section	Negative Economic Impact	
	Assistance to Households	
2.1	Household Assistance: Food Programs*^	➤ Number of households served (by program if recipient establishes multiple separate household assistance programs)
2.2	Household Assistance: Rent, Mortgage, and Utility Aid*^	
2.3	Household Assistance: Cash Transfers*^	
2.4	Household Assistance: Internet Access Programs*^	
2.5	Household Assistance: Paid Sick and Medical Leave^	
2.6	Household Assistance: Health Insurance*^	
2.7	Household Assistance: Services for Un/Unbanked*^	
2.8	Household Assistance: Survivor's Benefits^	
2.9	Unemployment Benefits or Cash Assistance to Unemployed Workers*^	
2.10	Assistance to Unemployed or Underemployed Workers (e.g. job training, subsidized employment, employment supports or incentives)*^	
2.11	Healthy Childhood Environments: Child Care*^	
2.12	Healthy Childhood Environments: Home Visiting*^	

State of Oklahoma
 ARPA SLFRF Project Funding Review
Tribal Matching Fund for Water and Sewer Infrastructure

Section	Negative Economic Impact	
2.13	Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System ^{*^}	
2.14	Healthy Childhood Environments: Early Learning ^{*^}	<ul style="list-style-type: none"> ➤ The National Center for Education Statistics (“NCES”) School ID or NCES District ID. List the School District if all schools within the school district received some funds. If not all schools within the school district received funds, list the School ID of the schools that received funds. These can allow evaluators to link data from the NCES to look at school-level demographics and, eventually, student performance.
2.15	Long-term Housing Security: Affordable Housing ^{*^}	
2.16	Long-term Housing Security: Services for Unhoused Persons ^{*^}	
2.17	Housing Support: Housing Vouchers and Relocation Assistance for Disproportionately Impacted Communities ^{*^}	
2.18	Housing Support: Other Housing Assistance ^{*^}	
2.19	Social Determinants of Health: Community Health Workers or Benefits Navigators ^{*^}	
2.20	Social Determinants of Health: Lead Remediation ^{*^}	
2.21	Medical Facilities for Disproportionately Impacted Communities [^]	

Section	Negative Economic Impact	
2.22	Strong Healthy Communities: Neighborhood Features that Promote Health and Safety [^]	
2.23	Strong Healthy Communities: Demolition and Rehabilitation of Properties [^]	
2.24	Addressing Educational Disparities: Aid to High-Poverty Districts [^]	<ul style="list-style-type: none"> ➤ The National Center for Education Statistics (“NCES”) School ID or NCES District ID. List the School District if all schools within the school district received some funds. If not all schools within the school district received funds, list the School ID of the schools that received funds. These can allow evaluators to link data from the NCES to look at school-level demographics and, eventually, student performance.
2.25	Addressing Educational Disparities: Academic, Social, and Emotional Services* [^]	
2.26	Addressing Educational Disparities: Mental Health Services* [^]	
2.27	Addressing Impacts of Lost Instructional Time [^]	
2.28	Contributions to UI Trust Funds [^]	
Assistance to Small Businesses		
2.29	Loans or Grants to Mitigate Financial Hardship [^]	<ul style="list-style-type: none"> ➤ Number of small businesses served (by program if recipient establishes multiple separate small businesses assistance programs)
2.30	Technical Assistance, Counseling, or Business Planning* [^]	
2.31	Rehabilitation of Commercial Properties or Other Improvements [^]	
2.32	Business Incubators and Start-Up or Expansion Assistance* [^]	
2.33	Enhanced Support to Microbusinesses* [^]	
Assistance to Non-Profits		

Tribal Matching Fund for Water and Sewer Infrastructure

Section	Negative Economic Impact	
2.34	Assistance to Impacted Nonprofit Organizations (Impacted or Disproportionately Impacted)^	<ul style="list-style-type: none"> ➤ Number of Non-Profits served (by program if recipient establishes multiple separate non-profit assistance programs)
Aid to Impacted Industries		
2.35	Aid to Tourism, Travel, or Hospitality^	<ul style="list-style-type: none"> ➤ If aid is provided to industries other than travel, tourism, and hospitality (EC 2.36), describe if the industry experienced at least 8 percent employment loss from pre-pandemic levels, or the industry is experiencing comparable or worse economic impacts as the national tourism, travel, and hospitality industries as of the date of the final rule, and rationale for providing aide to the industry
2.36	Aid to Other Impacted Industries^	<ul style="list-style-type: none"> ➤ For each subaward: <ul style="list-style-type: none"> ○ Sector of employer (Note: additional detail, including list of sectors, to be provided in the user guide posted to www.treasury.gov/SLFRP) ○ Purpose of funds (e.g., payroll support, safety measure implementation)
Other		
2.37	Economic Impact Assistance: Other*^	

Tribal Matching Fund for Water and Sewer Infrastructure

Table 3: Services to Disproportionately Impacted Communities

Section	Public Sector Capacity	
General Provisions		
3.1	Public Sector Workforce: Payroll and Benefits for Public Health, Public Safety, or Human Services Workers	➤ Number of government FTEs responding to COVID-19 supported under this authority
3.2	Public Sector Workforce: Rehiring Public Sector Staff	➤ Number of FTEs rehired by governments under this authority
3.3	Public Sector Workforce: Other	
3.4	Public Sector Capacity: Effective Service Delivery	
3.5	Public Sector Capacity: Administrative Needs	

Tribal Matching Fund for Water and Sewer Infrastructure

Table 4: Premium Pay

Section	Premium Pay	
4.1	Public Sector Employees	<ul style="list-style-type: none"> ➤ List of sectors designated as critical to protecting the health and well-being of residents by the chief executive of the jurisdiction, if beyond those included in the final rule ➤ Number of workers to be served ➤ Employer sector for all subawards to third-party employers (i.e., employers other than the State, local, or Tribal government) ➤ For groups of workers (e.g., an operating unit, a classification of worker, etc.) or, to the extent applicable, individual workers, other than those where the eligible worker receiving premium pay is earning (with the premium pay included) below 150 percent of their residing state or county's average annual wage for all occupations, as defined by the Bureau of Labor Statistics Occupational Employment and Wage Statistics, whichever is higher, on an annual basis; OR the eligible worker receiving premium pay is not exempt from the Fair Labor Standards Act overtime provisions
4.2	Private Sector: Grants to Other Employers	<ul style="list-style-type: none"> ➤ Number of workers to be served with premium pay in K-12 schools

Table 5: Infrastructure

Section	Infrastructure	
	Water and Sewer	
5.1	Clean Water: Centralized Wastewater Treatment	➤ See Final Rule and reporting guidance for details
5.2	Clean Water: Centralized Wastewater Collection and Conveyance	
5.3	Clean Water: Decentralized Wastewater	
5.4	Clean Water: Combined Sewer Overflows	
5.5	Clean Water: Other Sewer Infrastructure	
5.6	Clean Water: Stormwater	
5.7	Clean Water: Energy Conservation	
5.8	Clean Water: Water Conservation	
5.9	Clean Water: Nonpoint Source	
5.10	Drinking water: Treatment	
5.11	Drinking water: Transmission & Distribution	
5.12	Drinking water: Lead Remediation, including in Schools and Daycares	
5.13	Drinking water: Source	
5.14	Drinking water: Storage	
5.15	Drinking water: Other water infrastructure	
5.16	Water and Sewer: Private Wells	

State of Oklahoma
 ARPA SLFRF Project Funding Review
Tribal Matching Fund for Water and Sewer Infrastructure

Section	Infrastructure	
5.17	Water and Sewer: IIJA Bureau of Reclamation Match	
5.18	Water and Sewer: Other	
Broadband		
5.19	Broadband: “Last Mile” projects	➤ See Final Rule and reporting guidance for details
5.20	Broadband: IIJA Match	
5.21	Broadband: Other projects	

Table 6: Revenue Replacement

Section	Revenue Replacement	
6.1	Provision of Government Services	
6.2	Non-federal Match for Other Federal Programs	

Table 7: Administrative

Section	Administrative	
7.1	Administrative Expenses	
7.2	Transfers to Other Units of Government	

Additional Required Programmatic Data

Public Health and Negative Economic Impact (EC 1.1-3.5)

Collection to begin in April 2022

- Brief description of structure and objectives of assistance program(s), including public health or negative economic impact experienced
- Brief description of how a recipient’s response is related and reasonably and proportional to a public health or negative economic impact of COVID-19.18

Capital Expenditures (EC 1.1-3.5)

Collection began in January 2022, with additional optional fields to begin in April 2022; optional fields will become required in July 2022

- Does this project include a capital expenditure? (Collection began in January 2022)
- Total expected capital expenditure, including pre-development costs, if applicable (Collection began in January 2022)
- Type of Capital expenditure, based on the following enumerated uses (This field is optional in April 2022; required in July 2022)
 - COVID-19 testing sites and laboratories, and acquisition of related equipment
 - COVID-19 vaccination sites
 - Medical facilities generally dedicated to COVID-19 treatment and mitigation (e.g., emergency rooms, intensive care units, telemedicine capabilities for COVID-19 related treatment)
 - Temporary medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs

State of Oklahoma
ARPA SLFRF Project Funding Review
Tribal Matching Fund for Water and Sewer Infrastructure

- Acquisition of equipment for COVID-19 prevention and treatment, including ventilators, ambulances, and other medical or emergency services equipment
- Emergency operations centers and acquisition of emergency response equipment (e.g., emergency response radio systems)
- Installation and improvement of ventilation systems in congregate settings, health facilities, or other public facilities
- Public health data systems, including technology infrastructure
- Adaptations to congregate living facilities, including skilled nursing facilities, other long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities, as well as public facilities and schools (excluding construction of new facilities for the purpose of mitigating spread of COVID-19 in the facility)
- Mitigation measures in small businesses, nonprofits, and impacted industries (e.g., developing outdoor spaces)
- Behavioral health facilities and equipment (e.g., inpatient or outpatient mental health or substance use treatment facilities, crisis centers, diversion centers)
- Technology and equipment to allow law enforcement to efficiently and effectively respond to the rise in gun violence resulting from the pandemic
- Affordable housing, supportive housing, or recovery housing development
- Food banks and other facilities primarily dedicated to addressing food insecurity
- Transitional shelters (e.g., temporary residences for people experiencing homelessness)
- Devices and equipment that assist households in accessing the internet (e.g., tablets, computers, or routers)
- Childcare, daycare, and early learning facilities
- Job and workforce training centers
- Improvements to existing facilities to remediate lead contaminants (e.g., removal of lead paint)
- Medical equipment and facilities designed to address disparities in public health outcomes (includes primary care clinics, hospitals, or integrations of health services into other settings)
- Parks, green spaces, recreational facilities, sidewalks, pedestrian safety features like crosswalks, streetlights, neighborhood cleanup, and other projects to revitalize public spaces
- Rehabilitations, renovation, remediation, cleanup, or conversions of vacant or abandoned properties
- Schools and other educational facilities or equipment to address educational disparities
- Technology and tools to effectively develop, execute, and evaluate government programs
- Technology infrastructure to adapt government operations to the pandemic (e.g., video-conferencing software, improvements to case management systems or data sharing resources), reduce government backlogs, or meet increased maintenance needs

State of Oklahoma
ARPA SLFRF Project Funding Review
Tribal Matching Fund for Water and Sewer Infrastructure

- For recipients (other than Tribal governments) investing in projects with total expected capital expenditures for an enumerated eligible use of \$10 million or more, as well as projects with total expected capital expenditures for an “other” use of \$1 million or more, please provide a written justification (This field is optional in April 2022; required in July 2022) (See Appendix B)
- For projects with total expected capital expenditures of over \$10 million, provide labor reporting as outlined for infrastructure projects on pages 26 and 27 [of the reporting and compliance guidance] (This field is optional in April 2022; required in July 2022)

Appendix B: Capital Expenditure Written Justification

For projects expending greater than or equal to \$1 million for capital expenditures, Treasury requires a written justification for the capital expenditure:

- **Description of the harm or need to be addressed.** Provide a description of the specific harm or need to be addressed and why the harm was exacerbated or caused by the public health emergency. Recipient may provide quantitative information on the extent and the type of harm, such as the number of individuals or entities affected.
- **Explanation of why a capital expenditure is appropriate.** For example, recipients should include an explanation of why existing equipment and facilities, or policy changes or additional funding to pertinent programs or services, would be inadequate.
- **Comparison of proposed capital project against at least two alternative capital expenditures and demonstration of why the proposed capital expenditure is superior.** Recipients should consider the effectiveness of the capital expenditure in addressing the harm identified and the expected total cost (including pre-development costs) against at least two alternative capital expenditures.

Signature: *Julie Cunningham*

Julie Cunningham (Aug 2, 2024 11:16 CDT)

Email: julie.cunningham@owrb.ok.gov







ARPA Project Funding Review_OWRB-Tribal Match

Final Audit Report

2024-08-02

Created:	2024-07-29
By:	Jordan Johnson (jordan.johnson@owrb.ok.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAArYmLTFws9PPxKe1qHrbjL2ZCRSncROnS

"ARPA Project Funding Review OWRB-Tribal Match" History

-  Document created by Jordan Johnson (jordan.johnson@owrb.ok.gov)
2024-07-29 - 4:46:50 PM GMT
-  Document emailed to Julie Cunningham (julie.cunningham@owrb.ok.gov) for signature
2024-07-29 - 4:46:58 PM GMT
-  Email viewed by Julie Cunningham (julie.cunningham@owrb.ok.gov)
2024-07-29 - 5:15:47 PM GMT
-  Email viewed by Julie Cunningham (julie.cunningham@owrb.ok.gov)
2024-08-02 - 4:15:28 PM GMT
-  Document e-signed by Julie Cunningham (julie.cunningham@owrb.ok.gov)
Signature Date: 2024-08-02 - 4:16:26 PM GMT - Time Source: server
-  Agreement completed.
2024-08-02 - 4:16:26 PM GMT





OKLAHOMA
Office of Management
& Enterprise Services

**EXHIBIT E-2: THIRD AMENDMENT TO GRANT AGREEMENT
OFFICE OF MANAGEMENT AND ENTERPRISE SERVICES
AND OKLAHOMA WATER RESOURCES BOARD**

**Attachment A-7
House Bill 2937 (May 2024)**

AN ACT

ENROLLED HOUSE
BILL NO. 2937

By: Wallace, Caldwell (Trey),
and Deck of the House

and

Hall and Rosino of the
Senate

An Act relating to the Pandemic Relief Primary Source Revolving Fund; amending Enrolled House Bill No. 1022 of the 2nd Extraordinary Session of the 58th Oklahoma Legislature; making an appropriation; identifying sources; establishing amounts; providing purposes; creating Statewide Recovery Special Accounts for the Oklahoma Water Resources Board; making appropriations; identifying source; establishing amount; providing purpose; providing for noncodification; providing an effective date; and declaring an emergency.

SUBJECT: Pandemic Relief Primary Source Revolving Fund BE

IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. There is hereby amended Section 1 of Enrolled House Bill No. 1022 of the 2nd Extraordinary Session of the 58th Oklahoma Legislature, an appropriation to the Pandemic Relief Primary Source Revolving Fund, created in Enrolled House Bill No. 1021 of the 2nd Extraordinary Session of the 58th Oklahoma Legislature. There is hereby appropriated to the Pandemic Relief Primary Source Revolving Fund, created in Enrolled House Bill No. 1021 of the 2nd Extraordinary Session of the 58th Oklahoma Legislature, from monies not otherwise appropriated from the Statewide Recovery Fund of the State Treasury created in Enrolled House Bill No. 3349 of the 2nd Session of the 58th Oklahoma Legislature, the sum of Fifty Million Dollars (\$50,000,000.00) to be administered in accordance with the

provisions of Enrolled House Bill No. 1021 of the 2nd Extraordinary Session of the 58th Oklahoma Legislature.

SECTION 2. There is hereby appropriated to the Pandemic Relief Primary Source Revolving Fund, created in Enrolled House Bill No. 1021 of the 2nd Extraordinary Session of the 58th Oklahoma Legislature, from interest monies not otherwise appropriated from the Statewide Recovery Fund of the State Treasury created in Enrolled House Bill No. 3349 of the 2nd Session of the 58th Oklahoma Legislature, the sum of Ten Million Dollars (\$10,000,000.00) in interest funds to be administered in accordance with the provisions of Enrolled House Bill No. 1021 of the 2nd Extraordinary Session of the 58th Oklahoma Legislature.

SECTION 3. There is hereby appropriated to the Oklahoma Water Resources Board from any monies not otherwise appropriated from the Statewide Recovery Fund of the State Treasury created in Enrolled House Bill No. 3349 of the 2nd Session of the 58th Oklahoma Legislature, the sum of Ten Million Dollars (\$10,000,000.00) or so much thereof as may be necessary to establish a grant program, and to match tribal investment in rural water infrastructure projects.

SECTION 4. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

A. There is hereby created in the State Treasury a Statewide Recovery Special Account for the Oklahoma Water Resources Board for each appropriation section of this act. The duration of such accounts shall continue for the period of time that monies related to the American Rescue Plan Act of 2021 are being budgeted, expended, or managed in the state. The ending of such period shall be determined by the State Treasurer, and shall result in the closing of such accounts as a matter of law. Such accounts shall be continuing accounts as otherwise provided in this section, not subject to fiscal year limitations, and shall exclusively consist of monies related to the relevant appropriations made in this act and as otherwise directed by law. All monies deposited to the credit of such accounts are hereby appropriated and may be budgeted and expended by the Oklahoma Water Resources Board in accordance with the provisions of this act. Expenditures from such accounts shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

B. The Oklahoma Water Resources Board is authorized to request in writing that the monies appropriated by the provisions of this act be deposited or transferred to the accounts created pursuant to subsection A of this section. No later than seven (7) calendar days from the date of such request, the Director of the Office of Management and Enterprise Services shall comply with such request and verify to the requesting agency that such deposit or transfer has been completed.

SECTION 5. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

The Oklahoma Water Resources Board may enter into memorandums of understanding with other agencies of the State of Oklahoma for the auditing, documentation, evaluation, implementation, oversight, reporting, and management of funds and associated efforts related to the appropriations made in this act; provided, that no such memorandum of understanding shall require or include, as an option or condition, the direct or practical transfer or relinquishment of control by the agency appropriated such funds to budget, expend, allocate, and request the distribution of the funds appropriated by this act.

SECTION 6. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

The Oklahoma Water Resources Board may promulgate rules, utilize existing rules, establish procedures, and utilize existing procedures to implement the provisions of this act; provided, such rules and procedures do not conflict with or impede the provisions of this act.

SECTION 7. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

The Oklahoma Water Resources Board is authorized to enter into contracts with financial institutions and execute such instruments as may be necessary and convenient to hold and disseminate grant funds in accordance with applicable federal and state regulations and Board policies.

SECTION 8. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

From the funds appropriated by Section 3 of this act, the Oklahoma Water Resources Board shall retain no more than four percent (4%) of the funds appropriated by this act to reimburse:

1. Costs incurred by the Oklahoma Water Resources Board; or
2. Costs incurred on the agency's behalf,

associated with the administration of the appropriated funds and programming required by the Oklahoma Water Resources Board under the provisions of this act; provided, that no funds shall be retained that would be disallowable under the provisions of the American Rescue Plan Act of 2021.

SECTION 9. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

A. The Oklahoma Water Resources Board shall:

1. Submit to the Chairs of the Joint Committee on Pandemic Relief Funding, or any successor Senate legislative or House of Representatives legislative committee or joint committee, as designated by the President Pro Tempore of the Senate and the Speaker of the House of Representatives:

- a. a written or electronic quarterly report detailing the budgeting, expenditure, and management of all monies appropriated in this act, and
- b. a copy of all memorandums of understanding and contracts with third parties entered into by the Oklahoma Water Resources Board to facilitate, assist, or administer powers and duties provided to the Oklahoma Water Resources Board under the provisions of this act; and

2. At the Joint Committee on Pandemic Relief Funding's request, appear before the Joint Committee no later than six (6) months after the effective date of this act, and as otherwise requested by the Joint Committee to provide a status update regarding the implementation of the provisions of this act.

B. The provisions of subsection A of this section shall remain applicable for the period of time that monies appropriated under this act are being budgeted, expended, or managed in the state. The

ending of such period shall be determined by the State Treasurer, and shall be reported to the Governor, President Pro Tempore of the Senate and the Speaker of the House of Representatives.

SECTION 10. This act shall become effective July 1, 2024.

SECTION 11. It being immediately necessary for the preservation of the public peace, health or safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 28th day of May, 2024.


Presiding Officer of the House
of Representatives

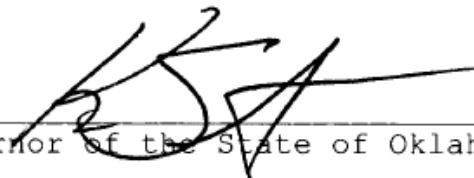
Passed the Senate the 30th day of May, 2024.


Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 30
day of May, 20 24, at 1:57 o'clock P. M.
By: Lewis Gladell

Approved by the Governor of the State of Oklahoma this 14
day of June, 20 24, at 8:24 o'clock a. M.


Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 14th
day of June, 20 24, at 3:10 o'clock P. M.
By: J. C. [Signature]

AGENDA ITEM 3D(3)

NON-ASSISTANCE COOPERATIVE AGREEMENT

WITH: U.S. Dept. of Agriculture – Research, Education,
and Economics

PURPOSE: To conduct a field investigation to support
hydrologic research and provide a database on
stream flow and water quality in the Little Washita
River and Fort Cobb Reservoir Lake Experimental
Watersheds

AMOUNT: Not to exceed \$248,600.00

TERM: Through August 31, 2024

Agency AGRICULTURAL RESEARCH SERVICE	Type of Instrument Non-Assistance Cooperative Agreement	Authority 7 USC 3318(b)
Title of Project Monitoring and Evaluating Water Resources in Upper Washita River Basin	Agreement Number/FAIN 58-3070-9-006	Type of Action Amendment 05
	Correction N	CFDA No. 10.001
	Period of Performance Start 09/01/2019 End 08/31/2024	
Agency Administrative Point of Contact/ADO STEPHEN ANDREW FEDORKOWICZ USDA, ARS, AFM, PA Administrative Office FINANCIAL MANAGEMENT, TRAVEL AND AGREEMENTS 2150 CENTRE AVENUE, BUILDING D Ft. Collins CO 80526-8119 Phone: 970-492-7024 Fax: E-mail: stephen.fedorkowicz@usda.gov	Total Federal Amount \$248,600.00	Federal Amount Obligated by This Action \$0.00
	Indirect Cost Rate 0.00%	
Agency Principal Investigator SHERRY HUNT USDA, ARS, PA, GRAZINGLANDS RESEARCH LABORATORY 7207 WEST CHEYENNE STREET EL RENO OK 73036-2144 Phone: 405-262-5291 Fax: E-mail: shery.hunt@usda.gov	Non-Federal Entity/Federal Agency (Legal Name and Address) OKLAHOMA WATER RESOURCES BOARD 3800 N CLASSEN BLVD STE 100 OKLAHOMA CITY OK 73118-2855 USA POC: CRIS KRITTENBRINK LEGAL SECRETARY Phone: 405-530-8800 Fax: 405-530-8900 E-mail: KRITTENBRINK.CRIS@OWRB.OK.GOV UEI: E5KGD1NYA1S5	
Agency Finance Office LISA M MULLENAX USDA, ARS, PA AO FINANCIAL MANAGEMENT, TRAVEL AND AGREEMENTS 2150 CENTRE AVENUE, BUILDING D FORT COLLINS CO 80526-8119 Phone: 970-492-7022 Fax: E-mail: Lisa.Mullenax@USDA.GOV	Non-Federal Entity/Federal Agency Principal Investigator LANCE PHILLIPS ENVIRONMENTAL PROGRAM MANAGER 3800 NORTH CLASSEN BOULEVARD OKLAHOMA CITY OK 73118-2862 USA Phone: 405-530-8800 Fax: E-mail: LANCE.PHILLIPS@OWRB.OK.GOV	
	Method of Payment <input checked="" type="checkbox"/> HHS/Payment Management System <input type="checkbox"/> Advance Payment Authorized <input type="checkbox"/> EFT/Treasury Check <input type="checkbox"/> Pre-Award Costs Authorized <input type="checkbox"/> Agency Receives Funds <input type="checkbox"/> UES (for FAS awards only) <input type="checkbox"/> IPAC	

PROVISIONS

This Agreement incorporates the following:

- Statement/Scope of Work
- Proposal
- Non-Federal Entity Proposal/Award/Agreement
- Research & Related Budget (Total Fed + Non-Fed) or REE-454
- Research & Related Budget or REE-455
- Prime Award attached (for subrecipients)
- Comments (REE-451, page 2)

These are available at <https://www.ars.usda.gov/afm/fmad/agreements/partnership-resources-for-cooperators/>

- Conflict of Interest Policy
- USDA Civil Rights Policy Statement USDA Civil Rights Poster (AD-475-C) Form SF-428-B Tangible Personal Property Report - Final Report
- REE-157 - Research Support Agreement Management Report Template

Applicable Regulations, Terms and Conditions, and Required Certifications (available at <https://www.ars.usda.gov/afm/fmad/agreements/agreements-home>)

- 2 CFR Part 200 and 2 CFR Part 400, Grant and Cooperative Agreement General Terms and Conditions (REE-453)
- 7 CFR Part 550 - General Administrative Policy for Non-Assistance Cooperative Agreements, published 10/11/2016
- General Provisions, Research Support Agreement (REE-452R)
- General Provisions, Trust Fund and Reimbursable Cooperative Agreements (REE-22)
- AD-1047 - Certification Regarding Debarment, Suspension and other Responsibility Matters - Primary Covered Transactions
- AD-1048 - Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions
- AD-1049 - Certification Regarding Drug-Free Workplace Requirements (Grants) - Alt I - For Grantees Other Than Individuals
- AD-1050 - Certification Regarding Drug-Free Workplace Requirements (Grants) - Alt II - For Grantees Who Are Individuals
- AD-1052 - Certification Regarding Drug-Free Workplace State and State Agencies
- AD-3031 - Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants
- Certification Regarding Lobbying
- REE-26 - Organization Information, Representations, Assurances & Certifications

This agreement, subject to the provisions above, is executed by the United States Department of Agriculture:

Signature	ADO Name STEPHEN ANDREW FEDORKOWICZ	Federal Award Date
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By signing this agreement, the signor certifies that they are vested with the authority to enter into this agreement.

Non-Federal Entity/Federal Agency Signature	Name and Title	Date
Non-Federal Entity/Federal Agency Signature	Name and Title	Date

Agreement Number/FAIN: 58-3070-9-006
Type of Action: Amendment 05
Project Number: 3070-13000-015-025S
Accession No.: 437000

Agency Control No.: 51303
BOC: 4500
PO No.: 4500087129
FMMI Vendor Code : 1500000692

Agency Funds Chargeable - Agency Use Only

Account Code	FY	Amount	FMMI Fund Code	Cost Center	WBS Element
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Comments:

Amendment 05 is issued as follows:
Update ARS Principal Investigator from Patrick Starks to Sherry Hunt.

A. ORGANIZATION OR INDIVIDUAL AWARDEE INFORMATION

The information identified in the table below will be used to report at USASpending.gov, when applicable. Please select one of the following:

A: State Government	M: Nonprofit with 501C3 IRS Status (Other than Institution of Higher Education)
B: County Government	N: Nonprofit without 501C3 IRS Status (Other than Institution of Higher Education)
C: City or Township Government	O: Private Institution of Higher Education
D: Special District Government	P: Individual
E: Regional Organization	Q: For-Profit Organization (Other than Small Business)
F: U.S. Territory or Possession	R: Small Business
G: Independent School District	S: Hispanic-serving Institution
H: Public/State Controlled Institution of Higher Education	T: Historically Black Colleges and Universities (HBCUs)
I: Indian/Native American Tribal Government (Federally Recognized)	U: Tribally Controlled Colleges and Universities (TCCUs)
J: Indian/Native American Tribal Government (Other than Federally Recognized)	V: Alaska Native and Native Hawaiian Serving Institutions
K: Indian/Native American Tribal Designated Organization	W: Non-domestic (non-US) Entity
L: Public/Indian Housing Authority	X: Other (<i>specify</i>)

Are you a State cooperative institution? (Refer to 7 USC 3103(18) or 7 USC 301 note) Yes ___ No ___

Entity Legal Name (associated with SAM registration, when applicable): **"Doing Business As"** (if applicable)

--	--

UEI Number: **CAGE Code:** **Tax Identification Number (TIN or EIN):**

--	--	--

Address (associated with SAM registration, when applicable): **Authorized Representative Name and Title:**

--	--

Administrative Point of Contact (POC) Name: **Administrative POC E-mail Address and Phone Number:**

--	--

Principal Investigator Name, USPS Mailing Address incl. zip code plus 4, E-mail Address and Phone Number (Place of Performance):

--

B. REPRESENTATIONS

In accepting this award, the authorized representative for the organization or individual awardee (Cooperator/Awardee) identified on page 1 certifies that he or she has the authority to enter into this award on behalf of the awardee organization and the Cooperator/Awardee has the institutional, managerial, and financial capability (including funds sufficient to pay the non-Federal share of project cost, when applicable) to ensure proper planning, management, and completion of the project(s) described in the award.

C. ASSURANCES

As a condition of this award, the Cooperator/Awardee agrees to comply, over the course of the award period of performance, with the terms and conditions of the award and all applicable laws, regulations, and Federal Executive Orders including, but not limited to, the list found at

[Partnership Resources for Cooperators : USDA ARS](#) , as applicable.

D. CERTIFICATIONS

See the Agency's Award Face Sheet, REE-451, for required certifications. The Cooperator/Awardee will comply with the terms and conditions outlined in their SAM.GOV Grants Certifications Report, as applicable.

Statement of Work

Agreement No.:58-3070-9-006

Type of Action: Amendment 05

Cooperator: OKLAHOMA WATER RESOURCES BOARD

Control No.:51303

Objective:

The objective of this cooperative research project is to conduct a field investigation to support hydrologic research and provide a database on stream flow and water quality in the Little Washita River and Fort Cobb Reservoir Lake Experimental Watersheds.

Approach:

Streams in the Little Washita River and Fort Cobb Reservoir watersheds in central Oklahoma will be monitored for gauge height and flow. Measurements are made on a continuous basis. Data are quality processed, analyzed, and archived. Data are used in hydrologic analyses and with environmental and water resource models. Water quality samplers will be installed in the Fort Cobb watershed.

STATEMENT OF MUTUAL INTEREST:

Both parties are actively engaged in independent research projects relating to climatic variability and hydrologic resource management. The parties agree that meeting the objectives of this cooperative project will strengthen and enhance ongoing research within the scope of this agreement. The Oklahoma Water Resources Board cooperator (OWRB) has the responsibility to manage and protect the waters of the State and plan for Oklahoma's long-range water needs in a responsive, innovative, and professional manner to ensure that all Oklahomans have adequate quantities of good quality water. Critical components of their mission include collection and dissemination of water resource data, special water resource studies, and a monitoring program to ensure that beneficial uses are maintained and protected. OWRB staff utilize water resource models to evaluate alternatives and project outcomes of alternative management scenarios. The mission of the Great Plains Agroclimate and Natural Resources Research Unit (ARS) is to develop assessment and planning tools for forage and livestock producers, conservation agencies, and downstream water users, which promote stewardship and reduce environmental and economic risks associated with variable climate. These products are based on remote sensing, modeling, and climate forecasting technologies and better understanding of interactions among land use, agricultural management, climate, and the water cycle. The research quantifies impacts of weather variability and extreme events like drought on agricultural productivity and water quality and quantity.

THE COOPERATOR AGREES TO:

Expanded Statement of Work for Amendment 04:

Money and time allotted are to continue operation of the stream gages.

Expanded Statement of Work for Amendment 03:

1. Work closely with ARS and U.S. Geological Survey (USGS) in planning and conducting a project to be undertaken which will be the work plan set forth in the Joint Funding Agreement herein referred to as Cooperative Agreement between the U.S. Geological Survey (USGS) and the Oklahoma Water Resources Board (OWRB).
2. The Oklahoma Water Resources Board (OWRB) will collaborate through an additional Cooperative Agreement with USGS to conduct necessary field and analytical work directly related to stream flow monitoring of seven stream sites and reservoir height in three lakes in the Little Washita River Basin.
3. Provide necessary personnel for planning and execution of this agreement.
4. Provide USDA-ARS an annual performance report per the applicable provisions. The annual reports are due by June 1 of each year the Agreement is active.
5. Provide USDA-ARS an annual financial report per the applicable provisions. The annual reports are due by June 1 of each year the Agreement is active.
3. Submit copies of all publications resulting from the research conducted under this cooperative agreement to the ARS Principal Investigator (ARS PI). The publications will be entered into the USDA-ARS publication database for cooperative agreement research accountability purposes and to facilitate data distribution and sharing via the world-wide web. The publication information entered into the USDA-ARS publication database will be accessible to the public through the USDA-ARS web site(s), including the name of the Cooperator's Principal Investigator and affiliation.
4. The Cooperator's personnel are NOT authorized to operate government owned vehicles. The Cooperator's personnel are authorized to be passengers/riders in motor vehicles owned and operated by ARS personnel.

AGENCY AGREES TO:

003151

Statement of Work

Agreement No.:58-3070-9-006

Type of Action: Amendment 05

Cooperator: OKLAHOMA WATER RESOURCES BOARD

Control No.:51303

Reference original agreement and previous amendments for additional elements of this agreement.

MUTUAL AGREEMENTS:

1. The agreement budget is hereby incorporated into the agreement. The awarding agency will reimburse the Cooperator for the costs as budgeted. As evidence of the Cooperator's contribution to this project, the Cooperator will contribute resources as shown in the agreement budget. Cooperators are required to report budget deviations which they automatically invoke, and when applicable request prior approval for budget revisions, per 7 CFR Part 550.116(c).
2. Payments to the Cooperator will be made through: HHS/Payment Management System.
As a recipient of this agreement the Cooperator shall submit the following reports within the HHS/Payment Management System:
 - a) Quarterly FFR-Federal Cash Transaction Reports (FFR-FCTR) to HHS throughout the life of the agreement, and
 - b) a final FFR-FCTR to HHS. Instructions for completing the reports can be found at:
<https://pms.psc.gov/pms-user-guide/federal-cash-transaction-report.html>
3. Correspondence and documentation submitted by the Cooperator to the Agency PI in reference to this agreement should cite Agreement No. 58-3070-9-006
4. This Agreement does not replace the need for technology transfer, data transfer, confidentiality, and/or real property documents that may be required by the Agency and/or Cooperator as per regulatory requirements.
5. This Agreement does not authorize materials to be transferred. In the event that materials are required to be transferred, a Material Transfer Agreement must be fully executed prior to any materials being transferred between the parties.
6. Trafficking in persons.
 - a. Provisions applicable to a recipient that is a private entity.
 - i. You as the recipient, your employees, subrecipients under this award, and subrecipients' employees may not:
 1. Engage in severe forms of trafficking in persons during the period of time that the award is in effect;
 2. Procure a commercial sex act during the period of time that the award is in effect; or
 3. Use forced labor in the performance of the award or subawards under the award.
 - ii. We as the Federal awarding agency may unilaterally terminate this award, without penalty, if you or a subrecipient that is a private entity:
 1. Is determined to have violated a prohibition in paragraph a.1 of this award term; or
 2. Has an employee who is determined by the agency official authorized to terminate the award to have violated a prohibition in paragraph a.1 of this award term through conduct that is either:
 - a. Associated with performance under this award; or
 - b. Imputed to you or the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, "OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)," as implemented by our agency at 2 CFR part 417.
 - c. Provision applicable to a recipient other than a private entity. We as the Federal awarding agency may unilaterally terminate this award, without penalty, if a subrecipient that is a private entity:
 - i. Is determined to have violated an applicable prohibition in paragraph a.1 of this award term; or
 - ii. Has an employee who is determined by the agency official authorized to terminate the award to have violated an applicable prohibition in paragraph a.1 of this award term through conduct that is either:
 1. Associated with performance under this award; or
 2. Imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, "OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)," as implemented by our agency at 2 CFR part 417.
 - d. Provisions applicable to any recipient.
 - i. You must inform us immediately of any information you receive from any source alleging a violation of a prohibition in paragraph a.1 of this award term.
 - ii. Our right to terminate unilaterally that is described in paragraph a.2 or b of this section:
 1. Implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7104(g)), and
 2. Is in addition to all other remedies for noncompliance that are available to us under this award.

Statement of Work

Agreement No.:58-3070-9-006

Type of Action: Amendment 05

Cooperator: OKLAHOMA WATER RESOURCES BOARD

Control No.:51303

3. You must include the requirements of paragraph a.1 of this award term in any subaward you make to a private entity.

e. Definitions. For purposes of this award term:

i. "Employee" means either:

1. An individual employed by you or a subrecipient who is engaged in the performance of the project or program under this award; or

2. Another person engaged in the performance of the project or program under this award and not compensated by you including, but not limited to, a volunteer or individual whose services are contributed by a third party as an in-kind contribution toward cost sharing or matching requirements.

ii. "Forced labor" means labor obtained by any of the following methods: the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

iii. "Private entity":

1. Means any entity other than a State, local government, Indian tribe, or foreign public entity, as those terms are defined in 2 CFR 175.25.

2. Includes:

a. A nonprofit organization, including any nonprofit institution of higher education, hospital, or tribal organization other than one included in the definition of Indian tribe at 2 CFR 175.25(b).

b. A for-profit organization.

iv. "Severe forms of trafficking in persons", "commercial sex act" and "coercion" have the meanings given at section 103 of the TVPA, as amended (22 U.S.C. 7102).

3. SUMMARY DISPOSITION AGENDA ITEMS

WATER RIGHTS ADMINISTRATION DIVISION
AND
ENGINEERING AND PLANNING DIVISION

August 20, 2024

WATER RIGHTS ADMINISTRATION DIVISION
Applications for Temporary Permits to Use Groundwater

August 20, 2024

APP. NO. & DATE FILED	NAME OF APPLICANT	NUMBER OF WELLS	COUNTY & BASIN	LAND DEDICATED	PURPOSE & AMOUNT RECOMMENDED
2024-504 1/8/2024	The Family Trust of John Warren and Darla Elaine Tharp	1	Kay County, Salt Fork of the Arkansas River	160 acres Section 7, T25N, R2WIM	Irrigation and Agriculture 320 a.f.
2024-545 3/1/2024	Aaron and Carla Rose Stutzman	1	Washita County, Rush Springs Sandstone	160 acres Section 25, T11N, R14WIM	Irrigation 111 a.f.
2024-555 3/25/2024	Marissa Graf	1	Caddo County, Rush Springs Sandstone	160 acres Section 19, T9N, R13WIM	Irrigation 233 a.f.
2024-559 2/20/2024	Steven F. and Lori R. Irwin	2	Major County, Cimarron River	135 acres Section 30, T23N, R11WIM	Irrigation 270 a.f.
2024-560 2/20/2024	Irwin Bros., LLC	1	Major County, Cimarron River	80 acres Section 20, T23N, R11WIM	Irrigation 160 a.f.

WATER RIGHTS ADMINISTRATION DIVISION
Applications for Regular Permits to Use Groundwater

August 20, 2024

APP. NO. & DATE FILED	NAME OF APPLICANT	NUMBER OF WELLS	COUNTY & BASIN	LAND DEDICATED	PURPOSE & AMOUNT RECOMMENDED
2022-571 10/18/2022	Anthony R. Thornton Sr. and Mary Ann Thornton	1	Okfuskee and Pottawatomie County, Vamoosa-Ada	331.31 acres Sec. 3, T11N, R5EIM, Sec. 5, 11, 14, T11N, R6EIM, R8EIM, Sec. 25, T12N, R7EIM	Commercial 662.62 a.f.
2023-636 9/20/2023	Comanche Exploration Co., LLC	5	Major County, North Canadian River Phase 1	520 acres Section 20, 28, T20N, R14WIM	Mining (oil and gas) 520 a.f.
2024-505 12/20/2023	Nickolas and Danielle Gaddis	1	Creek County Vamoosa-Ada	14 acres Section 11, T17N, R8EIM	Agriculture 1 a.f.
2024-526 2/19/2024	Caleb and Kassidi Wootton	7	Greer County North Fork of the red River A&T	234 acres Section 1, T7N, R22WIM	Irrigation 234 a.f.
2024-550 3/15/2024	Michael Smith	2	Woodward County Ogallala Northwest	160 acres Section 7, T20N, R20WIM	Irrigation 160 a.f.
2024-551 3/18/2024	Ace and Amy Berry	2	Texas County Ogallala Panhandle	146 acres Section 23, T1N, R10ECM	Irrigation 292 a.f.
2024-572 4/16/2024	James Chad Smith	1	Roger Mills County Washita River A&T Reach 1	320.16 acres Section 5, T13N, R22WIM	Irrigation 640.32 a.f.
2024-585 5/1/2024	Paul Dean and Karina V. Blaser	1	Texas County Ogallala Panhandle	160 acres Section 23, T5N, R19ECM	Irrigation 320 a.f.

3.H.

WATER RIGHTS ADMINISTRATION DIVISION
Applications to Amend Regular Permits to Use Groundwater

August 20, 2024

APP. NO. & DATE FILED	NAME OF APPLICANT	NUMBER OF WELLS	COUNTY & BASIN	LAND DEDICATED	PURPOSE & AMOUNT RECOMMENDED
1974-029 12/27/2023	Dwayne E. and Krystal K. Martin	5	Tillman County, Tillman Terrace	160 acres Sections 11, T1S, R18WIM	Irrigation 160 a.f.

WATER RIGHTS ADMINISTRATION DIVISION
Applications to Amend Prior Right to Use Groundwater

August 20, 2024

APP. NO. & DATE FILED	NAME OF APPLICANT	NUMBER OF WELLS	COUNTY & BASIN	LAND DEDICATED	PURPOSE & AMOUNT RECOMMENDED
1955-033B 3/7/2023	Jason W. and Amber L. Lawles	1	Caddo County, Rush Springs Sandstone	57.5 acres Sections 28, T11N, R13WIM	Irrigation 61.5 a.f.

**WATER RIGHTS ADMINISTRATION DIVISION
Well Driller and Pump Installer Licensing**

August 20, 2024

DPC NUMBER	NAME OF FIRM	CERTIFIED ACTIVITIES	OPERATORS
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New Licenses, Accompanying Operator Certificates and Activities:

New Operators, License Name Change, and/or Activities for Existing Licenses:

DPC-0978	Dawson's Water Well Service, LLC	Pump Installation	Kolyn Dawson OP-2546
DPC-1008	Conetec, Inc.	Monitoring Wells	Alejandro Sancen OP-2547

ENGINEERING & PLANNING DIVISION
Permit Applications for Proposed Development on
State Owned or Operated Property with Floodplain Areas

August 20, 2024

Application NO.	NAME OF APPLICANT	LOCATION	PROJECT NARRATIVE
FP-2024-10	MAIP	Mayes County	Replacement of the corrugated metal pipe culverts along E0555 Rd. (South Patrol Rd) with a triple 8' span x 7' height reinforced concrete box structure.
FP-2024-11	OTA	Oklahoma County	Grade, drain, and surface the JKT in Oklahoma City, OK. The project includes widening of the turnpike to the inside from four lanes to six lanes with a concrete barrier from eastern Ave to the I-35 interchange with an addition of an acceleration lane from the JKT eastbound to I-35 northbound.
FP-2024-12	NOAMC	Ottawa County	This will be used as a batting cage with open walls around the concrete slab

**ENGINEERING AND PLANNING DIVISION
Floodplain Administrator Accreditation Applications**

August 20, 2024

NUMBER	NAME OF COMMUNITY	FLOODPLAIN ADMINISTRATOR
FPA-612	Payne County	Losco Hunter
FPA-153	Comanche County	Dennis Meyers
FPA-430	Seminole County	Banai Jonathan
FPA-027	Kay County	Cindy Gaddis

**WATER RIGHTS ADMINISTRATION DIVISION
ENGINEERING AND PLANNING DIVISION
Floodplain Administrator Accreditation Applications**

August 20, 2024

NUMBER	COUNTY	NAME OF APPLICANT
RWA-2024-0001	Sequoyah	Sequoyah County Water Association

3. SUMMARY DISPOSITION AGENDA ITEMS

Q. Mergers and Acquisitions Recommended for Approval

August 20, 2024

**WATER RIGHTS ADMINISTRATION DIVISION
AND ENGINEERING AND PLANNING DIVISION**

Application to Merge and/or Acquire Assets

August 20, 2024

NUMBER	COUNTY	NAME OF APPLICANT
RWA-2024-0001	Sequoyah	Sequoyah County Water Association

BEFORE THE OKLAHOMA WATER RESOURCES BOARD
STATE OF OKLAHOMA

IN THE MATIER OF THE APPLICATION OF)
SEQUOYAH COUNTY WATER ASSOCIATION,)
SEQUOYAH COUNTY, OK FOR APPROVAL OF)
THE ACQUISITION OF ALL OF THE RURAL)
WATER DISTRICT NO. 3, SEQUOYAH COUNTY,)
ASSESTS)

AFFIDAVIT

STATE OF OKLAHOMA)
)
COUNTY OF SEQUOYAH) ss.

The undersigned, Barry Orendorff, of lawful age, the Chairman of Rural Water District No. 3, Sequoyah County, Oklahoma, upon personal knowledge, do upon my oath depose and state as follows:

1. That I am the Chairman of Rural Water District No. 3, Sequoyah County, Oklahoma.
2. That on this 13 day of June, 2024, I personally mailed the NOTICE OF APPLICATION AND HEARING ON ACQUISITION OF SEQUOYAH COUNTY RWD NO. 3 BY SEQUOYAH COUNTY WATER ASSOCIATION to all members of Sequoyah County Rural Water District No. 3, postage prepaid, to the address of each member as set forth in the records of RWD No. 3.

Dated this 13 day of June, 2024.

Barry Orendorff, Chairman of Sequoyah
County Rural Water District No. 3



**Sequoyah County Water Association
P.O. Box627
Sallisaw, Oklahoma 74955**

May 8, 2024

Joe Freeman
Chief of Finance Division
Oklahoma Water Resources Board
3800 N. Classen Blvd.
Oklahoma City, OK 73118

Re: Consolidation of Sequoyah County Rural Water District No. 3
With Sequoyah County Water Association

Dear Mr. Freeman:

This letter is our intent to offer an acquisition of Sequoyah County Rural Water District No. 3 subject to your concurrence.

Our proposed offer of acquisition is attached for your review and approval.

Sincerely,

SEQUOYAH COUNTY WATER ASSOCIATION

Dan Ollie
Chairman

A handwritten signature in black ink that reads "Dan C. Ollie". The signature is written in a cursive style with a large initial "D".

cc: J.W. Fleetwood, Sequoyah County RWD No. 3

**STATEMENT REGARDING PROPOSED ACQUISITION OF SEQUOYAH COUNTY
RURAL WATER DISTRICT NO. 3**

COMES NOW Sequoyah County Water Association ("SCWA" or "Acquiring Party") and hereby presents a Statement regarding the proposed acquisition of the assets of Sequoyah County Rural Water District No. 3 ("Sequoyah-3" or "Acquiree"), for approval by the Oklahoma Water Resources Board ("OWRB") pursuant to the provision of 82 O.S.A. § 1324.42 et seq. and the OWRB Regulations 785:11-1-1 et seq.

It is the intent of SCWA to purchase and acquire all assets and assume all liabilities of Sequoyah-3 pursuant to the following statutory and regulatory requirements:

1. ACQUIRING PARTY:

The Acquiring Party (SCWA) is a non-profit corporation created under the laws of the State of Oklahoma for the purpose of providing potable water service to the residents of Sequoyah County, with no affiliates or subdivisions, and the following persons serve as the directors and/or officers of SCWA. See attached Exhibit 1.

None of the listed Board of Directors have had any conviction of crimes other than minor traffic violations during the past ten (10) years.

2. CONSIDERATION:

The consideration for this acquisition will be that SCWA will:

- a. Assume all debt and contractual obligations of Sequoyah-3;
- b. Provide water service to all Sequoyah-3 customers both within and outside the Sequoyah-3 service area as established by the Sequoyah County Commissioners as reasonably reflected in attached Exhibit 2.
- c. Will not require the current customers of Sequoyah-3 to pay any membership fees or other charges to be connected to the SCWA water system.

- d. Will pay all attorney fees and costs incurred by Sequoyah-3 relating to this acquisition.
- e. Construct water facilities as established by the Engineering Study attached, in the amount of approximately \$3.8 Million Dollars, consisting of, but not limited to, extension of a water line along Highway 101 to increase the service to Sequoyah-3's existing customers, as depicted by attached Exhibit 3. The water line along Highway 101 will be connected to facilities to help serve the Sequoyah-3 existing area, and current and future customers within that area.
- f. The rates charged to the Sequoyah-3 customers being transferred to SCWA, will be charged the same rates charged to all SWCA customers.
- g. SCWA will take over and assume the operations of Sequoyah-3. The members of Sequoyah-3 will become members of SCWA, with no substantive change in policy. Management of Sequoyah-3 will be replaced with the Board of SCWA. •
- h. All assets of Sequoyah-3 will be transferred to SCWA and Sequoyah-3 will be dissolved.
- i. All Sequoyah-3 records will be transferred to SCWA which will maintain the Sequoyah-3 records as required by Oklahoma Statute and/or Sequoyah-3 's retainage policy, whichever is longer.

3. AUDITED FINANCIAL STATEMENTS:

Attached as Exhibit 4 are the audited financial statements of SCWA for the last three (3) years.

4. TAKE OVER:

SCWA will take over and assume the operations of Sequoyah-3. The members of Sequoyah-3 will become members of SCWA, with no substantive change in policy. Management of Sequoyah-3 will be replaced with the Board of SCWA as listed above.

5. Attached Exhibit 5, represents all offers for, exchange offers for, and agreements to acquire or exchange, any assets and, if distributed, additional soliciting material relating thereto.

6. There are no mortgagors which hold a mortgage on any plant or equipment of Sequoyah-3.

OWRB REQUIREMENTS:

7. The full, true and correct legal name, principal office location and mailing address for both the acquiring party and the acquiree:

Acquiring Party: Sequoyah County Rural Water Association

Principal Office:
Sequoyah County Rural Water Association
3520 West Cherokee
Sallisaw, OK 74955

Mailing Address:
Sequoyah County Rural Water Association
PO Box 627
Sallisaw, OK 74955

Acquiree: Sequoyah County Rural Water District No. 3

Principal Office:
Sequoyah County RWD No. 3
c/o Barry Spyers
118 West Cherokee
Sallisaw, OK 74955

Mailing Address:
Sequoyah County RWD No. 3
PO Box 339
Sallisaw, OK 74955

8. The authority of law under which the acquiring party was created and is existing, the independent legal authority under which the application is made, and identification of the acquiring party as a municipality, public trust, rural water district, or other public entity.

Acquiring Party is a non-profit corporation created to provide water service within Sequoyah County, Oklahoma, created under the provisions of 18 O.S. § 1001, et seq., including 18 O.S. § 1005. This proposal to acquire is made pursuant to 82 O.S.A. § 1324.41 et seq.

9. A certified copy of the resolution or other specific authorizing instrument reflecting the acquiring party's authorization for making the subject application to the Board is attached as Exhibit 6.

10. Current and complete maps of the service areas of the acquiring party and acquiree, are attached as Exhibits 7 (Acquiree) and 8 (Acquiring Party). These maps reasonably disclose the service areas of each entity.

11. A description of the water system and operation thereof, including but not limited to water sources, treatment facilities, storage capacity, system design, annual average unaccounted-for losses, personnel certifications, customer base, and rate structure for both the acquiring party and the acquiree are attached as Exhibits 9 (Acquiring Party) and 10 (Acquiree).

12. A statement of the manner and means by which the acquiring party intends to fund and complete the acquisition. There is no funding required as the purchase is for no consideration other than as provided above at Statement No. 2.

13. A certified copy of the acquiring party's previous three (3) years' annual audits, if available, and a statement of the acquiring party's financial condition including a current statement of all outstanding indebtedness of the acquiring party and its related entities, including but not limited

to all outstanding general obligation or revenue debt, which might affect the acquiring party's overall financial condition. See attached Exhibit 4.

14. A description of the nature and division of ownership or other legal or equitable interest in the assets to be acquired, if other than complete ownership by the acquiring party. None.

15. A description of all rights to water supply, including water supply contracts, water rights, licenses or permits, whether existing under federal, state or local law or regulation, for both the acquiring party and the acquiree.

Acquiring Party: 12,616 Acre Feet per year from the Tenkiller Ferry Lake. Exhibit 11.

Acquiree: Has no water rights, but purchases water from the City of Sallisaw. Exhibit 12.

16. A description of any plans the acquiring party may have to make any material change in the acquiree's assets, system or operations which would affect the service provided to the acquiree's customers, including but not limited to the acquiring party's future capital improvement plans, if any, for both the acquiring party and the assets to be acquired. See Exhibit 3.

17. A copy of the offer or draft agreement for the proposed acquisition, together with any information whether the acquiree has indicated it will object to or consent to the proposed acquisition. See Exhibit 5. The Chairman of Sequoyah-3 has indicated that it is likely the Board will approve this proposal, subject to conducting a member meeting and vote and approval by the members. See also Exhibit 13.


18. If the acquiree has creditors, the application shall include the written approval of the proposed acquisition by all creditors of the acquiree, or otherwise shall describe how the creditors will be protected and paid. Acquiree has no creditors less and except its monthly operating costs.

19. If any material change occurs in the facts set forth in the above, an amendment setting forth such change, together with copies of all documents and other material relevant to such change,

shall be filed with the Board and sent by the person filing the statement to the district or corporation within two (2) business days after such person learns of such change.

CERTIFICATION

COMES NOW Dan Ollie, the President of Sequoyah County Water Association and hereby certifies under penalty of perjury that the statements ~~a~~ are true and correct.


Dan Ollie, President
Date: 1/11/11

1942-2.acquisition:tf

EXHIBITS

1. List of SCWA Board Members and/or Officers
2. Sequoyah-3 Service Area
3. Engineering Study-Improvements
4. SCWAAudits
5. Proposed Agreement
6. Resolution by SCWA approving Application and Acquisition
7. Sequoyah-3 Map
8. SCWAMap
9. Description of Water System etc. of SCWA
10. Description of Water System etc. of Sequoyah-3
11. SCWA Water Rights
12. Sequoyah-3 Water Rights/Contract
13. Sequoyah-3 Minutes showing intent to sale

Sequoyah County Water Association
Board of Directors

Dan Ollie, President
PO Box220
Sallisaw OK 74955

Bruce Tabor, Vice President
477082 E 1085 Rd
Roland OK 74954

R E Anglen, Sec / Tres
98736 S 4750 Rd
Muldrow OK 74948

Lyndon Emberton, Member
474147 St Hwy 101
Muldrow OK 74948

John Ellis, Member
PO Box916
Gore OK 74435

John Prewett, Member
474161 State Hwy 101
Muldrow OK 74948

Charles Garrison, Member
443912 Highway 10A
Gore OK 74435

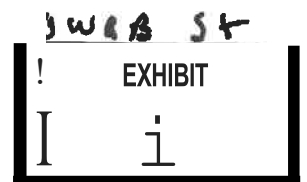


Table No. 3 Water Demands Sequoyah County Rural Water District No. 3				
Users	Number of Customers	Monthly Use (gallons)	Average Use Per customer /Month	Peak Demand (gpm)
Sequoyah County RWO No. 3 System				
Residential	415	3,338,000	8,040	208
Commercial	0	0	N/A	
Gans System (Master Meter)				
Residential	200	1,400,000	7000	100
Commercial	40	100,000	2500	40
Totals	655	4,838,000	N/A	348

(1) Based on 0.50 gpm/customer. 0.50 gpm is 2.2 times the peak day purchased.

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A graph showing the water sold to Gans for a 12 month period is attached as Figure No. 1.

V. Proposed Improvements

In order for the SCWA to consolidate the Sequoyah County RWD No. 3 system the following improvements are required as shown on Exhibit No. 1.

- A. 10,800 LF of 8" line south along N4670 Road south from a SCWA 12" Line on EI040 Road (SH 101)
- 8. 11,000 LF of 6" line south along N4670 Road from E1070 Road south to and across 1-40 to an existing 6" line.
- C. Pressure reducing/control station near E1060 Road on 8" Line
- D. Replace Sequoyah County RWD No. 3 meters (415) with SCWA AMI meters.
- E. Rehabilitate Hansen Steel Water Tank.
- F. Upsize 3000 LF of 4" line to 6" from the end of the 6" line on US 64 to Gans Master Meter.
- G. Replace pump station with new 30 gpm duplex station w/standby power (30 Customers).
- H. Replace Tower Hill Distribution System Pump Station w/18 gpm Duplex Pump Station w/Standby Power and 2-55 Gallon Pressure Tanks. (18 Customers)

These improvements are shown on Exhibit No. 1. Detailed sheets of the water lines are attached in Appendix No. 2.

VI. Hydraulic Analysis

The existing Sequoyah County Rural Water District No. 3 tanks will be filled by gravity from the SCWA water system. The hydraulic grade at the connection of the 8" line to 2-12" lines at SH 101 to supply the Sequoyah County Rural Water District No. 3 system ranges from 840 to 870 as supplied by the SCWA Highway 17 tank.

A hydraulic analysis showing the available flow from the 8" connection to the 12" lines using an HGL of 840 Is attached as Appendix No. 3.

As shown the available flow is 422 gpm which exceeds the peak demand of 348 gpm to the Sequoyah County RWD No. 3 system while still filling the Sequoyah Co. RWD No. 3 Hansen Hill Storage Tanks at a rate of 82 gpm.

VII. Construction Cost and Total Project Cost

An estimated construction cost and recommended project budget are shown in Table No. 4.

Table No. 4					
Project Cost Estimate and Project Budget					
Consolidation of Sequoyah Co. RWD No. 3 into SCWA					
Item No.	Description	Unit	Estimated		
			Total Quantities	Unit Costs	Total Costs
1	8" Water Line	LF	10,800	\$65.00	\$702,000.00
2	6" Water Line	LF	14,800	\$55.00	\$814,000.00
3	Pressure Reducing Station	LS	1	\$40,000.00	\$40,000.00
4	UP Railroad Bore and Casing	LF	150	\$500.00	\$75,000.00
5	1-40 Bore and Casing	LF	700	\$450.00	\$315,000.00
6	Connection to Existing Lines	EA	4	\$5,000.00	\$20,000.00
7	8" Gate Valves	EA	6	\$4,000.00	\$24,000.00
8	6" Gate Valves	EA	4	\$3,000.00	\$12,000.00
9	4 ¹¹ Gate Valves	EA	4	\$2,500.00	\$10,000.00
10	3 ¹¹ Gate Valves	EA	2	\$2,000.00	\$4,000.00
11	Road Crossings	EA	5	\$3,000.00	\$15,000.00
12	Meter Replacement	EA	430	\$400.00	\$172,000.00
13	Road Bores	EA	3	15,000.00	\$45,000.00
14.	Rehabilitation of Hansen Steel Tank	LS	1	175,000.00	\$175,000.00
15.	Tower Pump Station Replacement	LS	1	350,000.00	\$350,000.00
16.	Tower Distribution Station Replacement	LS	1	250,000.00	\$250,000.00
TOTAL CONSTRUCTION COST					\$3,023,000.00
ENGINEERING REPORT AND HYDRAULIC ANALYSIS					\$50,000.00
PLANS, SPECIFICATIONS AND EASEMENT PREPARATION					\$260,000.00
INSPECTION					\$120,000.00
CONTINGENCIES					\$347,000.00
TOTAL PROJECT COST					\$3,800,000.00

ATTACHMENT TO EXHIBIT 3

Please note that Sequoyah-3 records show 404 Residential Customers and 21 Commercial Customers, but this should not affect the proposed improvements.

SEQUOYAH COUNTY
WATER ASSOCIATION
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2021

WRB St.

EXHIBIT

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SEQUOYAH COUNTY WATER ASSOCIATION
MARCH 31, 2021

Contents

Independent Auditor's Report 1

Management's Discussion & Analysis 3

Financial Statements

Statements of Net Position 5

Statements of Revenue, Expenses and Changes in Net Position 6

Statements of Cash Flows 7

Notes to Financial Statements 8

Supplemental Information

Additional Comments Required By Rural Development..... 14

Additional Required Reports

Independent Auditor's Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards* 15

Independent Auditor's Report on Compliance for Each Major Program and
on Internal Controls over Compliance Required by the Uniform Guidance 17

Schedule of Expenditures of Federal Awards..... 19

Schedule of Findings and Questioned Costs 20

Statement of Prior Year Findings..... 21

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AUDIT REPORT

DREW KIMBLE
Certifia(J)u66c.J/.ccountant
104 S. Muskogee Ave
Tahlequah, OK 74464
(918) 575 - 1873

INDE.PENDENT AUDITOR'S REPORT

To the Board of Directors
Sequoyah County Water Association
Sallisaw, Oklahoma

Report on the Financial Statements

I have audited the accompanying financial statements of the Sequoyah County Water Association (the Association) as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Sequoyah County Water Association as of March 31, 2021 and the respective changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 and 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during our audit of the basic financial statements. I *do not* express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Association's financial statements. The additional comments required by Rural Development are presented for purposes of additional analysis and are not a required part of the basic financial statements and have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 24, 2021, on my consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sequoyah County Water Association's internal control over financial reporting and compliance.



Drew Kimble, CPA
Tahlequah, Oklahoma
June 24, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SEQUOYAH COUNTY WATER ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR
THE YEAR ENDED MARCH 31, 2021**

This section of the Sequoyah County Water Association annual financial report presents the analysis of the Association's financial performance during the fiscal year ended March 31, 2021. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Association ended the year March 31, 2021 with a net position balance of \$15,195,569.
- Net income from operations of \$658,680 before non-operating activities Income of \$2,237,697 resulted in an increase in net position for the Association of \$2,896,377.
- The Association had net capital asset additions totaling \$3,130,674.
- The statement of cash flows identifies sources and uses of cash activity for the fiscal year. For fiscal year 2021, cash, cash equivalents and restricted cash increased by \$508,916. Cash provided from the day to day operations totaled \$1,723,363.
- Cash used by capital and related financing activities netted \$(1,225,529). This was a combination of cash used to acquire property, plant, & equipment of \$3,130,674, cash used by of debt retirement of \$310,062. Furthermore, cash provided by investing activities of interest income totaled \$11,082.
- The Association received capital grants totaling \$2,842,077.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of the following parts: Management's Discussion and Analysis and Financial Statements. The financial statements include notes which explain in detail some of the information Included in the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the Association report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statement of Net Position includes information on the Association's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Association creditors (liabilities). The Statement of Revenue, Expenses and Changes in Net Position identifies the Association's revenues and expenses for the fiscal year ended March 31, 2021. This statement provides information on the Association's operations over the past fiscal year and can be used to determine whether the Association has recovered all of its actual and projected costs through user fees and other charges. The third financial statement is the Statement of Cash Flows. This statement provides information on the Association's cash receipts, cash payments, and changes in cash resulting from operations, investments and financing activities. The net result of these activities added to the beginning of the year cash balance total to the cash equivalent balance at the end of the current fiscal year.

**SEQUOYAH COUNTY WATER ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2021**

CONDENSED FINANCIAL INFORMATION

Condensed financial information from the statements of net position as of March 31, 2021 the statements of revenues, expenses and changes in net position for the years then ended are as follows:

CAPITAL ASSETS

The Association's capital assets as of March 31, 2021 amounted to \$50,526,335. This investment in capital assets includes land, water system, office building, machinery and equipment, furniture and fixtures, and transportation equipment.

Major additions to capital assets for the year ended March 31, 2021 consisted construction in process consists of \$13,868,054 for a new water treatment facility and other system improvements.

WATER STORAGE RIGHTS

In 2018, the Association acquired permanent water storage rights on Tenkiller Lake for \$2,151,578 of this cost \$2,051,288 was financed. These rights are reflected on the statement of net position as other assets related to water storage and will be amortized over thirty six years. Total amortization for the fiscal years ended March 31, 2021 was \$239,058.

LONG-TERM DEBT

As of March 31, 2021, the Association had \$31,197,047 in outstanding debt compared to \$31,507,109 as of March 31, 2020. The Association retired \$7,241,442 in interim financing for construction on a new 24" water to Vian.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the Association's customers, investors and other interested parties with an overview of the Association's financial operations and financial condition. Should the reader have questions regarding the information included in this report or need additional financial information, please contact Sequoyah County Water Association, 3320 W. Cherokee, Sallisaw, Oklahoma.

FINANCIAL STATEMENTS

SEQUOYAH COUNTY WATER ASSOCIATION
Statement of Net Position
March 31st, 2021

Assets

Current Assets

Cash and cash equivalents	\$	746,732
Restricted checking and savings accounts		2,310,469
Accounts receivable, less allowance for doubtful accounts		313,733
Prepaid insurance		13,210
Inventory		254,555
Total Current Assets		3,638,169

Capital Assets

Land		105,953
Water and sewer system		34,348,873
Office building		426,017
Machinery and equipment		1,403,103
Furniture, fixtures, and radio		374,335
Construction In process		13,868,054

Total Capital Assets		50,526,335
Less accumulated depreciation		{91123,013}

Net Capital Assets		41,403,132
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Other Assets

Water storage rights, net		11912,520
Total Other Assets		1,912,520

Total Assets	\$	46,954,541
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Liabilities and Net Position

Current Liabilities

Accounts payable	\$	136,662
Accrued wages		21,440
Accrued interest		37,925
Accrued compensated absences		93,661
Employee deductions payable		16,359
Customer meter deposits		255,978
Current portion of long-term debt		814,515

Total Current Liabilities		1,376,140
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Long-Term Debt		30,382,532
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Total Liabilities		31,758,972
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Net Position

Net investment in capital assets		10,206,275
Restricted		2,310,469
Unrestricted		2,678,182

Total Net Position		15,195,159
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Total Liabilities and Net Position	\$	46,954,541
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See accompanying notes to financial statements.

SEQUOYAH COUNTY WATER ASSOCIATION
Statement of Revenues, Expenses,
and Changes in Net Position
March 31st, 2021

Operating Revenue	
Sales and charges, net of bad debts	\$ 4,781,221
Membership and Meter fees	139,992
Other revenue	<u>299,937</u>
Total Operating Revenue	<u>5,221,150</u>
Operating Expenses	
Salaries	758,790
Payroll taxes	54,797
Outside services	
Employee benefits	13,058
Office expense	34,484
Professional fees	86,517
Utilities and telephone	399,300
Fuel and oil	53,978
Insurance	420,518
Miscellaneous	41,528
Repairs and maintenance	778,612
Chemicals	112,832
Water testing	29,334
Water purchases	777,895
Bad Debt expense	18,539
Mileage reimbursements	3,280
Bank Fees	52,392
Depreciation	866,856
Water storage expense	59,760
Total Operating Expenses	<u>4,562,147</u>
Operating Income	<u>658,680</u>
Nonoperating Activities	
Interest income	18,925
Capital grants	2,842,077
Interest expense	(615,462)
Gain on disposal of asset	{7,843}
Total Nonoperating Activities	<u>2,237,697</u>
Change in Net Position	<u>2,896,377</u>
Beginning of Year Net Position	12,299,192
End of Year Net Position	\$ <u>15,195,569</u>

See accompanying notes to financial statements.

SEQUOYAH COUNTY WATER ASSOCIATION
Statement of Cash Flows
March 31st, 2021

Cash Flows From Operating Activities	
Cash receipts from customers	\$ 5,330,185
Cash payments to suppliers for goods and services	(2,839,772)
Cash payments to employees for services	<u>(767,050)</u>
Net Cash Provided By Operating Activities	<u>1,723,363</u>
Cash Flows From Investing Activities	
Interest income	<u>11,082</u>
Net Cash Provided By Investing Activities	<u>11,082</u>
Cash Flows From Capital and Related Financing Activities	
Cash paid for property, plant, and equipment	(3,130,674)
Capital Grants	2,842,077
Principal paid on long-term debt	(310,062)
Interest paid on long-term debt	<u>(626,870)</u>
Net Cash Used By Capital and Related Financing Activities	<u>(1,225,529)</u>
Net Increase (Decrease) In Cash, Cash Equivalents and Restricted Cash	508,916
Cash, Cash Equivalents and Restricted Cash At Beginning of Year	<u>2,548,285</u>
Cash, Cash Equivalents and Restricted Cash At End of Year	<u>\$3,057,201</u>
Reconciliation Of Operating Income to Net Cash Provided By Operating Activities	
Net income from operations	\$ 658,680
Adjustments to reconcile net income to net cash from operating activities:	
Depreciation	866,856
Amortization of water storage rights	59,760
Changes in:	
Accounts receivable	75,820
Prepaid insurance	4,607
Inventory	(21,873)
Trade accounts payable	(13,297)
Employee deductions payable	10,364
Accrued wages	
Accrued compensated absences	49,231
Customer meter deposits	<u>33,215</u>
Net Cash Provided By Operating Activities	<u>\$1,723,363</u>
Reconciliation to Statement of Net Position	
Cash and cash equivalents	\$ 746,732
Restricted checking and savings accounts	<u>2,310,469</u>
Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 3,057,201</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

SEQUOYAH COUNTY WATER ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021

1. Nature of Operations

The Sequoyah County Water Association (the Association) was originally incorporated October 25, 1967 as the Eastern Sequoyah County Water Association. Amended Articles of Incorporation, which were filed and approved on April 23, 1968, established the Association as an agency of the State of Oklahoma for the purpose of providing water to Sequoyah County in the State of Oklahoma.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The Association accounts for its operations as an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

B. Financial Reporting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

C. Income Tax Status

The Association is exempt from income taxes as a governmental agency.

D. Fair Value of Financial Instruments

The Association's financial instruments include cash and cash equivalents, certificates of deposit, accounts receivable and accounts payable. The Association's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximate fair value because of the short maturity of these investments.

E. Cash Flows

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents, excluding restricted cash.

F. Accounts Receivable

Accounts receivable consists of water fees and surcharges billed to residential and commercial/ Industrial customers based on consumption. Management establishes an allowance for uncollectible accounts receivable based on historical collection experience and management's evaluation of the collectability of outstanding accounts receivable. The allowance for doubtful accounts was \$176,062 as of March 31, 2021.

G. Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expense in the year which services are consumed.

H. Inventory

Inventory consists of parts and supplies for maintenance of the water system and is valued at cost using the first-in, first-out method.

I. Capital Outlays and Depreciation

Fixed assets are stated at cost depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance, repairs and renewals of relatively minor items are charged to expense as incurred. The estimated useful lives of the assets are as follows:

	<u>YEARS</u>
Water and sewer system	15-75
Office building	10-40
Machinery and equipment	5-10
Furniture, fixtures and radio	5-10

It is the Association's policy to capitalize all asset purchases greater than \$500. It is the Association's policy to expense all asset purchases under \$500.

J. Other Assets

In addition to assets, the statement of net position has a separate section for other assets. This separate financial statement element, represents a consumption of net position that applies to a future period(s) and will not be recognized as an expense until that time. The Association recognizes the expense related to water storage rights using the straight line method over a period of 36 years.

K. Compensated Absences

Employees of the Association are given, based upon their length of employment, 1 to 3 weeks of vacation at the beginning of the calendar year. The vacation time is not allowed to carry over to the next year; therefore, all employees will utilize the vacation time. The amounts are reflected as accrued compensated absences represents unused vacation time as of March 31st, 2021.

L. Customer Meter Deposits

Unless a letter of credit is provided by the customer to the Association, customers are required to make a meter deposit before being connected to the water system. These deposits are refundable to customers when the Association no longer serves the customer. The Association uses the customer deposits to pay the customers' final bill and refunds directly to the customer the balance remaining, if any, of the deposit.

M. Net Position

Net position of the Association are classified in three components. Net Investment in capital assets, net of related debt, consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net assets are noncapital assets that must be used for a particular purpose as specified by creditors, granters, or donors external to the Association, includin amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt or restricted expendable.

N. Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the System. Operating revenues consist primarily of water sales. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities.

O. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. Cash Deposits

The Association maintains its operating bank accounts in several local financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to \$250,000. The Association's cash balances may, at times, exceed these insured limits. At March 31, 2021 all cash balances were covered by FDIC insurance or secured by pledged collateral. The Association does not believe that there is any significant risk associated with the concentrations of credit nor has the Association experienced any losses in such accounts.

4. Restricted Assets

Restricted checking and savings are restricted by the various board ordinances of the Board, and laws. Expenditures from these accounts are restricted to improvements and betterments to the distribution system, paying the principal and interest on the notes, construction or purchase of capital assets, and Customer deposits.

Restricted checking, savings consists of the following:

	As Of March 31, 2021	2021
Debt resene fund		\$ 1,083,499
Emergency reserw funds		3,016
Construction/depreciation fund		965,524
RUS construction account		24
Customer meter deposits		<u>258,406</u>
Total		<u>\$ 2,310,469</u>

5. Property, Plant and Equipment

Activity of capital assets consists of the following:

As Of	April 1st, 2020	Additions	ReUremanls	March 31st, 2021
Land	\$ 105,953	\$	\$	\$ 105,953
Water and sewer 11y tem	26,444,799	7,904,074		34,348,873
Office bulldfng	426,016			426,016
MachinlfY and equipment	1,384,704	113,082	94,683	1,403,103
Fumllue, fixtures, and radio	374,335			374,336
Conslrucilon in process	18,722,020	3,050,108	7,804,074	13,866,054
Total	<u>\$ 47,457,827</u>	<u>\$ 11,067,264</u>	<u>\$ 7,998,757</u>	<u>\$ 50,526,334</u>

Construction in process consists of expenditures incurred for the water treatment plant expansion and other system improvements.

6. Capitalized Interest

The Association follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. For the year ended March 31, 2021 total interest incurred was \$794,737, of total interest paid \$179,275 was capitalized and \$615,462 was charged to operations.

7. Long-Term Debt

Long-term debt of the Association consists of:

As Of March 31, 2021	2021
Rural Dewlopment - Payments are made monthly in the amount of \$5,357 Includi\,e of 5% interest. The note is secured by the water system and rewnues.	\$ 402,387
Rural Dewlopment - Payments are made monthly in the amount of \$11,601 inclusiw of 4.75% interest. Toe note ls secured by the water system and rewnues.	1,655,735
Rural Dewlopment - Payments are made monthly in the amount of \$4,575 Includi w of 5% interest. The note is secured by the water system and rewnues.	652,461
Rural Dewlopment - Payments are made monthly in the amount of \$11,989 inclusiw of 3.375% interest. Toe note is secured by the water system and rewnues.	2,743,795
Rural Dei,elopment - Payments are made monthly in the amount of \$26,730 inclusi\,e of 1.875% interest. Toe note is secured by the water system and rewnues.	8,807,327
Rural Dewlopment - Payments are made monthly in the amount of \$28,631 inclusiw of 1.875% interest. Toe note is secured by the water system and rewnues.	9,433,623
Rural Dewlopment - Payments are made monthly in the amount of \$28,631 inciuiw of 1.875% Interest. The note is secured by the water system and re\,enues.	7,215,337
Payroll Protection Loan - Loan ls expected this loan is expected to be forgh.en. This loan is unsecured.	150,000
Central National Bank - Payments are made monthly in the amount \$3,175 inclusiie of interest of 4.00%. The loan is secured by equipment.	136,382
Total long-term debt	<u>\$31,197,047</u>
Less: current maturities	<u>\$ 814,515</u>
Total long-term debt	<u>\$ 30,382,532</u>

7. Long-Term Debt (continued)

Principal payments of long term debt is scheduled to be repaid as follows:

<u>March 31,</u>	<u>Principal</u>
2022	814,515
2023	685,160
2024	703,871
2025	723,202
2026	712,281
2027	725,597
Thereafter	26,832,421
Less Current Portion	(814,515)
Total	<u>30,382,532</u>

8. Other Assets

On June 28, 2017, the Association entered into a contract with the Department of the Army for permanent water and water storage rights. The contract gave the Association the right to utilize a portion of the usable conservation space of Tenkiller Ferry Lake to supply and store water. The Association prepaid these rights during the year ended March 31st, 2018 for a total of \$2,151,578. These rights are shown as other assets related to storage right on the statement of net position and will be amortized over a period of thirty six years. Water storage rights amortization expense for the fiscal year ended March 31, 2021 were \$59,760.

10. Benefit Plan

The Association has adopted an IRA plan which covers substantially all employees. Employees can make pre-tax salary contributions to the plan and Association will match up to 3% of the employee's contributions. Employer contributions to this plan for the years ended March 31, 2021 were \$13,258.

11. Concentrations of Risk

A. Revenues and Receivables

Another financial instrument that potentially subjects the Association to credit risk consist of accounts receivable. The Association sells only to its members within a defined geographic region.

B. Water Supply System

The Association purchases its water from the Cities of Van Buren and Roland Utility Authority as well as utilizing Tenkiller Lake as a source of water for treatment. If the cost of the water were to increase or the possibility of the Association to have to obtain water from other suppliers was to occur, this may have an effect on the Association's ability to continue in its current state.

12. Risk Management

The Association is exposed to various levels of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Association carries commercial insurance and workers compensation insurance through various Insurance Company's.

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There has been no significant reduction in the Association's insurance coverage from the previous year. In addition, there have been no settlements in excess of the Association's coverage in any of the prior three fiscal years,

13. Subsequent Events

The Association has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended March 31, 2021, the date the financial statements were available to be issued.

13. Paycheck Protection Loan

The Association received loan proceeds in the amount of \$150,000 under the Paycheck Protection Program as part of the Coronavirus Aid, Relief and Economic Security Act, it provides qualifying businesses up to 2.5 times of the average monthly payroll expenses. The loans and accrued interest are forgivable after eight weeks if borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, Sequoyah County Water Association expects this loan to be fully forgiven.

SUPPLEMENTAL INFORMATION

SEQUOYAH COUNTY WATER ASSOCIATION
ADDITIONAL COMMENTS REQUIRED BY RURAL DEVELOPMENT

Water Rate Schedule

0-2,000	\$45.00
2,001 - 4,000	\$5.65/1000
4,001 - 6,000	\$5.80/1000
6,001 - 10,000	\$6.10/1000
10,001 - 12,500	\$6.30/1000
12,501 - 15,000	\$6.55/1000
15,001 - 20,000	\$6.85/1000
20,001 and above	\$7.20/1000

Board Of Directors

<u>Name</u>	<u>Title</u>
Dan Ollie	President
Bruce Tabor	Vice President
R E Anglen	Secretary/Treasurer
John Ellis	Board Member
John Prewett	Board Member
Charles Garrison	Board Member
Lyndon Emberton	Board Member

Accounting Records and Control Over Physical Assets

The Association's accounting records, with the exception of normal adjusting entries, are in agreement with these financial statements. The accounting records of the Association are adequate. The Association's control over physical assets is adequate.

Material Or Unusual Adjustments

The accounting records of the Association incurred no unusual adjustments. Material adjustments, however not unusual in nature, included adjusting for depreciation expense and interest expense of the long-term debt.

See Independent auditor's report.

ADDITIONAL REQUIRED REPORTS

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DREW KIMBLE
Certified(JJu6f,c)fccountant

104 S. Muskogee Ave
Tahlequah, OK 74464
(918) 575..1873

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Sequoyah County Water Association
Sallisaw, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the accompanying financial statements of the Sequoyah County Water Association (the Association), Sallisaw, Oklahoma, as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements and have issued our report thereon dated June 24, 2021.

Internal Control Over Financial Reporting

Management of the Association is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting in order to determine our auditing procedures that are appropriate for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified no deficiencies in the internal controls that we considered to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned

functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an Integral part of an audit performed in accordance with Government Auditing Standards in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DREW KIMBLE

Drew Kimble, CPA
Tahlequah, Oklahoma
June 24, 2021

DREWKIMBLE
Certified Public Accountant

104 S. Muskogee Ave
Tahlequah, OK 74464
(918) 575 • 1873

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Sequoyah County Water Association
Sequoyah County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Sequoyah County Water Association, (The Association) compliance with the types of compliance requirements described in *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (The Uniform Guidance) that could have a direct and material effect on each of the Association's major federal programs for the year ended March 31, 2021. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and terms and conditions of federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (The Uniform Guidance). Those standards and requirements of *Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards*, (The Uniform Guidance) require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a *direct* and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2021.

Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our *audit* of compliance, we considered the Association's internal control over compliance with the types requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (The Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards*, (The Uniform Guidance). Accordingly, this report is not suitable for any other purpose.



Drew Kimble; CPA
Tahlequah, Oklahoma
June 24, 2021

SEQUOYAH COUNTY WATER ASSOCIATION
 SCHEDULE OF EXPENDITURES OF FEDERAL **AWARDS**
 FOR THE YEAR ENDED MARCH 31ST, 2021

Grant: Federal Grant Program Title	Federal CFDA Number	Agency or Pass-through Entity	Year	Amount of Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Water & Waste Water Disposal Systems for Rural Communities	10.760	Direct Award	3/31/2021	\$ 10,030,077
Water & Waste Water Disposal Systems for Rural Communities Emergency Grant	10.763	Direct Award	3/31/2021	1421000
Total Federal Grants and Assistance				<u>\$ 10,172,077</u>

Notes to Schedules:

There were no amounts passed to subrecipients.

The expenditures are presented using the cash basis of accounting.

Grantor provides adequate insurance coverage against loss on assets purchased with Federal Awards,

The notes to the financial statements are an integral part of this statement.

SEQUOYAH COUNTY WATER ASSOCIATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED MARCH 31ST, 2021

Section I - Summary of Auditor's Results:

Financial Statements

Type of Auditor's Report issued: UNMODIFIED

Internal Control Over Financial Reporting:

Material weaknesses identified? NO
 Reportable conditions identified not considered to be material weaknesses? NONE REPORTED
 Noncompliance material to financial statements noted? NONE REPORTED

Federal Awards

Internal Control Over Major Programs:

Material weaknesses identified? NO
 Reportable conditions identified not considered to be material weaknesses? NONE REPORTED
 Any audit finding disclosed that are required to be Reported in accordance with The Uniform Guidance NONE REPORTED
 Type of Auditor's Report Issued on Compliance for Major Programs: UNMODIFIED

Identification of Major Programs:

Water and Waste Water Disposal Systems for Rural Communities CFDA # 10.760: \$10,030,077

The dollar threshold used to distinguish between type A and type B programs was \$750,000.00. The percentage of coverage of rule was used to achieve 50% of Federal program expenditures.

YES NO

Auditee qualified as low-risk auditee? **X**

Section 11- Financial Statement Findings:

No matters were reported.

Section III - Federal Award Findings and Questioned Costs - Current Year:

No questioned costs were identified.

Section IV - Federal Award Findings and Questioned Costs - Prior Year:

No questioned costs were identified.

The notes to the financial statements are an integral part of this statement.

**SEQUOYAH COUNTY WATER ASSOCIATION
STATEMENT OF PRIOR YEAR FINDINGS
MARCH 31ST, 2021**

PRIOR YEAR FINDINGS:

None

The notes to the financial statements are an integral part of this statement.

SEQUOYAH COUNTY
WATER ASSOCIATION
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2022

SEQUOYAH COUNTY WATER ASSOCIATION
MARCH 31, 2022

Contents

Independent Auditor's Report..... 1

Management's Discussion & Analysis.....3

Financial Statements

Statements of Net Position..... 5

Statements of Revenue, Expenses and Changes In Net Position..... 6

Statements of Cash Flows..... 7

Notes to Financial Statements..... 8

Supplemental Information

Additional Comments Required By Rural Development..... 14

Additional Required Reports

Independent Auditor's Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards* 15

Schedule of Expenditures of Federal Awards..... 17

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AUDIT REPORT

DREW KIMBLE
Certified Public Accountant
104 S. Muskogee Ave
Tahlequah, OK 74464
(918) 575 - 1873

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Sequoyah County Water Association

Report on the Financial Statements

I have audited the accompanying financial statements of the Sequoyah County Water Association (the District), as of and for the year ended March 31, 2022, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. •

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of business type activities of the Sequoyah County Water Association,

(Continued)

as of March 31, 2022 and the changes in its net assets, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The District has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated May 5, 2022, on my consideration of the Sequoyah County Water Association's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sequoyah County Water Association's internal control over financial reporting and compliance.

June 14, 2022



Drew Kimble, CPA

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SEQUOYAH COUNTY WATER ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR
THE YEAR ENDED MARCH 31, 2022**

This section of the Sequoyah County Water Association annual financial report presents the analysis of the Association's financial performance during the fiscal year ended March 31, 2022. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Association ended the year March 31, 2022 with a net position balance of \$15,968,312.
- Net income from operations of \$768,392 before non-operating activities income of \$4,351 resulted in an increase in net position for the Association of \$772,743.
- The Association had net capital asset additions totaling \$1,065,717.
- The statement of cash flows identifies sources and uses of cash activity for the fiscal year. For fiscal year 2022, cash, cash equivalents and restricted cash decreased by \$46,261. Cash provided from the day to day operations totaled \$1,833,052.
- Cash used by capital and related financing activities netted \$(1,886,159). This was a combination of cash used to acquire property, plant, & equipment of \$1,065,717, cash used by debt retirement of \$817,012. Furthermore, cash provided by investing activities of interest income totaled \$6,846.
- The Association received capital grants totaling \$543,698.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of the following parts: Management's Discussion and Analysis and Financial Statements. The financial statements include notes which explain in detail some of the information included in the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the Association report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statement of Net Position includes information on the Association's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Association creditors (liabilities). The Statement of Revenue, Expenses and Changes in Net Position identifies the Association's revenues and expenses for the fiscal year ended March 31, 2022. This statement provides information on the Association's operations over the past fiscal year and can be used to determine whether the Association has recovered all of its actual and projected costs through user fees and other charges. The third financial statement is the Statement of Cash Flows. This statement provides information on the Association's cash receipts, cash payments, and changes in cash resulting from operations, investments and financing activities. The net result of these activities added to the beginning of the year cash balance total to the cash equivalent balance at the end of the current fiscal year.

**SEQUOYAH COUNTY WATER ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2022**

CONDENSED FINANCIAL INFORMATION

Condensed financial information from the statements of net position as of March 31, 2022 the statements of revenues, expenses and changes in net position for the years then ended are as follows:

CAPITAL ASSETS

The Association's capital assets as of March 31, 2022 amounted to \$51,559,478. This investment in capital assets includes land, water system, office building, machinery and equipment, furniture and fixtures, and transportation equipment.

Major additions to capital assets for the year ended March 31, 2022 consisted construction in process consists of \$613,001 for a new water system improvement project.

WATER STORAGE RIGHTS

In 2018, the Association acquired permanent water storage rights on Tenkiller Lake for \$2,151,578 of this cost \$2,051,288 was financed. These rights are reflected on the statement of net position as other assets related to water storage and will be amortized over thirty six years. Total Amortization to date is \$298,818 and for the fiscal year ended March 31, 2022 was \$59,760.

LONG-TERM DEBT

As of March 31, 2022, the Association had \$30,080,035 in outstanding debt compared to \$31,197,047 as of March 31, 2021.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the Association's customers, investors and other interested parties with an overview of the Association's financial operations and financial condition. Should the reader have questions regarding the information included in this report or need additional financial information, please contact Sequoyah County Water Association, 3320 W. Cherokee, Sallisaw, Oklahoma.

FINANCIAL STATEMENTS

SEQUOYAH COUNTY WATER ASSOCIATION
Statement of Net Position
March 31st, 2022

Assets

Current Assets	
Cash and cash equivalents	\$ 677,714
Restricted checking and savings accounts	2,333,226
Accounts receivable, less allowance for doubtful accounts	354,341
Prepaid insurance	23,038
Inventory	423,084
Total Current Assets	318111403
Capital Assets	
Land	113,953
Water and sewer system	48,473,723
Office building	526,669
Machinery and equipment	1,400,738
Furniture, fixtures, and radio	431,394
Construction in process	613,001
Total Capital Assets	51,559,478
Less accumulated depreciation	{10,354,984}
Net Capital Assets	41,204,494
Other Assets	
Water storage rights, net	118521760
Total Other Assets	1,852,760
Total Assets	\$ 46,868,657

Liabilities and Net Position

Current Liabilities	
Accounts payable	\$ 87,868
Accrued wages	
Accrued interest	36,990
Accrued compensated absences	105,913
Employee deductions payable	21,858
Customer meter deposits	267,681
Current portion of long-term debt	682,565
Total Current Liabilities	112021875
Long-Term Debt	29,697,147
Total Liabilities	30,190,022
Net Position	
Net investment in capital assets	10,824,459
Restricted	2,333,226
Unrestricted	218101627
Total Net Position	15,968,312
Total Liabilities and Net Position	\$ 46,868,667

See accompanying notes to financial statements.

SEQUOYAH COUNTY WATER ASSOCIATION
Statement of Revenues, Expenses,
and Changes in Net Position
March 31st, 2022

Operating Revenue	
Sales and charges, net of bad debts	\$ 5,202,488
Membership and Meter fees	142,471
Other revenue	<u>71,393</u>
Total Operating Revenue	<u>5,416,352</u>
Operating Expenses	
Salaries	756,893
Payroll taxes	59,239
Employee benefits	14,054
Office expense	11,288
Professional fees	49,619
Utilities and telephone	379,465
Fuel and oil	78,741
Insurance	434,759
Miscellaneous	44,970
Repairs and maintenance	511,774
Chemicals	204,347
Water testing	34,954
Water purchases	626,898
Bad Debt expense	59,823
Mileage reimbursements	4,143
Bank Fees	52,697
Depreciation	1,264,536
Water storage expense	<u>59,760</u>
Total Operating Expenses	<u>4,647,960</u>
Operating Income	768,392
Nonoperating Activities	
Interest income	6,846
Capital grants	543,698
Interest expense	(696,193)
Payroll Protection Forgiveness	<u>150,100</u>
Total Nonoperating Activities	<u>4,351</u>
Change in Net Position	772,743
Beginning of Year Net Position	15,195,569
End of Year Net Position	<u>\$ 15,968,312</u>

See accompanying notes to financial statements.

SEQUOYAH COUNTY WATER ASSOCIATION
Statement of Cash Flows
March 31st, 2022

Cash Flows From Operating Activities	
Cash receipts from customers and other sources	\$ 5,375,744
Cash payments to suppliers for goods and services	(2,720,629)
Cash payments to employees for services	<u>(822,063)</u>
Net Cash Provided By Operating Activities	<u>1,833,052</u>
Cash Flows From Investing Activities	
Interest Income	<u>6,846</u>
Net Cash Provided By Investing Activities	<u>6,846</u>
Cash Flows From Capital and Related Financing Activities	
Cash paid for property, plant, and equipment net of retirement	(1,065,717)
Capital Grants	543,698
Payroll Protection Forgiveness	150,000
Principal paid on long-term debt	(817,012)
Interest paid on long-term debt	<u>(697,128)</u>
Net Cash Used By Capital and Related Financing Activities	<u>(1,886,169)</u>
Net Increase (Decrease) In Cash, Cash Equivalents and Restricted Cash	(46,261)
Cash, Cash Equivalents and Restricted Cash At Beginning of Year	<u>3,057,201</u>
Cash, Cash Equivalents and Restricted Cash At End of Year	<u>\$ 3,010,940</u>
Reconciliation Of Operating Income to Net Cash Provided By Operating Activities	
Net income from operations	\$ 768,392
Adjustments to reconcile net income to net cash from operating activities:	
Depreciation	1,264,536
Amortization of water storage rights	59,760
Changes in:	
Accounts receivable	(40,608)
Prepaid Insurance	(9,828)
Inventory	(168,529)
Trade accounts payable	(48,794)
Employee deductions payable	5,508
Accrued wages	(21,440)
Accrued compensated absences	12,352
Customer meter deposits	<u>11,703</u>
Net Cash Provided By Operating Activities	<u>\$1,833,052</u>
Reconciliation to Statement of Net Position	
Cash and cash equivalents	\$ 677,714
Restricted checking and savings accounts	<u>2,333,226</u>
Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 3,010,940</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

SEQUOYAH COUNTY WATER ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

1. Nature of Operations

The Sequoyah County Water Association (the Association) was originally incorporated October 25, 1967 as the Eastern Sequoyah County Water Association. Amended Articles of Incorporation, which were filed and approved on April 23, 1968, established the Association as an agency of the State of Oklahoma for the purpose of providing water to Sequoyah County in the State of Oklahoma.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The Association accounts for its operations as an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

B. Financial Reporting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

C. Income Tax Status

The Association is exempt from income taxes as a governmental agency.

D. Fair Value of Financial Instruments

The Association's financial instruments include cash and cash equivalents, certificates of deposit, accounts receivable and accounts payable. The Association's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximate fair value because of the short maturity of these investments.

E. Cash Flows

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents, excluding restricted cash.

F. Accounts Receivable

Accounts receivable consists of water fees and surcharges billed to residential and commercial/ Industrial customers based on consumption. Management establishes an allowance for uncollectible accounts receivable based on historical collection experience and management's evaluation of the collectability of outstanding accounts receivable. The allowance for doubtful accounts was \$235,885 as of March 31, 2022.

G. Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expense in the year which services are consumed.

H. Inventory

Inventory consists of parts and supplies for maintenance of the water system and is valued at cost using the first-in, first-out method.

I. Capital Outlays and Depreciation

Fixed assets are stated at cost depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance, repairs and renewals of relatively minor items are charged to expense as incurred. The estimated useful lives of the assets are as follows:

	<u>YEARS</u>
Water and sewer system	15-75
Office building	10-40
Machinery and equipment	5-10
Furniture, fixtures and radio	5-10

It is the Association's policy to capitalize all asset purchases greater than \$500. It is the Association's policy to expense all asset purchases under \$500.

J. Other Assets

In addition to assets, the statement of net position has a separate section for other assets. This separate financial statement element, represents a consumption of net position that applies to a future period(s) and will not be recognized as an expense until that time. The Association recognizes the expense related to water storage rights using the straight line method over a period of 36 years.

K. Compensated Absences

Employees of the Association are given, based upon their length of employment, 1 to 3 weeks of vacation at the beginning of the calendar year. The vacation time is not allowed to carry over to the next year; therefore, all employees will utilize the vacation time. The amounts are reflected as accrued compensated absences represents unused vacation time as of March 31st, 2022.

L. Customer Meter Deposits

Unless a letter of credit is provided by the customer to the Association, customers are required to make a meter deposit before being connected to the water system. These deposits are refundable to customers when the Association no longer serves the customer. The Association uses the customer deposits to pay the customers' final bill and refunds directly to the customer the balance remaining, if any, of the deposit.

M. Net Position

Net position of the Association are classified In three components. Net investment in capital assets, net of related debt, consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net assets are noncapital assets that must be used for a particular purpose as specified by creditors, granters, or donors external to the Association, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt or restricted expendable.

N. Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the System. Operating revenues consist primarily of water sales. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and Investing type of activities.

O. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. Cash Deposits

The Association maintains its operating bank accounts in several local financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to \$250,000. The Association's cash balances may, at times, exceed these insured limits. At March 31, 2022 all cash balances were covered by FDIC Insurance or secured by pledged collateral. The Association does not believe that there is any significant risk associated with the concentrations of credit nor has the Association experienced any losses in such accounts.

4. Restricted Assets

Restricted checking and savings are restricted by the various board ordinances of the Board, and laws. Expenditures from these accounts are restricted to improvements and betterments to the distribution system, paying the principal and interest on the notes, construction or purchase of capital assets, and Customer deposits.

Restricted checking, savings consists of the following:

	As Of March 31, 2022	<u>2022</u>
Debt reserve fund		\$ 1,089,638
Emergency reserve funds		3,016
Construction/depreciation fund		965,921
RUS construction account		24
Customer meter deposits		<u>274,627</u>
Total		\$ <u>2,333,226</u>

5. Property, Plant and Equipment

Activity of capital assets consists of the following:

	A&Of	April 1st, 2021	Additions	ReUrements	March 31st, 2021
Land		\$ 105,953	\$ 8,000	\$ -	\$ 113,953
Water and sewer system		34,348,873	14,124,850		48,473,723
Office building		426,017	100,652		526,669
Machinery and equipment		1,403,103	30,340	32,705	1,400,738
Furniture, fixtures, and radio		374,335	57,059		431,394
Construction in process		13,888,054		13,255,053	613,001
Total		\$ 50,626,336	\$ 14,320,901	\$ 13,287,758	\$ 51,559,478

Construction in process consists of expenditures incurred for the water treatment plant expansion and other system improvements.

6. Capitalized Interest

The Association follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. For the year ended March 31, 2022 total interest incurred was \$696,193, of total interest paid \$ 0 was capitalized and \$696,193 was charged to operations.

7, Long-Term Debt

Long-term debt of the Association consists of:

As Of March 31, 2022	2022
Rural Development - Payments are made monthly in the amount of \$5,357 inclusive of 5% interest. The note is secured by the water system and revenues.	\$ 357,196
Rural Development - Payments are made monthly in the amount of \$11,601 inclusive of 4.75% interest. The note is secured by the water system and revenues.	1,593,835
Rural Development - Payments are made monthly in the amount of \$4,575 inclusive of 5% interest. The note is secured by the water system and revenues.	628,026
Rural Development - Payments are made monthly in the amount of \$11,989 inclusive of 3.375% interest. The note is secured by the water system and revenues.	2,691,730
Rural Development - Payments are made monthly in the amount of \$26,730 inclusive of 1.875% interest. The note is secured by the water system and revenues.	8,650,361
Rural Development - Payments are made monthly in the amount of \$28,631 inclusive of 1.875% interest. The note is secured by the water system and revenues.	9,265,492
Rural Development - Payments are made monthly in the amount of \$28,631 inclusive of 1.875% interest. The note is secured by the water system and revenues.	7,088,285
Central National Bank - Payments are made monthly in the amount \$3,175 inclusive of interest of 4.00%. The loan is secured by equipment.	105,110
Total long-term debt	\$ 30,380,035
Less: current maturities	\$ 682,565
Total long-term debt	\$ 29,697,470

7. Long-Term Debt (continued)

Principal payments of long term debt is scheduled to be repaid as follows:

March 31,	Principal
2023	682,565
2024	703,871
2025	723,202
2026	712,281
2027	725,597
2028	745,115
Thereafter	<u>26,087,404</u>
Less Current Portion	<u>(682,565)</u>
Total	<u>29,697,470</u>

8. Other Assets

On June 28, 2017, the Association entered into a contract with the Department of the Army for permanent water and water storage rights. The contract gave the Association the right to utilize a portion of the usable conservation space of Tenkiller Ferry Lake to supply and store water. The Association prepaid these rights during the year ended March 31st, 2018 for a total of \$2,151,578. These rights are shown as other assets related to storage rights on the statement of net position and will be amortized over a period of thirty six years. Water storage rights amortization expense for the fiscal year ended March 31, 2022 were \$59,760.

10. Benefit Plan

The Association has adopted an IRA plan which covers substantially all employees. Employees can make pre-tax salary contributions to the plan and Association will match up to 3% of the employee's contributions. Employer contributions to this plan for the years ended March 31, 2021 were \$14,054.

11. Concentrations of Risk

A. Revenues and Receivables

Another financial instrument that potentially subjects the Association to credit risk consist of accounts receivable. The Association sells only to its members within a defined geographic region.

B. Water Supply System

The Association purchases its water from the Cities of Van Buren and Roland Utility Authority as well as utilizing Tenkiller Lake as a source of water for treatment. If the cost of the water were to increase or the possibility of the Association to have to obtain water from other suppliers was to occur, this may have an effect on the Association's ability to continue in its current state.

12. Risk Management

The Association is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Association carries commercial insurance and workers compensation insurance through various Insurance Company's.

There has been no significant reduction in the Association's insurance coverage from the previous year. In addition, there have been no settlements in excess of the Association's coverage in any of the prior three fiscal years.

13. Subsequent Events

The Association has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended March 31, 2021, the date the financial statements were available to be issued.

13. Paycheck Protection Loan

The Association received loan proceeds in the amount of \$150,000 under the Paycheck Protection Program as part of the Coronavirus Aid, Relief and Economic Security Act, it provides qualifying businesses up to 2.5 times of the average monthly payroll expenses. The loans and accrued interest are forgivable after eight weeks if borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, this loan was fully forgiven on 9/28/2021 and the forgiveness was recorded as income from nonoperation on the schedule of statement of revenue and expenses.

SUPPLEMENTAL INFORMATION

SEQUOYAH COUNTY WATER ASSOCIATION
ADDITIONAL COMMENTS REQUIRED BY RURAL DEVELOPMENT

Water Rate Schedule

0 • 2,000	\$45.00
2,001 - 4,000	5.65/1000
4,001 - 6,000	\$5.80/1000
6,001 -10,000	\$6.10/1000
10,001 -12,500	\$6.30/1000
12,501 -15,000	\$6.55/1000
15,001 - 20,000	\$6.85/1000
20,001 and above	\$7.20/1000

Board Of Directors

<u>Name</u>	<u>Title</u>
Dan Ollie	President
Bruce Tabor	Vice President
R E Anglen	Secretary/Treasurer
John Ellis	Board Member
John Prewett	Board Member
Charles Garrison	Board Member
Lyndon Emberton	Board Member

Accounting Records and Control Over Physical Assets

The Association's accounting records, with the exception of normal adjusting entries, are in agreement with these financial statements. The accounting records of the Association are adequate. The Association's control over physical assets is adequate.

Material Or Unusual Adjustments

The accounting records of the Association incurred no unusual adjustments. Material adjustments, however not unusual in nature, included adjusting for depreciation expense and interest expense of the long-term debt.

See independent auditor's report.

DREW KIMBLE
Certified Public Accountant
104 S. Muskogee Ave
Tahlequah, OK 74464
(918) 575 - 1873

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Sequoyah County Water Association

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the Sequoyah County Water Association (the District), as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated June 14, 2022.

Internal control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) as a basis for designing the auditing procedures that are appropriate in the circumstances for purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

1

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 14, 2022



Drew Kimble, CPA

ADDITIONAL REQUIRED REPORTS

SEQUOYAH COUNTY WATER ASSOCIATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED MARCH 31ST, 2022

<u>Grant: Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Entity</u>	<u>Year</u>	<u>Amount of Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Water & Wasta Water Disposal Systems for Rural Communities	10.760	Direct Award	3/31/2022	\$ 543,698
Total Federal Grants and Assistance				<u>\$ 543,698</u>

Notes to Schedules:

There **were** no amounts passed to subrecipients.

The expenditures are presented using the cash basis of accounting.

Granter provides adequate insurance coverage against loss on assets purchased wltH Federal Awards.

None of the Federal grant/contracts Include any loan programs, loan guarantee programs, has no sub-recipients, and does not use the 10% de mlnimis cost rate.

J.

The notes to the financial statements are an integral part of this statement.

SEQUOYAH COUNTY
WATER ASSOCIATION
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2023

SEQUOYAH COUNTY WATER ASSOCIATION
MARCH 31, 2023

Contents

Independent Auditor's Report 1

Management's Discussion & Analysis.....3

Financial Statements

Statements of Net Position 5

Statements of Revenue, Expenses and Changes In Net Position 6

Statements of Cash Flows 7

Notes to Financial Statements 8

Supplemental Information

Additional Comments Required By Rural Development 14

Additional Required Reports

Independent Auditor's Report On Internal Control Over Financial Reporting And
On Compliance And other Matters Based On An Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards* 15

Schedule of Expenditures of Federal Awards 17

AUDIT REPORT

DREW KIMBLE
Certified Public Accountant

104 S, Muskogee Ave
Tahlequah, OK 74464
(918) 575 - 1873

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sequoyah County Water Association
Sallisaw, Oklahoma

Report on the Financial Statements

I have audited the accompanying financial statements of the Sequoyah County Water Association (the Association) as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on *my* audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. •

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Sequoyah County Water Association as of March 31, 2023 and the respective changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 and 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during *our* audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Association's financial statements. The additional comments required by Rural Development are presented for purposes of additional analysis and are not a required part of the basic financial statements and have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 19, 2023, on my consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sequoyah County Water Association's internal control over financial reporting and compliance.



Drew Kimble, CPA
Tahlequah, Oklahoma
June 19, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SEQUOYAH COUNTY WATER ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR
THE YEAR ENDED MARCH 31, 2023**

This section of the Sequoyah County Water Association annual financial report presents the analysis of the Association's financial performance during the fiscal year ended March 31, 2023. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Association ended the year March 31, 2023 with a net position balance of \$15,502,603.
- Net income from operations of \$92,341 before non-operating activities expenses of \$558,050 resulted in an decrease in net position for the Association of **\$465,709.**
- The Association had net capital asset additions totaling \$2,627,491.
- The statement of cash flows identifies sources and uses of cash activity for the fiscal year. For fiscal year 2023, cash, cash equivalents and restricted cash increased by \$268,853. Cash provided from the day to day operations totaled \$1,358,789.
- Cash used by capital and related financing activities netted \$1,102,929. This was a combination of cash used to acquire property, plant, & equipment of \$2,627,491, cash advances of new debt net of retirement of \$2,096,509. Furthermore, cash provided by investing activities of interest income totaled \$12,993.
- The Association received capital grants totaling \$111,590.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of the following parts: Management's Discussion and Analysis and Financial Statements. The financial statements include notes which explain in detail some of the information included in the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the Association report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statement of Net Position includes information on the Association's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Association creditors (liabilities). The Statement of Revenue, Expenses and Changes in Net Position identifies the Association's revenues and expenses for the fiscal year ended March 31, 2023. This statement provides information on the Association's operations over the past fiscal year and can be used to determine whether the Association has recovered all of its actual and projected costs through user fees and other charges. The third financial statement is the Statement of Cash Flows. This statement provides information on the Association's cash receipts, cash payments, and changes in cash resulting from operations, investments and financing activities. The net result of these activities added to the beginning of the year cash balance total to the cash equivalent balance at the end of the current fiscal year.

**SEQUOYAH COUNTY WATER ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2023**

CONDENSED FINANCIAL INFORMATION

Condensed financial information from the statements of net position as of March 31, 2023 the statements of revenues, expenses and changes in net position for the years then ended are as follows:

CAPITAL ASSETS

The Association's capital assets as of March 31, 2023 amounted to \$54,186,969. This investment in capital assets includes land, water system, office building, machinery and equipment, furniture and fixtures, and transportation equipment.

Major additions to capital assets for the year ended March 31, 2023 consisted construction in process consists of \$3,059,898 for a new water system improvement project.

WATER STORAGE RIGHTS

In 2018, the Association acquired permanent water storage rights on Tenkiller Lake for \$2,151,578 of this cost \$2,051,288 was financed. These rights are reflected on the statement of net position as other assets related to water storage and will be amortized over thirty six years. Total Amortization to date is \$358,578 and for the fiscal year ended March 31, 2023 was \$59,760.

LONG-TERM DEBT

As of March 31, 2023, the Association had \$32,476,544 in outstanding debt compared to \$30,080,035 as of March 31, 2022.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the Association's customers, investors and other interested parties with an overview of the Association's financial operations and financial condition. Should the reader have questions regarding the information included in this report or need additional financial information, please contact Sequoyah County Water Association, 3320 W. Cherokee, Sallisaw, Oklahoma.

FINANCIAL STATEMENTS

SEQUOYAH COUNTY WATER ASSOCIATION
Statement of Net Position
March 31st, 2023

Assets

Current Assets

Cash and cash equivalents	\$	996,004
Restricted checking and savings accounts		2,283,789
Accounts receivable, less allowance for doubtful accounts		352,499
Prepaid insurance		16,527
Inventory		491,643
Total Current Assets		4,140,162

Capital Assets

Land		113,953
Water and sewer system		48,561,774
Office building		613,607
Machinery and equipment		1,406,343
Furniture, fixtures, and radio		431,394
Construction In process		3,059,189
Total Capital Assets		54,186,969
Less accumulated depreciation		(11,522,181)
Net Capital Assets		42,664,159

Other Assets

Water storage rights, net		1,793,000
Total other Assets		1,793,000
Total Assets	\$	48,597,621

Liabilities and Net Position

Current Liabilities

Accounts payable	\$	179,427
Accrued wages		2,033
Accrued interest		36,085
Accrued compensated absences		123,371
Employee deductions payable		9,371
Customer meter deposits		268,187
Current portion of long-term debt		3,450,101
Total Current Liabilities		4,068,575
Long-Term Debt		29,026,143
Total Liabilities		33,095,018

Net Position

Net Investment in capital assets		10,187,615
Restricted		2,283,789
Unrestricted		3,031,199
Total Net Position		15,502,603
Total Liabilities and Net Position		48,597,621

See accompanying notes to financial statements.

SEQUOYAH COUNTY WATER ASSOCIATION
Statement of Revenues, Expenses,
and Changes in Net Position
March 31st, 2023

Operating Revenue	
Sales and charges, net of bad debts	\$ 5,317,546
Membership and Meter fees	117,395
Other revenue	<u>33,660</u>
Total Operating Revenue	<u>5,468,160</u>
Operating Expenses	
Salaries	807,314
Payroll taxes	61,669
Employee benefits	14,297
Office expense	17,299
Professional fees	77,616
Utilities and telephone	425,354
Fuel and oil	108,647
Insurance	505,065
Miscellaneous	55,243
Repairs and maintenance	956,128
Chemicals	226,945
Water testing	34,074
Water purchases	750,625
Bad Debt expense	51,006
Mileage reimbursements	3,788
Bank Fees	51,601
Depreciation	1,167,825
Water storage expense	<u>59,760</u>
Total Operating Expenses	<u>5,376,260</u>
Operating Income	<u>92,341</u>
Nonoperating Activities	
Interest income	12,993
Capit.al grants	111,590
Interest expense	<u>{682,633}</u>
Total Nonoperating Activities	<u>{556,050}</u>
Change In Net Position	(465,709)
Beginning of Year Net Position	15,968,312
End of Year Net Position	\$ <u>15,502,603</u>

See accompanying notes to financial statements.

SEQUOYAH COUNTY WATER ASSOCIATION
Statement of Cash Flows
March 31st, 2023

Cash Flows From Operating Activities	
Cash receipts from customers and other sources	\$ 5,470,443
Cash payments to suppliers for goods and services	(3,235,884)
Cash payments to employees for services	<u>(875,770)</u>
Net Cash Provided By Operating Activities	<u>1,358,789</u>
Cash Flows From Investing Activities	
Interest Income	<u>12,993</u>
Net Cash Provided By Investing Activities	<u>12,993</u>
Cash Flows From Capital and Related Financing Activities	
Cash paid for property, plan and equipment net of retirement	(2,627,491)
Capital Grants	111,590
Advances on long-term debt and interim financing net of retirement	2,096,509
Interest paid on long-term debt	<u>(683,537)</u>
Net Cash Used By Capital and Related Financing Activities	<u>(1,102,929)</u>
Net Increase (Decrease) In Cash, Cash Equivalents and Restricted Cash	268,853
Cash, Cash Equivalents and Restricted Cash At Beginning of Year	<u>3,010,940</u>
Cash, Cash Equivalents and Restricted Cash At End of Year	<u>\$ 3,279,193</u>
Reconciliation Of Operating Income to Net Cash Provided By Operating Activities	
Net Income from operations	\$ 92,341
Adjustments to reconcile net income to net cash from operating activities:	
Depreciation	1,167,825
Amortization of water storage rights	59,760
Changes in:	
Accounts receivable	1,842
Prepaid insurance	6,511
Inventory	(68,559)
Trade accounts payable	91,559
Employee deductions payable	(12,487)
Accrued wages	2,033
Accrued compensated absences	17,458
Customer meter deposits	<u>506</u>
Net Cash Provided By Operating Activities	<u>\$ 1,358,789</u>
Reconciliation to Statement of Net Position	
Cash and cash equivalents	\$ 996,004
Restricted checking and savings accounts	<u>2,283,789</u>
Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 3,1279,793</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**SEQUOYAH COUNTY WATER ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023**

1. Nature of Operations

The Sequoyah County Water Association (the Association) was originally incorporated October 25, 1967 as the Eastern Sequoyah County Water Association. Amended Articles of Incorporation, which were filed and approved on April 23, 1968, established the Association as an agency of the State of Oklahoma for the purpose of providing water to Sequoyah County in the State of Oklahoma.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The Association accounts for its operations as an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

B. Financial Reporting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

C. Income Tax Status

The Association is exempt from income taxes as a governmental agency.

D. Fair Value of Financial Instruments

The Association's financial instruments include cash and cash equivalents, certificates of deposit, accounts receivable and accounts payable. The Association's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximate fair value because of the short maturity of these investments.

E. Cash Flows

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents, excluding restricted cash.

F. Accounts Receivable

Accounts receivable consists of water fees and surcharges billed to residential and commercial/ Industrial customers based on consumption. Management establishes an allowance for uncollectible accounts receivable based on historical collection experience and management's evaluation of the collectability of outstanding accounts receivable. The allowance for doubtful accounts was \$286,893 as of March 31, 2023.

G. Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expense in the year which services are consumed.

H. Inventory

Inventory consists of parts and supplies for maintenance of the water system and is valued at cost using the first-in, first-out method.

I. Capital Outlays and Depreciation

Fixed assets are stated at cost depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance, repairs and renewals of relatively minor items are charged to expense as incurred. The estimated useful lives of the assets are as follows:

	<u>YEARS</u>
Water and sewer system	15-75
Office building	10-40
Machinery and equipment	5-10
Furniture, fixtures and radio	5-10

It is the Association's policy to capitalize all asset purchases greater than \$500. It is the Association's policy to expense all asset purchases under \$500.

J. Other Assets

In addition to assets, the statement of net position has a separate section for other assets. This separate financial statement element, represents a consumption of net position that applies to a future period(s) and will not be recognized as an expense until that time. The Association recognizes the expense related to water storage rights using the straight line method over a period of 36 years.

K. Compensated Absences

Employees of the Association are given, based upon their length of employment, 1 to 3 weeks of vacation at the beginning of the calendar year. The vacation time is allowed to carry over to the next year up 90 days any used vacation time is paid upon separation of employment. The amounts reflected as accrued compensated absences represents unused vacation time as of March 31st, 2023.

L. Customer Meter Deposits

Unless a letter of credit is provided by the customer to the Association, customers are required to make a meter deposit before being connected to the water system. These deposits are refundable to customers when the Association no longer serves the customer. The Association uses the customer deposits to pay the customers' final bill and refunds directly to the customer the balance remaining, if any, of the deposit.

M. Net Position

Net position of the Association are classified in three components. Net investment in capital assets, net of related debt, consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net assets are noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors external to the Association, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position are remaining assets less remaining liabilities that do not meet the definition of invested In capital assets, net of related debt or restricted expendable.

N. Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the System. Operating revenues consist primarily of water sales. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities.

O. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. Cash Deposits

The Association maintains its operating bank accounts in several local financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to \$250,000. The Association's cash balances may, at times, exceed these insured limits. At March 31, 2023 all cash balances were covered by FDIC insurance or secured by pledged collateral. The Association does not believe that there is any significant risk associated with the concentrations of credit nor has the Association experienced any losses in such accounts.

4. Restricted Assets

Restricted checking and savings are restricted by the various board ordinances of the Board, and laws. Expenditures from these accounts are restricted to improvements and betterments to the distribution system, paying the principal and interest on the notes, construction or purchase of capital assets, and Customer deposits.

Restricted checking, savings consists of the following:

	As Of March 31, 2023	2023
Debt reserve fund		\$ 1,095,727
Construction/depreciation fund		963,523
RUS construction account		24
Customer meter deposits		224,515
Total		<u>\$ 2,283,789</u>

5. Property, Plant and Equipment

Activity of capital assets consists of the following:

	AsOf	Aeril 1st. 2022	Add/Uons	Relirements	March 31lt. 2023
land		113,953	\$	• \$	\$ 113,963
Water and sewer system		48,473,723		88,051	48,561,774
Office building		526,669		86,938	613,607
Machinery and equipment		1,400,738		6,605	1,408,343
Fire alarm, burglar, and radio		431,394			431,394
Construction In process		613,001		2,440,097	3,053,098
Total		\$ 559,478	\$	2,627,481	\$ 54,186,869

Construction in process consists of expenditures incurred for a water system improvement and expansion project.

6. Capitalized Interest

The Association follows the policy of capitalizing Interest as a component of the cost of property, plant, and equipment constructed for its own use. For the year ended March 31, 2023 total interest incurred was \$704,269, of total interest paid \$21,636 was capitalized and \$682,633 was charged to operations.

7, Long-Term Debt

Long-term debt of the Association consists of:

	As Of March 31, 2023	2023
Rural Development - Payments are made monthly in the amount of \$5,357 inclusive of 5% interest. The note is secured by the water system and revenues.		\$ 309,712
Rural Development - Payments are made monthly in the amount of \$11,601 inclusive of 4.75% interest. The note is secured by the water system and revenues.		1,528,987
Rural Development - Payments are made monthly in the amount of \$4,575 inclusive of 5% interest. The note is secured by the water system and revenues.		602,419
Rural Development - Payments are made monthly in the amount of \$11,989 inclusive of 3.375% interest. The note is secured by the water system and revenues.		2,637,908
Rural Development - Payments are made monthly in the amount of \$26,730 inclusive of 1.875% interest. The note is secured by the water system and revenues.		8,490,460
Rural Development - Payments are made monthly in the amount of \$28,631 inclusive of 1.875% interest. The note is secured by the water system and revenues.		9,094,218
Rural Development - Payments are made monthly in the amount of \$28,631 inclusive of 1.875% interest. The note is secured by the water system and revenues.		6,958,858
BancFirst - Interest only interim financing for construction loan 4.125% interest. The note is secured by the water system and revenues.		2,780,139
Central National Bank - Payments are made monthly in the amount \$3,175 inclusive of interest of 4.00%. The loan is secured by equipment.		73,863
Total long-term debt		\$32,476,544
Less: current maturities		\$ 3,450,101
Total long-term debt		\$ 29,026,443

7. Long-Term Debt (continued)

Principal payments of long term debt is scheduled to be repaid as follows:

<u>March 31,</u>	<u>Principal</u>
2024	3,484,010
2025	723,202
2026	711,131
2027	725,597
2028	745,385
2029	734,903
Thereafter	25,352,316
Less Current Portion	(3,450,101)
Total	<u>29,026,443</u>

8. Other Assets

On June 28, 2017, the Association entered into a contract with the Department of the Army for permanent water and water storage rights. The contract gave the Association the right to utilize a portion of the usable conservation space of Tenkiller Ferry Lake to supply and store water. The Association prepaid these rights during the year ended March 31st, 2018 for a total of \$2,151,578. These rights are shown as other assets related to storage rights on the statement of net position and will be amortized over a period of thirty six years. Water storage rights amortization expense for the fiscal year ended March 31, 2023 was \$59,760.

10. Benefit Plan

The Association has adopted an IRA plan which covers substantially all employees. Employees can make pre-tax salary contributions to the plan and Association will match up to 3% of the employee's contributions. Employer contributions to this plan for the years ended March 31, 2023 were \$14,297.

11. Concentrations of Risk

A. Revenues and Receivables

Another financial instrument that potentially subjects the Association to credit risk consist of accounts receivable. The Association sells only to its members within a defined geographic region.

B. Water Supply System

The Association purchases its water from the Cities of Van Buren and Roland Utility Authority as well as utilizing Tenkiller Lake as a source of water for treatment. If the cost of the water were to increase or the possibility of the Association to have to obtain water from other suppliers was to occur, this may have an effect on the Association's ability to continue in its current state.

12. Risk Management

The Association is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Association carries commercial insurance and workers compensation insurance through various Insurance Company's.

There has been no significant reduction in the Association's insurance coverage from the previous year. In addition, there have been no settlements in excess of the Association's coverage in any of the prior three fiscal years.

13. Subsequent Events

The Association has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended March 31, 2023, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

SEQUOYAH COUNTY WATER ASSOCIATION
ADDITIONAL COMMENTS REQUIRED BY RURAL DEVELOPMENT

<u>Water Rate Schedule</u>	
0-2,000	\$45.00
2,001 - 4,000	5.65/1000
4,001 - 6,000	\$5.80/1000
6,001 - 10,000	\$6.10/1000
10,001 - 12,500	\$6.30/1000
12,501 - 15,000	\$6.55/1000
15,001 - 20,000	\$6.85/1000
20,001 and above	\$7.20/1000

<u>Board Of Directors</u>	
<u>Name</u>	<u>Title</u>
Dan Ollie	President
Bruce Tabor	Vice President
R E Angten	Secretary/Treasurer
John Ellis	Board Member
John Prewett	Board Member
Charles Garrison	Board Member
Lyndon Emberton	Board Member

Accounting Records and Control Over Physical Assets

The Association's accounting records, with the exception of normal adjusting entries, are in agreement with these financial statements. The accounting records of the Association are adequate. The Association's control over physical assets is adequate.

Material Or Unusual Adjustments

The accounting records of the Association incurred no unusual adjustments. Material adjustments, however not unusual in nature, included adjusting for depreciation expense and interest expense of the long-term debt.

See independent auditor's report.

ADDITIONAL REQUIRED REPORTS

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DREW KTh1BLE
Certifoa<Pu6fic fl.cccountant

104 S. Muskogee Ave
Tahlequah, OK 74464
(918) 575 - 1873

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Sequoyah County Water Association
Sallisaw, Oklahoma

We have audited, in accordance with auditing standards generally accepted In the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the accompanying financial statements of the Sequoyah County Water Association (the Association), Sallisaw, Oklahoma, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements and have issued our report thereon dated June 19, 2023.

Internal Control Over Financial Reporting

Management of the Association is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting in order to determine our auditing procedures that are appropriate for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

Our consideration of the Internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in Internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified no deficiencies in the internal controls that we considered to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that 6 there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, In internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Drew Kimble". The signature is written in a cursive, slightly slanted style.

Drew Kimble, CPA
Tahlequah, Oklahoma
June 19, 2023

SEQUOYAH COUNTY WATER ASSOCIATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED MARCH 31ST, 2D23

<u>Grant Federal Granter/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Entity</u>	<u>Year</u>	<u>Amount of Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Water & Waste Water Disposal Systems for Rural Communities	10.760	Direct Award	3/31/2023	\$ 111,590
Water & Waste Water Disposal				
Total Federal Grants and Assistance				<u>\$ 111,590</u>

Notes to Schedules:

There were no amounts passed to subrecipients.

The expenditures ere presented using the cash basis of accounting.

Granter provides adequate Insurance coverage against loss on assets purchased with Federal Awards.

The notes to the financial statements ere an integral part of this statement.

Sequoyah County Water Association
BALANCE SHEET AND INCOME STATEMENT
December 31st, 2023

Seauovah County Water Association

BALANCE SHEET

December 31st, 2023

ASSETS

CURRENT ASSETS

PETTY CASH	\$	570.04
CASH GENERAL	\$	732,780.65
PSN DEPOSIT ACCOUNT	\$	379,889.12
ACCOUNTS RECEIVABLE	\$	591,652.13
ALLOWANCE FOR DOUBTFUL ACCOUNTS	\$	(286,893.16)
PREPAID INSURANCE	\$	16,527.46
INVENTORY	\$	<u>491,643.00</u>
TOTAL CURRENT ASSETS	\$	1,926,169.24

RESTRICTED ASSETS

RUS CONSTRUCTION(CHECKING)	\$	657,221.00
DEBT SERVICE RESERVE	\$	1,102,760.40
CUSTOMER DEPOSITS	\$	228,798.56
CONSTRUCTION FUND RESERVE	\$	<u>821,707.08</u>
TOTAL RESTRICTED ASSETS	\$	2,810,487.04

FIXED ASSETS

LAND	\$	113,952.85
WATER SYSTEM	\$	48,853,266.04
FURNITURE, FIXTURES & RADIOS	\$	431,393.62
OFFICE BUILDING	\$	613,606.59
EQUIPMENT	\$	1,525,794.88
CONSTRUCTION IN PROGRESS SYSTEM	\$	12,703,379.72
WATER STORAGE RIGHTS	\$	2,151,578.00
DEPRECIATION AND AMORTIZATION	\$	<u>(12,699,867.75)</u>
NET FIXED ASSETS	\$	53,693,103.95

TOTAL ASSETS \$ 58,429,760.23

Sequoyah County Water Association

BALANCE SHEET
December 31st, 2023

LIABILITIES AND EQUITY

CURRENT LIABILITIES

ACCOUNTS PAYABLE	\$	147,541.44
ACCURED WAGES	\$	2,031.00
ACCURED COMPENSATED ABSENCES	\$	123,371.00
CUSTOMER DEPOSITS PAYABLE	\$	276,034.17
INTEREST PAYABLE	\$	36,084.89
SEWER PAYABLE	\$	3,871.29
CURRENT LONG TERM DEBT PAYABLE	\$	37,702.99
PAYROLL TAXES AND BENEFITS PAYABLE	\$	<u>31,168.69</u>
TOTAL CURRENT LIABILITIES	\$	657,805.47

LONG TERM DEBT

NOTE PAYABLE-RURAL DEVELOPMENT 91-13	\$	2,582,199.08
NOTE PAYABLE-RURAL DEVELOPMENT	\$	6,826,955.34
NOTE PAYABLE-RURAL DEVELOPMENT91-09	\$	259,778.88
NOTE PAYABLE-RURAL DEVELOPMENT91-10	\$	1,460,910.84
NOTE PAYABLE-CNB EQUIPMENT LOAN	\$	43,071.81
NOTE PAYABLE-RURAL DEVELOPMENT 91-12	\$	578,154.20
NOTE PAYABLE-RURAL DEVELOPMENT91-15	\$	8,919,667.29
NOTE PAYABLE-RURAL DEVELOPMENT	\$	12,683,633.52
NOTE PAYABLE-RURAL DEVELOPMENT91-16	\$	<u>8,327,500.49</u>
TOTAL LONG TERM LIABILITIES	\$	41,681,871.45

TOTAL LIABILITIES \$ 42,339,676.92

EQUITY

RETAINED EARNINGS PRIOR YEAR	\$	15,502,603.67
CURRENT YEAR EARNINGS	\$	<u>587,479.64</u>
TOTAL EQUITY	\$	16,090,083.31

TOTAL LIABILITIES AND EQUITY \$ 58,429,760.23

\$

Sequoiah County Water Association

INCOME STATEMENT

December 31st, 2023

INCOME	<u>Year to Date</u>
WATER SALES	\$ 3,936,087.42
MEMBERSHIP FEES	\$ 28,060.00
METER FEES	\$ 41,845.00
MISCELLANEOUS	\$ 17,131.66
TOTAL INCOME	4,023,124.08

EXPENSES	
SALARIES	\$ 606,563.40
UTILITIES & TELEPHONE	\$ 279,220.61
OFFICE SUPPLY & POSTAGE	\$ 60,465.13
INSURANCE & BONDS	\$ 109,170.35
PAYROLL TAXES	\$ 49,448.25
EMPLOYEE BENEFITS	\$ 307,471.62
LEGAL/ACCOUNTING	\$ 30,604.90
ENGINEER SERVICES	\$ 35,924.50
REPAIRS & MAINT SYSTEM	\$ 624,579.32
DEQ/EPA WATER TESTING	\$ 32,804.30
WATER COST CORP OF ENGINEERS	\$ 18,854.43
EMPLOYEE SAFETY AND PROTECTIVE	\$ 5,864.35
BANK CHARGES	\$ 34,252.76
CHEMICALS	\$ 159,802.97
FOOD & MISCELLANEOUS	\$ 12,571.35
GAS & OIL	\$ 61,081.32
REPAIRS & MAINT EQUIPMENT	\$ 144,897.28
MILEAGE REIMBURSEMENTS	\$ 1,779.39
PURCHASED WATER	\$ 454,994.69
REPAIRS & MAINT SUPPLIES	\$ 345,380.36
PENSION PLAN EXPENSE	\$ 13,952.73
BAD DEBT	\$
DEPRECIATION	\$ 818,480.00
INTEREST EXPENSE	\$ 492,053.00
TOTAL EXPENSE	<u>4,700,217.01</u>
INCOME FROM OPERATIONS	(677,092.93)

OTHER INCOME AND (EXPENSE)

GRANT INCOME	\$ 1,253,354.38
INTEREST INCOME	\$ 11,218.19
TOTAL OTHER INCOME (EXPENSE)	1,264,572.57
TOTAL NET INCOME	<u>587,147.64</u>

AGREEMENT FOR SALE

This Agreement For Sale (Agreement) is made this ____ day of _____, 2024, by and between The Sequoyah County Water Association ("Association" or "SCWA") and Sequoyah County Rural Water District No. 3 ("District" or "Scquoyah-3") and upon due consideration agree as follows:

WHEREAS, District is a rural water district formed under the provisions of 82 O.S. § 1301 et seq. and owns and operates certain water facilities and provides water service to water customers located within and beyond its geographical boundaries as established by the County Commissioners of Sequoyah County Oklahoma.

WHEREAS, Association is a non-profit corporation formed under the laws of the State of Oklahoma for the purpose of providing water service throughout Sequoyah County, Oklahoma and has the physical ability to serve its current customers, as well as the current and future customers within the geographical boundaries of District.

IT IS HEREBY AGREED:

1. SCWA will purchase and acquire all assets and assume all liabilities of Sequoyah-3.
2. SCWA is a non-profit corporation created under the laws of the State of Oklahoma for the purpose of providing potable water service to the residents of Sequoyah County, with no affiliates or subdivisions.

3. CONSIDERATION:

The consideration for this acquisition will be that SCWA will:

- a. Assume all debt and liabilities and obligations of Sequoyah-3;
- b. Provide water service to all Sequoyah-3 customers both within and outside the Sequoyah-3 service area as established by the Sequoyah County Commissioners.
- c. Will not require the current customers of Sequoyah-3 to pay any membership fees or other charges to be connected to the SCWA water system.
- d. Will pay all attorney fees and costs incurred by Sequoyah-3 relating to this acquisition.
- c. Construct water facilities as established by the Engineering Study attached as Ex. 1, in the amount of approximately \$3.8 Million Dollars, consisting of, but not limited to, extension of a water line along Highway 101 to increase the service to Sequoyah-3's existing customers. The water line along Highway 101, will *be*



connected to facilities to help serve the Sequoyah-3 existing area, and current and future customers within that area.

- f. The rates charged to the Sequoyah-3 customers being transferred to SCWA, will be charged the same rates charged to all SWCA customers.
- g. SCWA will take over and assume the operations of Sequoyah-3. The members of Sequoyah-3 will become members of SCWA, with no substantive change in policy. Management of Sequoyah-3 will be replaced with the Board of SCWA.
- h. All assets of Sequoyah-3 will be transferred to SCWA and Sequoyah-3 will be dissolved.
- i. All Sequoyah-3 records will be transferred to SCWA which will maintain the Sequoyah-3 records as required by Oklahoma Statute and/or Sequoyah-3 's retainage policy, whichever is longer.

4. The full, true and correct legal name, principal office location and mailing address for both the acquiring party and the acquiree:

Acquiring Party: Sequoyah County Rural Water Association

Principal Office:
Sequoyah County Rural Water Association
3520 West Cherokee
Sallisaw, OK 74955

Mailing Address:
Sequoyah County Rural Water Association
POBox627
Sallisaw, OK 74955

Acquiree: Sequoyah County Rural Water District No. 3

Principal Office:
Sequoyah County RWD No. 3
c/o Ban-y Spyers
118 West Cherokee
Sallisaw, OK 74955

Mailing Address:
Sequoyah County RWD No. 3
PO Box 339
Sallisaw, OK 74955

5. The authority of law under which the SCWA was created and is existing, the independent legal authority under which the application is made, and identification of the acquiring party as a municipality, public trust, rural water district, or other public entity is as follows:

SCWA is a non-profit corporation created to provide water service within Sequoyah County, Oklahoma, created under the provisions of 18 O.S. § 1001, et seq., including 18 O.S. § 1005. This Agreement to acquire was presented to the Oklahoma Water resources Board (OWRB) pursuant to 82 O.S.A. § 1324.41 et seq., and the OWRB has approved this Agreement.

6. A certified copy of the resolution or other specific authorizing instrument reflecting the SCWA's authorization for making the subject application to the OWRB and accepting this Agreement is attached as Exhibit 1.

7. A description of all rights to water supply, including water supply contracts, water rights, licenses or permits, whether existing under federal, state or local law or regulation, for both the acquiring party and the acquiree.

SCWA has the right to take 12,616 Acre Feet per year from the Tenkiller Fen-y Lake. Exhibit 2.

Sequoyah-3 has no water rights, but purchases water from the City of Sallisaw. Exhibit 3.

8. SCWA shall make the improvements to its and Sequoyah-3 's assets, system or operations which would affect the service provided to Sequoyah-3's customers, including but not limited to the SCWA's future capital improvement plans, if any, for both the SCWA and the assets to be acquired as set forth by Exhibit 4.

9. The parties each certify that they have followed all requirements of the Oklahoma Open Meetings Act to notice, discuss and vote on this Agreement and that the Agreement has been properly approved by the Board of Directors of SCWA, as well as the Board of Directors of Sequoyah-3, subject to and as a condition precedent to approval of the OWRB and the members of Sequoyah-3 at a duly noticed membership meeting.

10. This Agreement will not become effective until approval by the OWRB, and approval by the Members of Sequoyah-3 in a duly noticed membership meeting.

The Sequoyah County Water Association

By: _____
_____ —President of SCWA


Sequoyah County Rural Water District No. 3

By: _____
_____, Chairman of Sequoyah-3

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Prepared by

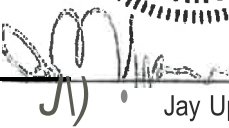
Holloway, Updike and Bellen
 Holloway, Updike and Bellen

CA No. 219
Expires 6/30/25

HUB Job No. 23SCWD3CON

December 2023




Jay Updike, PE
OK 11252

EXHIBIT

1

**Table No. 3
Water Demands
Sequoyah County Rural Water District No. 3**

Users	Number of Customers	Monthly Use (gallons)	Average Use Per Customer / Month	Peak Demand (gpml)
Sequoyah County RWD No. 3 System				
Residential	415	3,338,000	8,040	208
Commercial	0	0	N/A	
Gans System (Master Meter)				
Residential	200	1,400,000	7,000	100
Commercial	40	100,000	2,500	40
Totals	655	4,838,000	N/A	348
(1) Based on 0.50 gpm/customer. 0.50 gpm is 2.2 times the peak day purchased.				

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A graph showing the water sold to Gans for a 12 month period is attached as Figure No. 1.

V. Proposed Improvements

In order for the SCWA to consolidate the Sequoyah County RWD No. 3 system the following improvements are required as shown on Exhibit No. 1.

- A. 10,800 LF of 8" line south along N4670 Road south from a SCWA 12" Line on E1040 Road (SH 101)
- B. 11,000 LF of 6" line south along N4670 Road from E1070 Road south to and across 1-40 to an existing 6" line.
- C. Pressure reducing/control station near E1060 Road on 8" Line
- D. Replace Sequoyah County RWD No. 3 meters (415) with SCWA AMI meters.
- E. Rehabilitate Hansen Steel Water Tank.
- F. Upsize 3000 LF of 4" line to 6" from the end of the 6" line on US 64 to Gans Master Meter.
- G. Replace pump station with new 30 gpm duplex station w/standby power (30 Customers).
- H. Replace Tower Hill Distribution System Pump Station w/18 gpm Duplex Pump Station w/Standby Power and 2 - 55 Gallon Pressure Tanks. (18 Customers)

These improvements are shown on Exhibit No. 1. Detailed sheets of the water lines are attached in Appendix No. 2.

VI. Hydraulic Analysis

The existing Sequoyah County Rural Water District No. 3 tanks will be filled by gravity from the SCWA water system. The hydraulic grade at the connection of the 8" line to 2-12" lines at SH 101 to supply the Sequoyah County Rural Water District No. 3 system ranges from 840 to 870 as supplied by the SCWA Highway 17 tank.

A hydraulic analysis showing the available flow from the 8" connection to the 12" lines using an HGL of 840 is attached as Appendix No. 3.

As shown the available flow is 422 gpm which exceeds the peak demand of 348 gpm to the Sequoyah County RWD No. 3 system while still filling the Sequoyah Co. RWD No. 3 Hansen Hill Storage Tanks at a rate of 82 gpm.

VII. Construction Cost and Total Project Cost

An estimated construction cost and recommended project budget are shown in Table No. 4.

<p align="center">Table No. 4 Project Cost Estimate and Project Budget Consolidation of Sequoyah Co. RWD No. 3 into SCWA</p>					
Item No.	Description	Unit	Estimated		
			Total Quantities	Unit Costs	Total Costs
1	8 ¹¹ Water Line	LF	10,800	\$65.00	\$702,000.00
2	6 ¹¹ Water Line	LF	14,800	\$55.00	\$814,000.00
3	Pressure Reducing Station	LS	1	\$40,000.00	\$40,000.00
4	UP Railroad Bore and Casing	LF	150	\$500.00	\$75,000.00
5	1-40 Bore and Casing	LF	700	\$450.00	\$315,000.00
6	Connection to Existing Lines	EA	4	\$5,000.00	\$20,000.00
7	8 ¹¹ Gate Valves	EA	6	\$4,000.00	\$24,000.00
8	6 ¹¹ Gate Valves	EA	4	\$3,000.00	\$12,000.00
9	4" Gate Valves	EA	4	\$2,500.00	\$10,000.00
10	3" Gate Valves	EA	2	\$2,000.00	\$4,000.00
11	Road Crossings	EA	5	\$3,000.00	\$15,000.00
12	Meter Replacement	EA	430	\$400.00	\$172,000.00
13	Road Bores	EA	3	15,000.00	\$45,000.00
14.	Rehabilitation of Hansen Steel Tank	LS	1	175,000.00	\$175,000.00
15.	Tower Pump Station Replacement	LS	1	350,000.00	\$350,000.00
16.	Tower Distribution Station Replacement	LS	1	250,000.00	\$250,000.00
TOTAL CONSTRUCTION COST					\$3,023,000.00
ENGINEERING REPORT AND HYDRAULIC ANALYSIS					\$50,000.00
PLANS, SPECIFICATIONS AND EASEMENT PREPARATION					\$260,000.00
INSPECTION					\$120,000.00
CONTINGENCIES					\$347,000.00
TOTAL PROJECT COST					\$3,800,000.00

ATTACHMENT TO EXHIBIT 3

Please note that Sequoyah-3 records show 404 Residential Customers and 21 Commercial Customers, but this should not affect the proposed improvements.

Proposed SWCAAgenda Item:

Review, discuss, consider and vote on approval of the proposed Statement Regarding Proposed Acquisition of Sequoyah County Rural Water District No, 3, and the agreement of the purchase of Sequoyah County Rural Water District No. 3's assets and assumption of liabilities and the submission of said Statement to the Oklahoma Resources Board, and approval of the proposed Agreement therewith.

1942 2.agenda:tf



RESOLUTION NO. 1

RESOLUTION

WHEREAS the Sequoyah County Water Association is herein referred to as "SCWA."

WHEREAS, it is the intent of SCWA to purchase and acquire all assets and assume all liabilities of Sequoyah-3 pursuant to the proper statutory and regulations requirements.

WHEREAS, the Acquiring Party (SCWA) is a nonprofit corporation created under the laws of the State of Oklahoma for the purpose of providing potable water service to the residents of Sequoyah County with no affiliates or subdivisions, and the following persons serve as the directors and/or officers of SCWA.

WHEREAS, the consideration for this acquisition will be that SCWA will:

- a. Assume all debt and contractual obligations of Sequoyah-3;
- b. Provide water service to all Sequoyah-3 customers both within and outside the Sequoyah-3 service area as established by the Sequoyah County Commissioners as reasonably reflected in attached Bx. 1 (OWRB Statement Ex. 2).
- c. Will not require the current customers of Sequoyah-3 to pay any membership fees or other charges to be connected to the SCWA water system.
- d. Will pay all attorney fees and costs incurred by Sequoyah-3 relating to this acquisition.
- e. Construct water facilities as established by the Engineering Study attached, in the amount of approximately \$3.8 Million Dollars, consisting of, but not limited to, extension of a water line along Highway 101 to increase the service to Sequoyah-3's existing customers, as depicted by attached Ex. 2 (OWRB Statement Ex. 3). The water line along Highway 101 will be connected to facilities to help serve the Sequoyah-3 existing area, and current and future customers within that area.

- f. The rates charged to the Sequoyah-3 customers being transferred to SCWA, will be charged the same rates charged to all SWCA customers.
- g. SCWA will take over and assume the operations of Sequoyah-3. The members of Sequoyah-3 will become members of SCWA, with no substantive change in policy. Management of Sequoyah-3 will be replaced with the Board of SCWA.
- h. All assets of Sequoyah-3 will be transferred to SCWA and Sequoyah-3 will be dissolved.
- i. All Sequoyah-3 records will be transferred to SCWA which will maintain the Sequoyah-3 records as required by Oklahoma Statute and/or Sequoyah-3's retainage policy, whichever is longer.


NOW THEREFORE, BE IT RESOLVED by the Board of Directors for SCWA that SCWA will and does consent to the Statements Regarding the Proposed Acquisition of Sequoyah County Rural Water District No. 3 to be signed by the President of SCWA and submitted to the OWRB, and also approving the proposed Agreement For Sale attached to the OWRB Statement as Exhibit 5, subject to OWRB approval.

ADOPTED this 7th day of July, 2024, at the regularly scheduled meeting of the Board of Directors.



 Dan C. Ollie, President

(print name)



 R E Anglen, Secretary

(print name)

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Engine Report

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Prepared by



Holloway, Updike and Bellen
Consulting Engineers
Muskogee - Broken Arrow

CA No. 219
Expires 6/30/25

HUB Job No. 23SCWD3CON

December 2023





Jay Updike, PE
OK 11252



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Section 1.1.1

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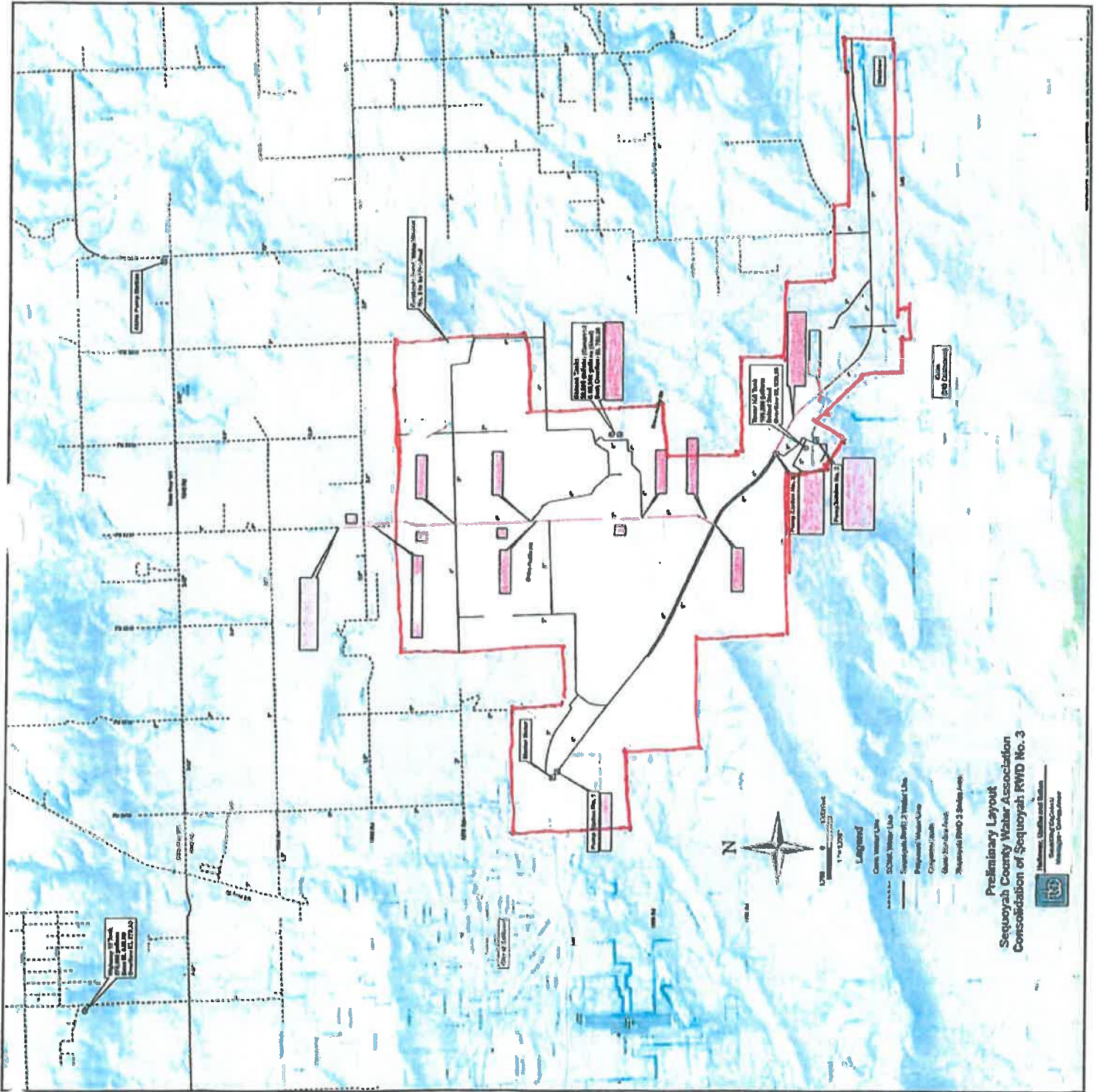
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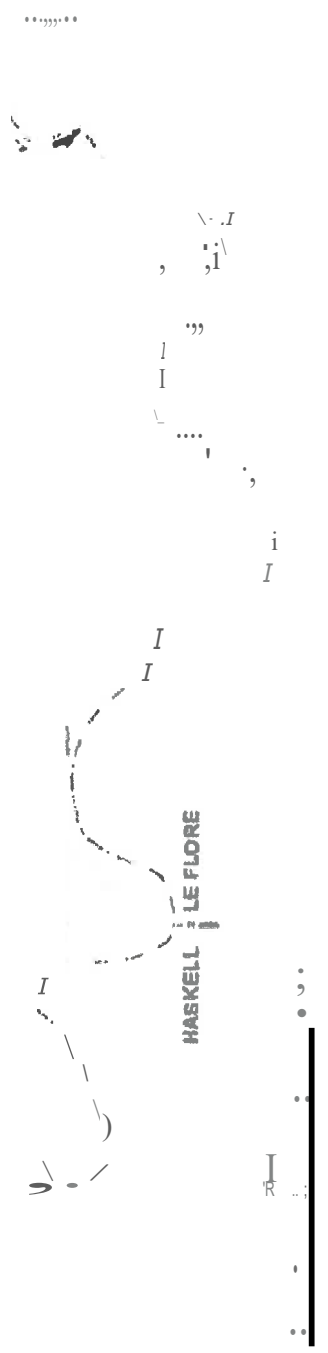
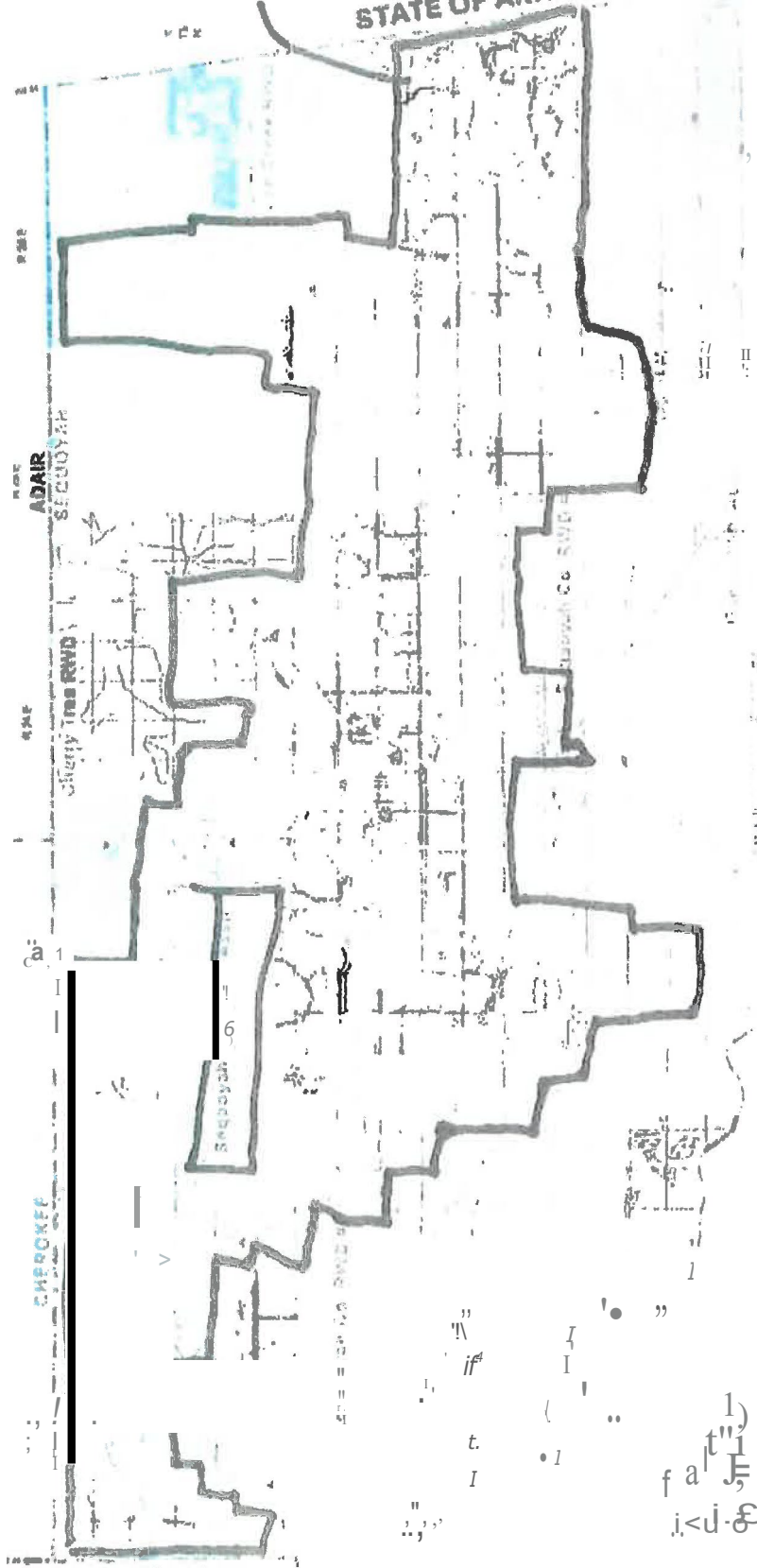


OWRB St.

Sasburg No. 8177
 EXHIBIT
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Water
Ark
Assoc.

STATE OF ARKANSAS



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OWNS ST.

Exhibit No. 8
Water System Description
Sequoyah County Water Association

Source of Water	Tenkiller Ferry Lake -12,616 Acre Feet/Year
Raw Water Intake	5.0mgd
Water Treatment Plant	5.0mgd
Water Lines	2" to 24" Water Lines - Approximate Total 562 Miles
Water Storage Tanks	16
Water Pump Stations	18
Number of Customers	6,400
%Water Loss	23%

OWEB ST.



Rural Water District #3 Sequoyah County Oklahoma was created on May 6, 1966.

Water was first offered for sale on March 15, 1968.

The district purchases water on an annual contract from the City Of Sallisaw, OK.

Current rate is \$4.76 per 1,000 gal

The District maintains 39 miles of water lines.

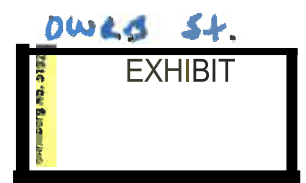
The water is metered by a master meter locate near the intersection of U.S. 64 HWY and Interstate 40 on the east side of Sallisaw, OK. The main pump station is at the same location. The other two pump stations are located four miles east of the main pump station. One pumps water up to Tower Estates 101,000 gal storage tank and the other pump station assures pressure to the residents on top of the mountain. Two other storage tanks are located at Hanson Mountain. One is a 50,000-gal steal reinforced concrete tank. The other is a 66,000 welded steel tank, currently out of service.

The district currently has 425 meters and also sells water through a master meter to the City of Gans, OK. The City of Gans OK. has an additional 240 meters.

The district maintains 39 miles of water lines.

The last three years RWD#3 has averaged and annual water loss of 36.42%.

The system is operated and maintained by Glenn Dale Woody. Oklahoma waterworks operator license #28398. Exp date 06/30/2024.



RURAL WATER DISTRICT No. 3 CUSTOMER TYPE

RESIDENTIAL 404

COMMERICAL 21

TOTAL 425

NOTE: THE CITY OF GANS, OK. IS COUNTED AS ONE COMMERCIAL METER.

THE CITY OF GANS SERVICES A TOTAL OF 240 METERS.

)

RURAL WATER DISTRICT#3 SEQ. CO

BASE RATE -----\$40.00 INCLUDES 1,000 GAL

2000-9000 GAL ----\$8.00 per K

10,000 and above--\$9.50 per K

oz...?

MONTH	PURCHASES	GALLONS		LOSS	%LOSS	% Ratio
		SOLD				
December	6,128	3,351	<i>2,n1</i>	45.32%	54.68%	
January	5,682	3,864	1,818	32.00%	68.00%	
February	5,413	2,900	2,513	46.43%	53.57%	
March	5,492	3,165	2,327	42.37%	57.63%	
April	4,329	2,556	1,773	40.96%	59.04%	
May	5,350	3,484	1,866	34.88%	65.12%	
June	5,386	3,065	2,321	43.09%	56.91%	
July	5,988	4,263	1,725	28.81%	71.19%	
August	6,525	4,441	2,084	31.94%	68.06%	
September	6,406	4,131	2,275	35.51%	64.49%	
October	5,469	3,623	1,846	33.75%	66.25%	
November	5,474	3806	1668	30.47%	69.53%	
TOTAL	67,642	42,649	24,993	36.95%	63.05%	

2021

MONTH	PURCHASES	GALLONS SOLD	LOSS	%LOSS	% Ratio
December	5,567	3,812	1,755	31.53%	68.47%
January	7,108	3,302	3,806	53.55%	46.45%
February	6,284	4,375	1,909	30.38%	69.62%
March	5,201	2,747	2,454	47.18%	52.82%
April	5,185	3,528	1,657	31.96%	68.04%
May	5,234	3,036	2,198	41.99%	58.01%
June	5,790	3,881	1,909	32.97%	67.03%
July	5,868	3,717	2,151	36.66%	63.34%
August	6,677	4,758	1,919	28.74%	71.26%
September	6,807	3,899	2,908	42.72%	57.28%
October	5,457	3,595	1,862	34.12%	65.88%
November	<u>7,145</u>	<u>4,634</u>	<u>2,511</u>	<u>35.14%</u>	<u>64.86%</u>
TOTAL	72,323	45,284	27,039	37.39%	62.61%

2-0"-

MONTH	PURCHASES	GALLONS			
		SOLD	LOSS	%LOSS	% Ratio
December	6,128	2,941	3,187	52.01%	47.99%
January	5,728	4,391	1,337	23.34%	76.66%
February	5,695	3,837	1,858	32.63%	67.37%
March	5,492	3,013	2,479	45.14%	54.86%
April	5,490	3,079	2,411	43.92%	56.08%
May	5,667	4,144	1,523	26.87%	73.13%
June	6,295	3,548	2,747	43.64%	56.36%
July	7,289	5,251	2,038	27.96%	72.04%
August	6,389	4,520	1,869	29.25%	70.75%
September	7,000	4,568	2,432	34.74%	65.26%
October	7,176	4,148	3,028	42.20%	57.80%
November	<u>4,930</u>	<u>4,233</u>	<u>697</u>	<u>14.14%</u>	<u>85.86%</u>
TOTAL	73,279	47,673	25,606	34.94%	65.06%

OKLAHOMA
Water Resources Board

OKLAHOMA WATER RESOURCES BOARD
Water Rights Administration Division

3800 N. Classen Boulevard
Oklahoma City, OK 73118-2855
406-530-8800

006060 111um1 IffliWU

2023 ANNUAL SURFACE WATER USE REPORT
- Public Water Supply

ATTN: AMY PLANK
SEQUOYAH COUNTY WATER ASSOCIATION
PO Box 627
Salfsaw, OK 74955-0627

OFFICE USE ONLY
(OWRB staff will fill in this box)

Check#
Check Amount
Amt Applied to Invoice

WATER RIGHT NO. 2003003-4
COUNTY Sequoyah
SE SE NW 1 13N 21E

FACILITY
souRce: Tenkiller Ferry Lake

Legal Description
of land

Amount of
Water thortze ... 1.0,036.0 Acre Feet I Vei

Note: All permitted l1Jnds, wells, or diversion points may not be listed

Directions:

1 Repo, '1the amount of \111ater \J\$.ed. In the preceding year associated with the permit In the table below.

If no water was used, please either write OIn the table below or check this box: **D**

Please sign, date, and fill In the contact information at the bottom of the

For each purpose listed,
indicate the amount of
water used associated
with the permit and
clrcfe the appropriate
units.

PURPOSE
Public Water Supply

AMOUNT (circle units): gallons or acre-feet

1 acre-foot = 325 851 gallons

OWRB St
EXHIBIT

Signature of Water Right Holder Or Authorized Agent

Title

Telephone

Date

Printed Name

Email Address

Please return by March 15, 2024. Wliifui failum to properly report water use may result In cancellation of the water right.
Please contact 1he OWRB with questions.



OKLAHOMA Water Resources Board

OKLAHOMA WATER RESOURCES BOARD
Water Rights Administration

3800 N. Classen Boulevard
Oklahoma City, OK 73118-2855
405-530.8800

2023 ANNUAL SURFACE WATER USE REPORT - Public Water Supply

111111 111111111111

006060

ATTN: AMY PLANK
SEQUOYAH COUNTY WATER ASSOCIATION
PO Box 627
Sallisaw, OK 74955-0627

OFFICE USE ONLY
(OWRB staff will fill in this box)

Check#
Check Amount
Amt. Applied to Invoice

WATER RIGHT NO. 19660397

FACILITY

COUNTY Sequoyah

Source Tenkiller Ferry Lake

Legal Description of Diversion Points 1313N 21E1

Legal Description of Land

Amount of Water Authorized 2,551.0 Acre Feet/ Year

• Note: All permitted lands, wells, or diversion points may not be listed

Directions:

- Report the amount of water used in the preceding year associated with the permit in the table below.
- If no water was used, please either write 0 in the table below or check this box: **D**
- Please sign, date, and fill in the contact information at the bottom of the page.

For each purpose listed, indicate the amount of water used associated with the permit and circle the appropriate units.

PURPOSE
Public Water Supply

AMOUNT (circle units): gallons or acre-feet
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Signature of Water Right Holder Or Authorized Agent

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Printed Name

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Email Address

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Date

Please return by March 15, 2024. Willful failure to properly report water use may result in cancellation of the water right. Please contact the OWRB with questions.



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Water Resources Board

OKLAHOMA WATER RESOURCES BOARD
Water RJghls Adminlratrion Divl&lon

3800 N. Classen Boulevard
Oklahoma City, OK 73118-2855
405-530.8800

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006060

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2023 ANNUAL SURFACE WATER USE REPORT
- Public Water Supply

ATTN: AMY PLANK
SEQUOYAH COUNTY WATER ASSOCIATION
PO Box627
Sallisaw, OK 74966-0627

OFFICE USE ONLY
(OWRB staff will fill in this box)

Check#

Check Amount _____

Amt. Applied to Invoice

WATER RIGHT NO.119850485

COUNTY Sequoyah

FACILITY

source Tenkiller Ferry Lake

SW SW 1313N 21E1

Legal Description of Land SW SW 1313N 21E1

Amount of Water Authorized 2.0 Acre Feet/ Year

Note: All permitted lands, wells, or diversion points may not be listed

Directions:

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PURPOSE	AMOUNT (circle units): gallons or acr.feet
Public Water Supply	110

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Signature of Water Right Holder Or Authorized Agent

Title

ti •115.0,101;- Telephone

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Printed Name

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OKLAHOMA Water Resources Board

OKLAHOMA WATER RESOURCES BOARD Water Rights Administration Division

3800 N. Classen Boulevard Oklahoma City, OK 78118-2856 405-530-8800

11111111 11111111111111 006060

2023 ANNUAL SURFACE WATER USE REPORT - Commercial

ATTN: AMY PLANK SEQUOYAH COUNTY WATER ASSOCIATION PO Box627 Sallisaw, OK 74956-0827

OFFICE USE ONLY (OWRB staff will fill in this box)

Check#

Check Amount _____

Amt. Applied to Invoice _____

WATER RIGHT NO. 19560737

COUNTY Sequoyah

Legal Description S2 SW 0313N 21E1 of Diversion Points

Legal Description of land

Amount of water Authorized 28.0 Acre Feet / Year

FACILITY:

Source Tenkiller Ferry Lake

* Note: All permitted lands, wells, or diversion points may not be listed

Directions:

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PURPOSE Commercial

AMOUNT (circle units): gallons or acre-feet '67'

Signature of Water Right Holder or Authorized Agent

[Handwritten signature]

Signature of Water Right Holder or Authorized Agent

[Handwritten name] Printed Name

Title Telephone Date

[Handwritten title and phone number] Email Address

Please return by March 15, 2024. WU failure to report water use may result in cancellation of the water right.



*Built on pride,
dedicated
to excellence*



*A Public Power
Community*

City of Sallisaw
115 East Choctaw
P.O. Box 525
Sallisaw, OK 74955
Ph. 918-775-6241
Fax 918-775-9550
www.sallisawok.org

May 10, 2023

Rural Water District #3
P.O. Box 339
Sallisaw, OK 74955-0339

Dear Sirs:

The purpose of this correspondence is to let you know that I will be proposing an increase in the cost of water for your Water Purchase Contract with the Sallisaw Municipal Authority,

/ 1 ou 1st...; > p- ff. 1e. J-1 J4..

The first 14,000 gallons will increase from \$4.62 to \$4.76 per 1,000 gallons for the first 14,000 gallons of water and will be effective July 1, 2023. This represents a 30% increase. Anything over that amount will be billed at \$5.03 per 1,000 gallons. Increased cost for production and treatment of water demands that we raise rates this year.

We appreciate your business and hope that the Sallisaw Municipal Authority can continue to supply treated water to you and your customers. If you have any questions or concerns, please let me know.

Respectfully,

Keith Skelton
City Manager



**RURAL WATER DISTRICT NO. 3
WATER PURCHASE CONTRACT**

This contract for the sale and purchase of water is entered into as of the 12th day of June, 2023, between the **SALLISAW MUNICIPAL AUTHORITY**, hereinafter referred to as the "**AUTHORITY**", and **RURAL WATER DISTRICT NO. 3**, hereinafter referred to as the "**DISTRICT**".

WITNESSETH

WHEREAS, the **DISTRICT** has been organized and established for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the **DISTRICT** and to accomplish this purpose, the **DISTRICT** will require a supply of treated water, and

WHEREAS, the **AUTHORITY** owns and operates a water supply distribution system with the capacity currently capable of serving the present customers of the **AUTHORITY** system and the estimated number of water users to be served by the said **DISTRICT**, and

WHEREAS, by motion on the 12th day of June 2023, by the Board of Trustees of the **AUTHORITY**, the sale of water to the **DISTRICT** in accordance with the provisions of the said motion was approved, and the execution of this contract carrying out the said motion by the chairman of the Board of Trustees and attested by the Secretary was duly authorized, and

WHEREAS, by motion of the Board of Directors of the **DISTRICT**, enacted on the _____ day of _____ 2023 the purchase of water from the **AUTHORITY** in accordance with the terms set forth in the said motion was approved and the execution of this contract by the Chairman, and attested by the Secretary, was duly authorized;

NOW, THEREFORE, in consideration of the foregoing and mutual agreements set forth,

THE AUTHORITY AGREES:

1. (Quality and Quantity) To furnish the **DISTRICT**, at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the State Board of Health in such quantity as may be required by the **DISTRICT**. The **AUTHORITY** will supply a maximum of 14.0 million gallons per month to the **DISTRICT** plus an additional 10,000 gallons per month per additional customer over the present 257 customers, up to a maximum of 100 additional customers or 9,000,000 gallons per month if the **DISTRICT** has 357 customers.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonable constant normal pressure calculated at 40 psi from an existing eight-inch main supply at a master meter located approximately 1490' east of Interstate 40 on U.S. Highway 64 east of Sallisaw on the south side of Highway 64. If a greater pressure than that normally available at the point of

delivery is required by the **DISTRICT**, the cost of providing such greater pressure shall be borne by the **DISTRICT**. The pressure pumps of the **DISTRICT** shall be operated at a rate not to exceed 100 gpm and shall be operated during those hours which the **AUTHORITY** has lowest consumption; said hours are to be approved by the **AUTHORITY**. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the **AUTHORITY** from this provision for such reasonable period of time as may be necessary to restore service.

3. (Billing Procedure) To furnish to the Chairman of the **DISTRICT**, at Sallisaw, Oklahoma, not later than the 15th day of each month, with a statement of the amount of water furnished the **DISTRICT**.

4. (Master Meter) The **DISTRICT** may calibrate the master water meter to determine its accuracy and if by such test the previous readings of the reader shall be disclosed to be inaccurate, previous billings shall be corrected for the six months period immediately prior to such test in accordance with the percentage of inaccuracy determined over 2%. If the meter fails to register for any period, the amount of water furnished during such period shall be estimated by the water department of the **AUTHORITY**, taking into account previous billings for the twelve (12) month period immediately prior thereto. The master metering equipment shall be read by the **AUTHORITY** monthly.

THE DISTRICT AGREES:

I. (Rates and Payment Date) To pay the **AUTHORITY** not later than the last day of each month for water delivered. The amount of water used to be determined by the reading of a master meter to be provided and installed by the **AUTHORITY** and the following rates to be applied to this gross amount.

OO gallons - \$4.76 per thousand gallons. This charge for water is based on anticipated cost and if cost exceeds this amount, the **AUTHORITY** shall have the right to renegotiate the contract.

b. The **DISTRICT** agrees that for any water used in excess of the amount set forth above, the 14,000,000 gallons per month plus 10,000 gallons per month per additional customer over 257 customers, as aforesaid, the **DISTRICT** will pay to the **AUTHORITY** a charge of **\$5.03** per thousand gallons for all water used over the gallon limit allowed.

c. The **DISTRICT** agrees to pay any temporary surcharge, which is assessed by the **AUTHORITY** to its other customers, as part of an approved water conservation program.

d. The **DISTRICT** agrees to pay additional rate increases if the **AUTHORITY** increases rates for other water customers during the term of this agreement.

2. If payment for said water is not made within 30 days after receipt of said statement, the **AUTHORITY** may, at its option and upon ten (10) day notice by registered letter to the office of the **DISTRICT**, discontinue the furnishing and sale of water to the **DISTRICT**.

Upon failure to pay for said water within such 30-day period, the **AUTHORITY** may institute legal action to enforce collection of any such amount due and the **DISTRICT** agrees to pay for all expenses of suit, including a reasonable attorney's fee.

3. The **DISTRICT** agrees to provide to the **AUTHORITY** a monthly report showing water loss for the previous month. This report is to be submitted with payment. The **District** agrees to take reasonable action to maintain its system to minimize water loss.

4. The **DISTRIST** agrees to abide by and strictly enforce all water conservation measures as mandated by the **AUTHORITY**.

IT IS FURTHER MUTUALLY AGREED BETWEEN THE AUTHORITY AND THE DISTRICT, AS FOLLOWS:

1. (Term of Contract) This contract shall be for a period of one (1) year beginning July 1, 2023 and ending June 30, 2024 at the termination of which the **AUTHORITY** and the **DISTRICT** may renegotiate.

2. It is further agreed that the **DISTRICT** may sell water to the Town of Gans, Oklahoma.

3. (Failure to Deliver) That the **AUTHORITY** will at all times operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the **DISTRICT** with quantities of water required by the **DISTRICT**. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water or the supply of water available to the **AUTHORITY** is otherwise diminished over an extended period of time, the supply of water to **DISTRICT** consumers shall be reduced or diminished. The **AUTHORITY** shall retain first right and priority to the availability of its water.

4. (Regulatory Agencies) That this contract is subject to such rules, regulation or laws as may be applicable to similar agreements in the State of Oklahoma and the **AUTHORITY** and **DISTRICT** will collaborate in obtaining such permits, certificates or the like, as may be required to comply therewith.

5. The **DISTRICT** hereby agrees to hold the **AUTHORITY** harmless from any and all actions, claims, demands or judgments arising from the maintenance, upkeep or operation of their respective distribution equipment and facilities and to defend at their expense all such actions whereby the **AUTHORITY** may be named as a party,

6. (Miscellaneous) That the construction of the water supply distribution system by the **DISTRICT** is being financed by a loan from the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the **DISTRICT** are conditioned upon the approval in writing of the State Director of Oklahoma of the Farmers Home Administration. Similarly, any modification of the provisions of this contract, including any increase in the schedule of rates to be paid by the **DISTRICT** for the delivery of water shall be conditioned upon the prior approval, in writing, of the State Director of Oklahoma of the Farmers Home Administration.

7. (Successor to the DISTRICT) That in the event of any occurrence rendering the DISTRICT incapable of performing under this contract, any successor of the DISTRICT, whether the result of legal process, assignment or otherwise, shall succeed to the rights of the DISTRICT hereunder.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in two (2) counterparts, each of which shall constitute an original.

SALLISAW MUNICIPAL AUTHORITY

BY: _____
Chairman of the Board of Trustees

ATTEST:

Kim Jamison
Secretary

(SEAL)_

RURAL WATER DISTRICT NO. 3

By: Gary Don Peltum
Chairman

ATTEST:

Gary Don Peltum
Secretary

(SEAL)

RESOLUTION NO. ___

RESOLUTION

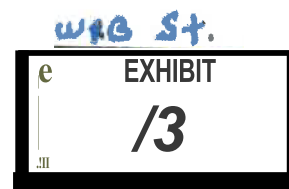
WHEREAS, Sequoyah County Rural Water District No. 3 is herein referred to as "Sequoyah-3."

WHEREAS, it is the intent of Sequoyah County Water Association ("SCWA") to purchase and acquire all assets and assume all liabilities of Sequoyah 3 pursuant to the proper statutory and regulations requirements.

WHEREAS, the Acquiring Party (SCWA) is a non-profit corporation created under the laws of the State of Oklahoma for the purpose of providing potable water service to the residents of Sequoyah County, with no affiliates or subdivisions, and the following persons serve as the directors and/or officers of SCWA.

WHEREAS, the consideration for this acquisition will be that SCWA will:

- a. Assume all debt and contractual obligations of Sequoyah-3;
- b. Provide water service to all Sequoyah-3 customers both within and outside the Sequoyah-3 service area as established by the Sequoyah County Commissioners as reasonably reflected in attached Ex. 1 (OWRB Statement Ex. 2).
- c. Will not require the current customers of Sequoyah-3 to pay any membership fees or other charges to be connected to the SCWA water system.
- d. Will pay all attorney fees and costs incurred by Sequoyah-3 relating to this acquisition.
- e. Construct water facilities as established by the Engineering Study attached, in the amount of approximately \$3.8 Million Dollars, consisting of, but not limited to, extension of a water line along Highway 101 to increase the service to Sequoyah-3's existing customers, as depicted by attached Ex. 2 (OWRB Statement Ex. 3). The water line along Highway 101 will be connected to facilities to help serve the Sequoyah-3 existing area, and current and future customers within that area.




- f. The rates charged to the Sequoyah-3 customers being transferred to SCWA, will be charged the same rates charged to all SWCA customers.
- g. SCWA will take over and assume the operations of Sequoyah-3. The members of Sequoyah-3 will become members of SCWA, with no substantive change in policy. Management of Sequoyah-3 will be replaced with the Board of SCWA.
- h. All assets of Sequoyah-3 will be transferred to SCWA and Sequoyah-3 will be dissolved.
- i. All Sequoyah-3 records will be transferred to SCWA which will maintain the Sequoyah-3 records as required by Oklahoma Statute and/or Sequoyah-3's retainage policy, whichever is longer.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors for Sequoyah-3 that Sequoyah-3 will and does consent to the Statement Regarding the Proposed Acquisition of Sequoyah County Rural Water District No. 3, to be signed by the President of SCWA and submitted to the OWRB, and also approving the proposed Agreement For Sale attached to the OWRB Statement as Exhibit 5, the Agreement approval being subject to approval of the OWRB and Sequoyah-3's members at a duly noticed membership meeting.

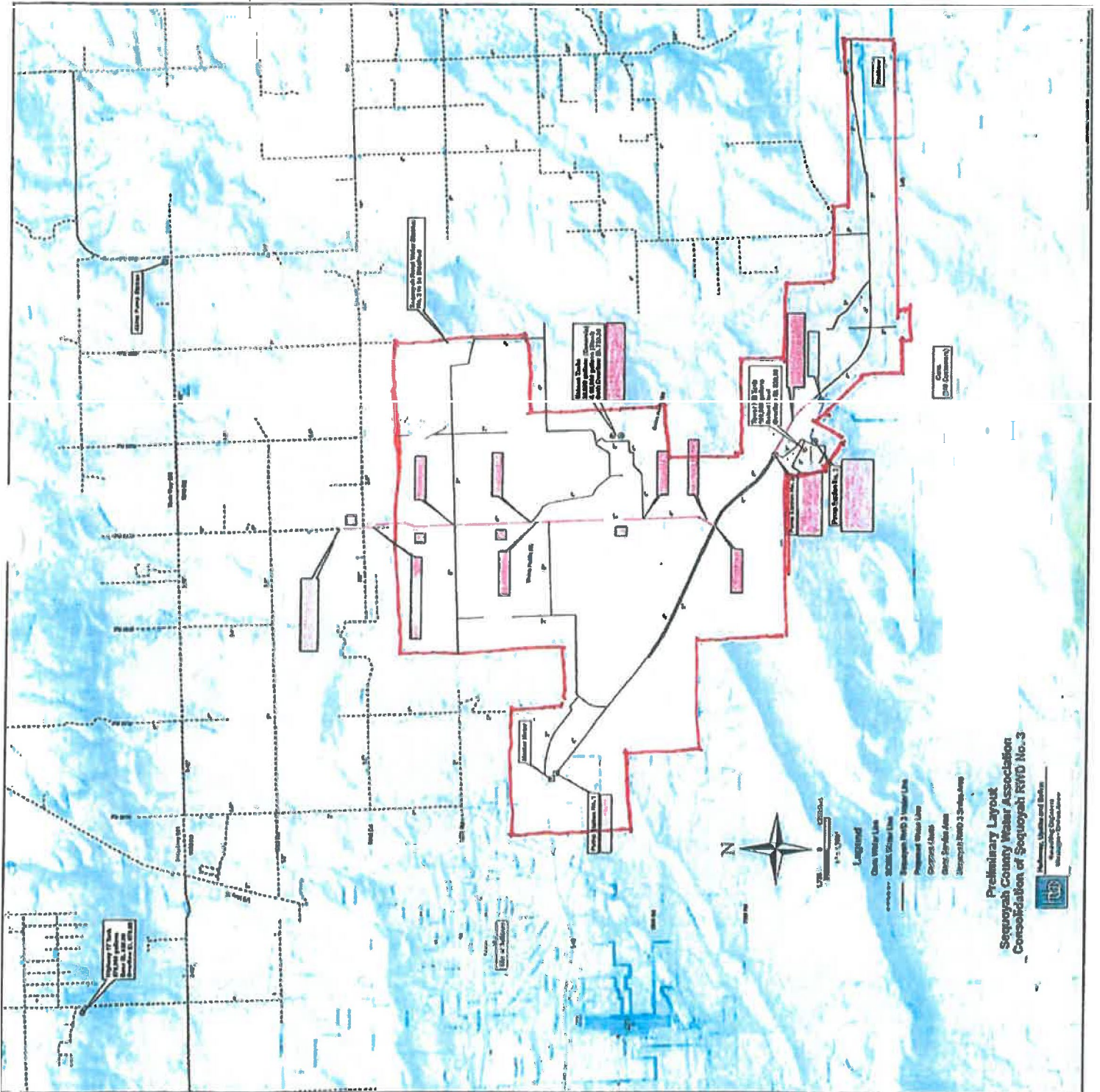
ADOPTED this 13 day of Feb : 2024, at the regularly scheduled meeting of the Board of Directors.

s. & a. 5kft-Chfilnman

(print name)


Gary Don Cullum, Secretary

(print name)



Engineer Report

Consolidation of final plan for ...ah County RWD ... 3

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... ..



... ..
... ..

Prepared by



Holloway, Updike and Bellen

Consulting engineers
Mustogoe • Bror, en Arrow

CA No. 219
Expires 6/30/25

HUB Job No. 23SCWD3CON

December 2023



Jay Updike

 Jay Updike, PE
I, OK 11252

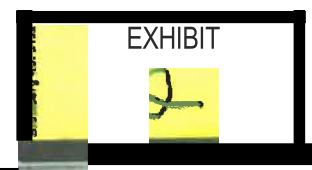


Table No. 3 Water Demands Sequoyah County Rural Water District No. 3				
Users	Number of Customers	Monthly Use (gallons)	Average Use Per Customer /Month	Peak Demand (gpm)
Sequoyah County RWD No. 3 System				
Residential	415	3,338,000	8,040	208
Commercial	0	0	N/A	
Gans System (Master Meter)				
Residential	200	1,400,000	7,000	100
Commercial	40	100,000	2,500	40
Totals	655	4,838,000	N/A	348
(1) Based on 0.50 gpm/customer. 0.50 eom ls 2.2 times the oak day purchased.				

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A graph showing the water sold to Gans for a 12 month period is attached as Figure No. 1.

V. Proposed Improvements

In order for the SCWA to consolidate the Sequoyah County RWD No. 3 system the following Improvements are required as shown on Exhibit No. 1.

- A. 10,800 LF of 8" line south along N4670 Road south from a SCWA 12" line on E1040 Road (SH 101)
- B. 11,000 LF of 6" line south along N4670 Road from E1070 Road south to and across 1-40 to an existing 6" line.
- C. Pressure reducing/control station near E1060 Road on 8" Line
- D. Replace Sequoyah County RWD No. 3 meters (415) with SCWA AMI meters.
- E. Rehabilitate Hansen Steel Water Tank.
- F. Upsize 3000 LF of 4" line to 6" from the end of the 6" line on US 64 to Gans Master Meter.
- G. Replace pump station with new 30 gpm duplex station w/standby power (30 Customers),
- H. Replace Tower Hill Distribution System Pump Station w/18 gpm Duplex Pump Station w/Standby Power and 2 - 55 Gallon Pressure Tanks. (18 Customers)

These Improvements are shown on Exhibit No. 1. Detailed sheets of the water lines are attached in Appendix No. 2.

VI. Hydraulic Analysis

The existing Sequoyah County Rural Water District No. 3 tanks will be filled by gravity from the SCWA water system. The hydraulic grade at the connection of the 8" line to 2-12" lines at SH 101 to supply the Sequoyah County Rural Water District No. 3 system ranges from 840 to 870 as supplied by the SCWA Highway 17 tank.

A hydraulic analysis showing the available flow from the B" connection to the 12" lines using an HGL of 840 Is attached as Appendix No. 3.

As shown the available flow is 422 gpm which exceeds the peak demand of 348 gpm to the Sequoyah County RWD No. 3 system while still filling the Sequoyah Co. RWD No. 3 Hansen Hill Storage Tanks at a rate of 82 gpm.

Vtt. Construction Cost and Total Project Cost

An estimated construction cost and recommended project budget are shown in Table No. 4.

Table No. 4					
Project Cost Estimate and Project Budget					
Consolidation of Sequoyah Co. RWD No. 3 into SCWA					
Item No.	Description	Unit	Estimated		
			Total Quantities	Unit Costs	Total Costs
1	8" Water Line	LF	10,800	\$65.00	\$702,000.00
2	6" Water line	LF	14,800	\$55.00	\$814,000.00
3	Pressure Reducing Station	LS	1	\$40,000.00	\$40,000.00
4	UP Railroad Bore and Casing	LF	150	\$500.00	\$75,000.00
5	1-40 Bore and Casing	LF	700	\$450.00	\$315,000.00
6	Connection to Existing Lines	EA	4	\$5,000.00	\$20,000.00
7	8" Gate Valves	EA	6	\$4,000.00	\$24,000.00
8	6" Gate Valves	EA	4	\$3,000.00	\$12,000.00
9	4" Gate Valves	EA	4	\$2,500.00	\$10,000.00
10	3" Gate Valves	EA	2	\$2,000.00	\$4,000.00
11	Road Crossings	EA	5	\$3,000.00	\$15,000.00
12	Meter Replacement	EA	430	\$400.00	\$172,000.00
13	Road Bores	EA	3	15,000.00	\$45,000.00
14.	Rehabilitation of Hansen Steel Tank	LS	1	175,000.00	\$175,000.00
15.	Tower Pump Station Replacement	LS	1	350,000.00	\$350,000.00
16.	Tower Distribution Station Replacement	LS	1	250,000.00	\$250,000.00
TOTAL CONSTRUCTION COST					\$3,023,000.00
ENGINEERING REPORT AND HYDRAULIC ANALYSIS					\$50,000.00
PLANS, SPECIFICATIONS AND EASEMENT PREPARATION					\$260,000.00
INSPECTION					\$120,000.00
CONTINGENCIES					\$347,000.00
TOTAL PROJECT COST					\$3,800,000.00

ATTACHMENT TO EXHIBIT 3

Please note that Sequoyah-3 records show 404 Residential Customers and 21 Commercial Customers, but this should not affect the proposed improvements.

**RURAL WATER DISTRICT #3
P.O. BOX339
SALLISAW, OK 74955
MINUTES
10 October 2023**

Rural Water District#3 held a Special meeting on October 10, 2023 at the Central Fire Station located at 107011 South 4670 Road, Sallisaw, OK 74955.

BOARD MEMBERS PRESENT:

Barry Orendorff	Chairman
Roy Fair	Vice Chairman
Gary Cullum	Secretary/Treasurer
Keith Orendorff	Member

Barry Orendorff called the meeting to order at 7:44 p.m. and declared a quorum was present

CONSENT AGENDA ITEMS:

The monthly minutes for September were read and approved, this motion made by Keith Orendorff, second by Gary Cullum with all voting **yes**. The monthly minutes for August were read and approved, this motion made by Roy Fair, second by Gary Cullum with all voting yes.

Under adjustments, the attached list of adjustments were approved, this motion made by Gary Cullum, second by Roy Fair with all voting yes.

The monthly financial report was reviewed and approved, this motion made by Gary Cullum, second Keith Orendorff with all voting yes.

Motion to approve checks written made by Keith Orendorff, second by Gary Cullum with all voting yes.

The electronic payroll deposit of \$1,207.20 was approved for payment, this motion made by Roy Fair, second by Keith Orendorff with all voting yes.

OLD BUSINESS:

On the I-40/Hwy 64 project, the discussion to acquire easement for the project was tabled. The Board reviewed and approved the invoice 230828 from Hawkins Weir Engineers for submittal to Oklahoma for payment, this motion made by Keith Orendorff, second by Gary Cullum with all voting yes.

The District voted to proceed with the merger of Rural Water District 3, Sequoyah County with Sequoyah County Water Association subject to the By-Laws of Rural Water District 3, Sequoyah County. This motion made by Keith Orendorff, second by Gary Cullum with all voting yes.

The District agreed to pay up to ½ of the cost of the Environmental and Engineering Report for the proposed merger of Rural Water District 3, Sequoyah County with Sequoyah County Water Association not to exceed \$25,000.00. This motion made by Gary Cullum, second by Roy Fair with all voting yes.

NEW BUSINESS:

The Board accepted the formal resignation of David Woody, this motion made by Gary Cullum, second by Roy Fair with all voting yes.

The Board declared that there were 2 vacant Board Member positions available and a motion was made that the Board accept Jay Fleetwood to fill one of the open positions, this motion made by Gary Cullum, second by Roy Fair with all voting **yes**.

Tim Warner was present to discuss the leak in his parking lot at the Gans Git-N-Go that is on the Districts side, Gary Cullum made a motion that we should contract with John Dillard to get it fixed, second by Keith Orendorff with all voting **yes**.

METER APPLICATIONS & TRANSFERS:

None at this time



RURAL WATER DISTRICT #3
P.O. BOX339
SALLISAW, OK 74955
MINUTES
@eptember 2023

Rural Water District #3 held a regular meeting on September 5, 2023 at the Central Fire Station located at 107011 South 4670 Road, Sallisaw, OK 74955.

BOARD MEMBERS PRESENT:

Barry Orendorff	Chairman
Roy Fair	Vice Channan
Keith Orendorff	Member
Jarrett Bailey	Member

Barry Orendorff called the meeting to order at 7:43 p.m. and declared a quorum was present

CONSENT AGENDA ITEMS:

The previous month minutes were approved, this motion made by Keith Orendorff, second by Roy Fair with all voting yes.

Under adjustments, none at this time.

Motion to approve checks written made by Keith Orendorff, second by Roy Fair with all voting yes.

The electronic payroll deposit of \$1,207.20 was approved for payment. this motion made by Keith Orendorff, second by Jarrett Bailey with all voting yes.

OLD BUSINESS:

<>n the 1-40/Hwy 64 project, the Board approved Hawkins Weir Invoice 230786 for submittal to ODOT for payment, this Jotion made by Keith Orendorff RoyJ:air-With-all-voting-yes-:-----•-----

A majority of the Board Members are in favor in proceeding with the merger with Sequoyah County Water Association, this motion made by Roy Fair, Second by Keith Orendorff with all voting yes.

NEW BUSINESS:

None at this time.

METER APPLICATIONS & TRANSFERS:

None at this time.

ADJOURNMENT:

Motion to adjourn made by Roy Fair, second Keith Orendorff with all voting yes.

Gary Cullum, Secretary *I* Treasurer

Proposed Sequoyah-3 Agenda Item:

Review, discuss, consider and vote on approval of the proposed Statement Regarding Proposed Acquisition of Sequoyah County Rural Water District No. 3, and the agreement of the purchase of Sequoyah Comity Rural Water District No. 3's assets and assumption of liabilities and the submission of said Statement to the Oklahoma Resources Boa.rd, and approval of the proposed Agreement therewith, subject to approval by the OWRB and the Sequoyal1-3 members at a duly noticed membership meeting.

5. SPECIAL CONSIDERATION

WATER RIGHTS ADMINISTRATION DIVISION

August 20, 2024

WATER RIGHTS ADMINISTRATION DIVISION
Proposed Default Order on a
Notice of Violation

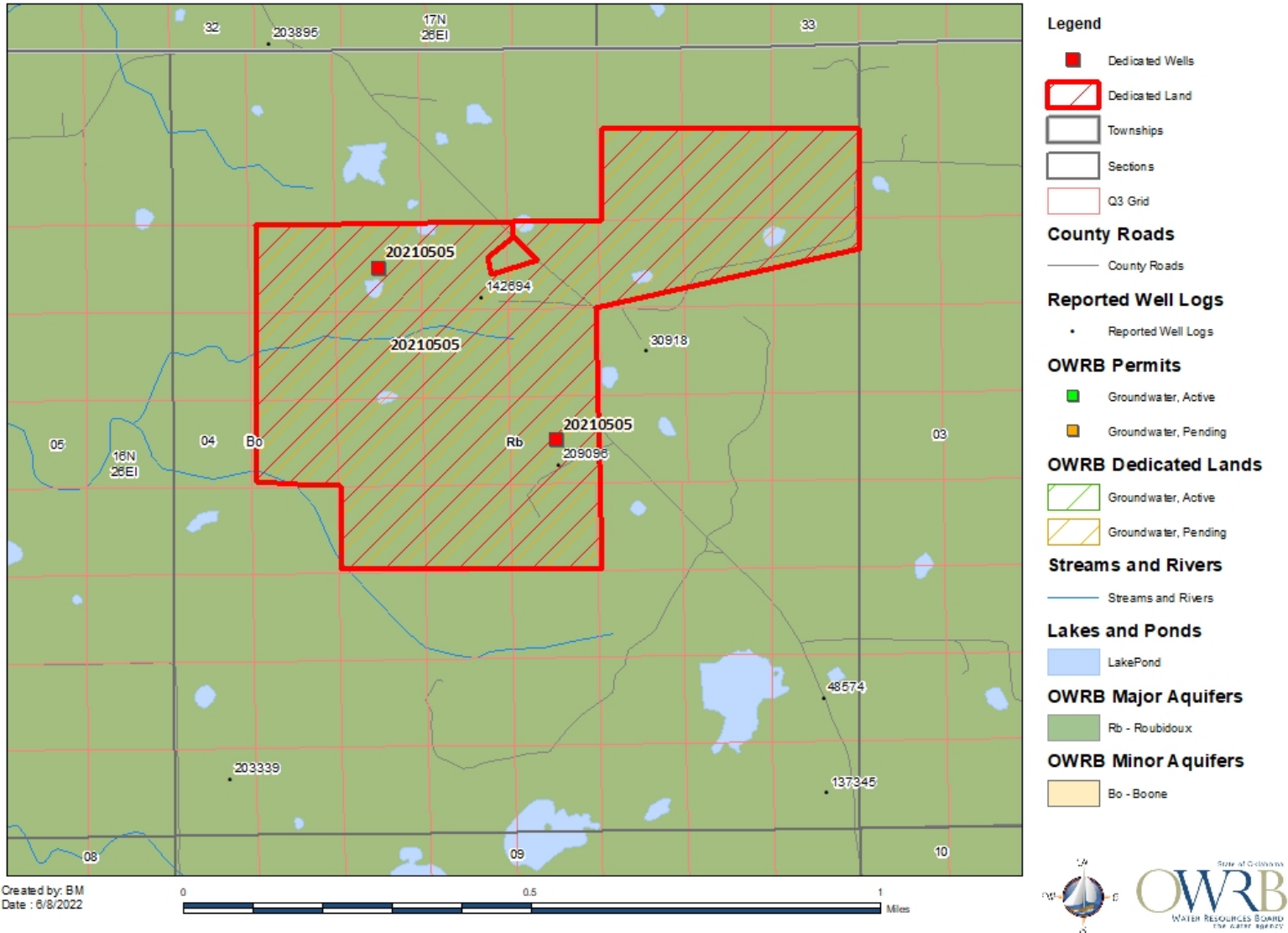
July 16, 2024

NUMBER & DATE	COUNTY	NAME OF APPLICANT	RECOMMENDATION
2021-505 1/14/2021	Adair County	Whitestone Farms, LLC	Cease and desist taking water from completed well

Notice is given by Whitestone Farms, LLC an Arkansas Limited Liability Company c/o Jesus Hernandez of 21000 Summers MTN Rd, Lincoln, AR 72744 has filed an application, #2021-505, with the Oklahoma Water Resources Board (Board) for a permit to use 398 acre-feet of groundwater per year. The groundwater is proposed to be used for agriculture (poultry houses) and taken from 199 acres located as follows: in Section 4, T16N, R26EIM, Adair County. The water is to be withdrawn from two (2) wells located as follows: one (1) well located in the SW SW NE and one (1) well located in the SW NE NW both wells are in Section 4, T16N, R26EIM, Adair County, and used in Adair County, Oklahoma, as more specifically described in the application. Wells and dedicated lands are located over the Roubidoux groundwater basin. Prior to notice, the OWRB staff received a complaint # 2309081220 in regard to improper nondomestic use of water located over the application referenced above. A notice of violation and assessment of administrative penalty was submitted on November 1st, 2023, to Whitestone Farms, LLC c/o Jesus Hernandez, requesting response by November 15th, 2023. Nothing was received by the applicant by that date. In response the OWRB staff sent a notice of violation, assessment of penalty, and hearing on March 18th, 2024, by a process server, to request Whitestone Farms, LLC c/o Jesus Hernandez to appear at the OWRB for a hearing on alleged violations of committing waste. The respondent, Jesus Hernandez, did not appear in person, by representative or by legal counsel. The hearing examiner recommends a default order be executed. The applicant gave proper Public Notice, the application was protested, and an administrative hearing is set for July 26, 2024.

Groundwater Application : Permit # 2021-505

Whitestone Farms, LLC and Arkansas Limited Liability Company - Adair County



desist using groundwater without an appropriate permit and that Respondent pay One Thousand Dollars (\$1,000.00), as authorized by 82 O.S. § 1020.22(A) for committing waste as defined in 1020.15(A)(1).

JURISDICTION AND AUTHORITY

The OWRB has jurisdiction and authority pursuant to the Oklahoma Groundwater Law, 82 O.S. §§ 1020.1 *et seq.*, the APA, 75 O.S. §§ 250 *et seq.*, and the rules of the OWRB Oklahoma Administrative Code (“OAC”) Title 785.

Section 1020.7 of Title 82 of the Oklahoma Statutes requires any person intending to use groundwater to make application to the Board for an appropriate permit as provided in Section 1020.11 of Title 82 before taking water from any completed well. The application is to be made on a form provided by the Board and pursuant to the rules and regulations established by the Board and is to be used by the Board in granting permits for existing wells. See also, OAC 785:30-1-4 and OAC 785:30-3-1. More specifically, the Board is authorized to implement the following statutes and regulations:

1. The Board shall not permit any groundwater user to commit waste by drilling a well, taking, or using groundwater without a permit, pursuant to 82 O.S. § 1020.15(A)(1) and OAC 785:30-1-3(b).

2. The OWRB having evidence that an act of waste is being committed shall take steps to assure that the waste ceases, such steps shall include but shall not be limited to: (1) pursuing voluntary compliance; (2) obtaining the issuance of a cease and desist order by the Executive Director; (3) instituting action in a court of competent jurisdiction to enjoin the waste; (4) pursuing a suspension of any permit or other administrative remedies by the Board; and (5) filing a complaint in the district court of the county wherein such violation has occurred, pursuant to 82 O.S. § 1020.15(B).

3. Any user who commits waste as defined in 82 O.S. § 1020.15 shall be subject to administrative penalties issued by the Board. Said penalties shall not exceed Five Thousand Dollars (\$5,000.00) per day for each violation and each day such violation continues shall constitute a separate violation. Such administrative penalties shall be imposed only after notice and opportunity for hearing on the proposed imposition of such penalties, pursuant to 82 O.S. § 1020.22(A).

FINDINGS OF FACT

The following facts were deemed confessed by Respondent through default and proven through documentary exhibits offered or officially noticed during the hearing, the Board hereby makes the following findings of fact:

1. The Respondent failed to appear in person or through an attorney at the hearing on May 10, 2024, at the scheduled time of 9:30 a.m. or later that same morning when its case was heard at approximately 9:38 a.m., the Respondent having received notice

of the hearing in this matter set for May 10, 2024, at 9:30 a.m., by process server, at the address given to the OWRB by the Respondent at 21000 Summers Mountain Road, Lincoln, AR 72744, as verified through the Service Return signed by the process server and received by the OWRB on April 5, 2024. *See Exhibit No. 5.*

2. The Respondent applied for a temporary permit to use groundwater for agricultural purposes on January 14, 2021. The application was processed by Bonnie Moats of Board permitting staff and was assigned application No. 2021-505. The application requested 398 acre-feet per year of groundwater for the purpose of a chicken farm. The lands as legally described in the application to be dedicated to the permit were conveyed from Floyd Edwin Paine and Janice E. Paine to Whitestone Farms LLC, on February 12, 2021, according to ownership documents provided by Jesus Hernandez. Board staff member, Jason Tutkowski, notified Respondent by e-mail on February 7, 2023, that the previously issued 90-day Provisional Temporary Permit had expired on January 31, 2023, and Respondent was no longer authorized to use water. Subsequent communication between Byron Waltman of Board staff and Jesus Hernandez revealed that the animal feeding operation operated by Jesus Hernandez in Delaware County had been using groundwater without a permit.

3. On November 1, 2023, Board Director, Julie Cunningham issued a Notice of Violation and Assessment of Administrative Penalty requesting Respondent pay an administrative penalty in the amount of One Thousand Dollars (\$1,000.00) by November 15, 2023, and Respondent did not respond.

CONCLUSIONS OF LAW

Based upon applicable law, the Board draws the following Conclusions of Law through the Respondent's default and based upon the evidence that:

1. The proceedings in this matter were conducted in accordance with the provisions of the Oklahoma Groundwater Law, 82 O.S. §§ 1020.1 et seq., the APA, 75 O.S. §§ 250 et seq., and the rules of the OWRB OAC Title 785.

2. The Notice of Violation, Assessment of Penalty, and Hearing gave a date, time, and location for the administrative hearing and explained the nature of the administrative hearing and the issues that would be presented in accordance with 75 O.S. § 309.

3. Notice of the Hearing was sufficiently delivered by process server to the Respondent.

4. The OWRB has jurisdiction and authority pursuant to the Oklahoma Groundwater Law, 82 O.S. §§ 1020.1 et seq. and the rules of the OWRB OAC Title 785.

5. The allegations set forth in the Board's Notice of Violation, Assessment of Penalty, and Hearing are deemed confessed, pursuant to OAC 785:4-7-3(d).

6. The Respondent has violated 82 O.S. § 1020.7 and OAC 785:30-1-4 by failing to obtain an appropriate permit before taking water from a completed well.

7. The Respondent has violated 82 O.S. § 1020.15(A)(1) by committing waste by using groundwater without a permit.

CONCLUSION

The Board hereby orders that the Respondent to immediately cease and desist taking water from a completed well without permit and pay One Thousand Dollars (\$1,000.00).

ORDER

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that Respondent has violated 82 O.S. § 1020.7 and OAC 785:30-1-4 by failing to obtain an appropriate permit before taking water from a completed well and 82 O.S. § 1020.15(A)(1) by committing waste by using groundwater without a permit by clear and convincing evidence.

IT IS FURTHER ORDERED that the Respondent shall immediately cease and desist taking water from a completed well without permit and pay One Thousand Dollars (\$1,000.00) as assessed in the Notice of Violation.

IT IS SO ORDERED by the Oklahoma Water Resources Board in regular and open meeting this ____ day of _____, 2024.

OKLAHOMA WATER RESOURCES BOARD

Jennifer Castillo, Chairman

ATTEST:

Suzanne Landess, Secretary

(SEAL)