

OKLAHOMA WATER RESOURCES BOARD

CLEAN WATER STATE REVOLVING FUND ANNUAL REPORT SFY 2017

FINANCIAL ASSISTANCE DIVISION



CW\$RF
OKLAHOMA

OWRB
the water agency

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FINANCIAL ASSISTANCE DIVISION

The OWRB Financial Assistance Division assists communities in their efforts to protect and conserve Oklahoma's water resources for current and future generations through cost-effective financial products, technical assistance, and high quality customer service.



Joe Freeman, Division Chief
Lori Johnson, Assistant Division Chief



Back Row L to R: Hernan Fernandez, Matt Sellers, Andy Allen, Bryce Callies
Middle Row L to R: Kar Tang, Connie Guinn, Tonya White, Lori Johnson, Vivek Rajaraman, Joe Freeman, Lindy Clay, Charles de Coune, Laura Oak
Front Row L to R: Kathy Koon, Jerri Hargis, Sara Senyondo, Paula Mills, Brenda Hansel, Kelly Jasper, Claressa Bailey, Kate Burum



STATE OF OKLAHOMA WATER RESOURCES BOARD

www.owrb.ok.gov



As we celebrate the Oklahoma Water Resources Board's 60th anniversary, I am proud of the instrumental role we have played in leading the state toward a stronger economy through improved water and wastewater infrastructure, water quality, and water management. Through the years, the agency has consistently made efforts to embrace both time-proven strategies and innovative new technologies and ideas to ensure adequate quantities of quality water for our state to grow and prosper.

Because of recent devastating drought and the historic rainfall events that followed, communities have been recognizing the importance of preparing for climate extremes through proactive water planning. Information provided by the Oklahoma Comprehensive Water Plan (OCWP) is being utilized to develop and implement local and regional plans in collaboration with water users, providers, and other partners. The OCWP has also provided accurate water-related data, including intensive studies of water supply and demand, to assist in planning for and encouraging future growth and economic development.

Planning for growth often involves undertaking projects that require funding for water quality improvements and water and wastewater system improvements, expansion, and rehabilitation. The OWRB's financial assistance programs provide Oklahoma communities with the means to create maximum results at minimal cost. Our programs have provided low interest loans and grants for Oklahoma's water and wastewater infrastructure projects in Oklahoma since 1983. The Clean Water State Revolving Fund (CWSRF) has also provided unparalleled financial assistance for communities to complete construction of pollution control projects as well as projects focused on conservation, recycling, and efficiency—the goals of Oklahoma's Water for 2060 Act, which challenges Oklahoma to use no more fresh water in 2060 than was used in 2010.

As we begin implementing the Water for 2060 Advisory Group recommendations, we will continue to work closely with other state, federal, and local partners to address water needs around the state. Some of the current topics in Oklahoma are aquifer storage and recovery (ASR), regionalization, produced water recycling, and potable reuse. During the Triennial revision of Oklahoma's water quality standards in 2016, a new category was created for Sensitive Water Supply with Reuse (SWS-R). This category will allow a municipal wastewater system to discharge into a water supply reservoir, the first step in being able to address potable reuse in Oklahoma.

In 2018, the OWRB will continue its tradition of providing sound financing for water and wastewater system improvement projects while protecting the environment. The scientifically defensible data provided through OWRB studies and monitoring will allow Oklahoma communities to make informed decisions as they refine their water planning efforts and evaluate their water and wastewater infrastructure and improvement needs. We are confident that we can help Oklahoma build a secure water future for another 60 years and beyond!

Sincerely,

Julie Cunningham
Executive Director

3800 N. CLASSEN BOULEVARD • OKLAHOMA CITY, OKLAHOMA 73118
TELEPHONE (405) 530-8800 • FAX (405) 530-8900

Stephen B. Allen • Tom Buchanan • Charles Darby • Bob Drake
F. Ford Drummond • Jason W. Hitch • Linda P. Lambert • Robert L. Melton • Robert Stallings

WATER FOR 2060
EFFICIENCY • CONSERVATION • RECYCLING • REUSE

60 YEARS
OKLAHOMA'S
WATER AGENCY
SINCE 1957
INNOVATION • COLLABORATION • SOUND SCIENCE • SERVICE



STATE OF OKLAHOMA WATER RESOURCES BOARD

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The Financial Assistance Division of the Oklahoma Water Resources Board (ORWB) is dedicated to assisting communities and rural districts in maintaining adequate water and wastewater facilities. Since 1983, we have provided approximately 60% of all the financing for Oklahoma's water and wastewater infrastructure needs. To date, we have funded over \$3.6 billion in projects with our loan and grant programs which in turn led to savings of over \$1.2 billion for Oklahoma communities and rural districts.

During SFY 2017, our focus was on providing technical assistance and outreach to communities. The OWRB and Oklahoma Rural Water Association (ORWA), partnered together to provide sustainability trainings to the communities of Oklahoma. Such trainings provided education on the water and wastewater planning guides, Fiscal Sustainability Plan requirements, system resiliency and sustainability. The Clean Water State Revolving Fund Program and the OWRB mapped infrastructure for seven communities in 2017. GPS and GIS technologies are used to provide quality water and wastewater infrastructure data to small communities and rural districts, this project provides dependable web based viewers for those who struggle with out of date infrastructure maps.

The Division looks forward to meeting challenges set forth by the state goals of the Water for 2060 Act and the eligibilities that came out of the Water Resources Reform and Development Act (WRRDA) of 2014. We are pleased that we can play such a significant role in helping finance solutions identified in the Water for 2060 Advisory Council's final report for recommendations for encouraging efficient water use across all of Oklahoma's major water use sectors. Given the excellent rapport that we share with so many communities and water users around our state, we are in a prime position to provide public education and outreach to encourage conservation, reuse, sustainability, planning, conservation pricing, consolidation, system cooperation, and so much more.

We strive to accomplish both sound financing and unparalleled environmental protection in all of our loan and grant programs. The Financial Assistance Division is proud of our AAA ratings on all of our bond issues as well as our use of innovative means to assist in meeting Oklahoma's water resources and infrastructure needs.

Work completed through the Oklahoma Comprehensive Water Plan process documented a tremendous need of over \$44 billion through the year 2060 for wastewater investments in Oklahoma. It will take the efforts of all of us in the industry to meet this great challenge.

We look forward to continuing our role in helping Oklahoma build its future.

Sincerely,

Joe Freeman, Chief
Financial Assistance Division

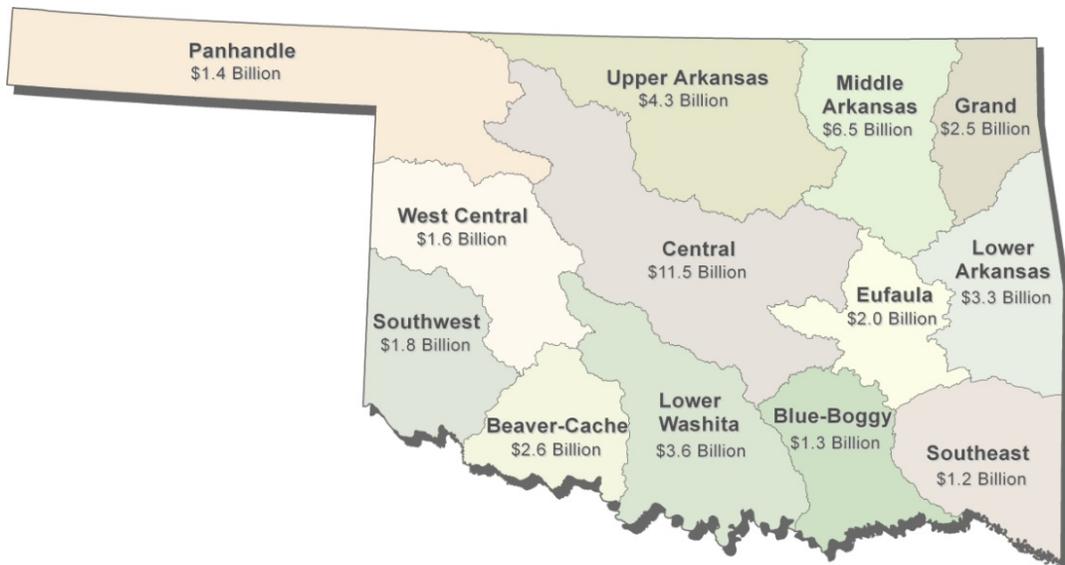
INTRODUCTION

The federal Clean Water Act (CWA) requires a report of the annual Clean Water State Revolving Fund (CWSRF) activities. The OWRB hereby submits the CWSRF Annual Report for State Fiscal Year (SFY) 2017, July 1, 2016 through June 30, 2017.

This report describes sources and uses of funds, environmental performance of construction activities, the OWRB's financial position, as well as the manner in which the OWRB met the SFY 2017 Intended Use Plan (IUP) goals and objectives.

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

FIGURE 1: PROJECTED STATEWIDE WASTEWATER INFRASTRUCTURE COST BY REGION (2010 DOLLARS)



EXECUTIVE SUMMARY

Since 1990, the OWRB's CWSRF Program has approved \$1.4 billion in wastewater and water quality infrastructure projects throughout the state, historically providing over 60% of Oklahoma's wastewater financing needs. Although enormous progress has been made in addressing Oklahoma's wastewater infrastructure needs, much work is still required. Based on the 2012 Oklahoma Comprehensive Water Plan (OCWP), anticipated wastewater infrastructure needs through 2060 are more than \$44 billion (in 2010 dollars).

The CWSRF plays a crucial role in meeting this ever-growing need by providing financing at 40% below market interest rates with standalone AAA bond ratings. The AAA ratings allow the OWRB to provide access to significantly lower interest rates than those obtained through local debt issuance. Utilizing the CWSRF Program has saved Oklahomans an estimated \$415 million in principal and interest.

In SFY 2017, Oklahoma's CWSRF committed approximately \$96.7 million in loans for projects listed on the SFY 2017 Project Priority List (PPL).

STANDARD & POOR'S RATING SERVICES

RatingsDirect

Oklahoma Water Resources Board;
State Revolving Funds/Pools

Primary Credit Analyst:
James M. Brooking, Tulsa (111) 471-1407, james.brooking@standardandpoors.com

Secondary Contact:
Scott D. Geringer, Chicago (111) 225-7016, scott.geringer@standardandpoors.com

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Rationale
Outlook
Enterprise
Financial
Peer
Ref

Oklahoma Water Resources Board; State Revolving Funds/Pools

Ratings Detail (As Of February 13, 2014)

OWRB st revolv fd / pools (Master Trust)		
Long Term Rating	AAA/Stable	Affirmed

Rationale

Standard & Poor's Rating Services assigned its 'AAA' rating, with a stable outlook, to the Oklahoma Water Resources Board's (OWRB) revolving fund revenue bonds, series 2014A and series 2014B (Master Trust), and affirmed its 'AAA' rating on the OWRB's clean water and/or drinking water revenue bonds outstanding.

The 'AAA' rating reflects the combination of an extremely strong enterprise risk profile and an extremely strong financial risk profile, reflective of our assessment of the program's:

- Low industry risk score and extremely strong market position;
- Extremely strong loss coverage score due to program reserves and annual coverage generated from borrower payments;
- Excellent history of borrower repayment, with no loans in default; and
- Generally strong financial policies and practices.

PROJECT ACTIVITY

Capital financing through the CWSRF Program enables Oklahoma’s wastewater systems to meet treatment standards for wastewater. These discharges into the State’s rivers and lakes are in accordance with the National Pollutant Discharge Elimination System (NPDES), administered by the Oklahoma Department of Environmental Quality (ODEQ). For SFY 2017, the OWRB conducted nine (9) environmental reviews and appropriate determinations were executed and distributed using the EPA-approved State Environmental Review Process (SERP) prior to providing assistance.

The SFY 2017 projects allowed borrowers to cost-effectively:

- Rehabilitate aging treatment plants and collection lines;
- Expand capacity to meet anticipated population and economic growth opportunities throughout the projects’ design life;
- Attain compliance with State effluent discharge requirements to protect Oklahoma’s water resources;
- Aim to improve the quality of priority rivers and lakes identified as threatened or impaired by reducing pollutant loading; and
- Save on interest expenses by refinancing their loans.

Eleven (11) Oklahoma entities received binding commitments (Table 1) totaling approximately \$96.7 million for the following activities during SFY 2017:

- Construction of new treatment and collection systems;
- Engineering and design;
- Stormwater and Reuse studies;
- Rehabilitation of existing wastewater facilities;
- Land acquisition;
- Green Infrastructure projects; and
- Water efficiency projects.

In SFY 2017, Norman Utilities Authority (UA), Oklahoma Conservation Commission (OCC), Muskogee Municipal Authority (MA), Porum Public Works Authority (PWA) and Lawton Water Authority (WA) addressed the EPA’s Green Project Reserve (GPR) initiative via the incorporation of water-efficient devices, green infrastructure and environmentally innovative planning. These loans received additional subsidy in the form of “Loan Forgiveness” totaling \$1,079,500. In total, systems approved by the OWRB for funding are expected to save more than an estimated \$15.1 million in principal and interest for their essential infrastructure over the life of the loans.

The following pages highlight the loans which were funded by the CWSRF Program in SFY 2017. For each loan, details including the project description, binding commitment amount, assistance provided, GPR amount as well as the status of construction as of June 30, 2017.

Table 1: Projects Identified for Receiving CWSRF Assistance within SFY 2017

PART 1: SECTION 212 PUBLICLY OWNED TREATMENT WORKS

BORROWER	PROJECT NUMBER	ASSISTANCE PROVIDED REPORTABLE TO NIMS 2017	BINDING COMMIT. REPORTABLE TO ANNUAL REPORT 2017	BINDING COMMIT. DATE	TYPE	LOAN CLOSING DATE	% INTEREST RATE ON LOAN***	ESTIMATED SAVINGS	LOAN MATURE DATE
Lawton Water Authority**	ORF-17-0011-CW	\$200,000.00	\$200,000.00	10/12/16	L	11/29/16	1.38	\$202,000.00	3/15/18
Pauls Valley Municipal Authority*	ORF-17-0013-CW	\$875,000.00	\$875,000.00	10/12/16	L	10/26/16	2.49	\$26,000.00	3/15/30
Del City Municipal Services Authority*	ORF-16-0003-CW	\$21,000,000.00	\$21,000,000.00	11/15/16	L	11/18/16	2.01	\$1,528,000.00	3/15/33
Skiatook Public Works Authority*	ORF-15-0003-CW	\$10,350,000.00	\$10,350,000.00	12/20/16	L	12/20/16	2.51	\$1,814,000.00	3/15/38
Choctaw Utilities Authority*	ORF-15-0007-CW	\$9,775,000.00	\$9,775,000.00	1/17/17	L	1/19/17	2.62	\$2,047,000.00	3/15/43
Muskogee Municipal Authority**	ORF-17-0014-CW	\$110,000.00	\$110,000.00	2/21/17	L	2/22/17	1.28	\$122,000.00	3/15/18
Skiatook Public Works Authority*	ORF-15-0003-CW	\$2,103,000.00	\$2,103,000.00	5/16/17	Incr	5/18/17	2.51	\$369,000.00	3/15/38
Muskogee Municipal Authority*	ORF-17-0019-CW	\$27,360,000.00	\$27,360,000.00	4/18/17	L	4/26/17	2.66	\$6,777,000.00	9/15/48
Grand Lake Public Works Authority*	ORF-17-0018-CW	\$1,825,182.60	\$1,825,182.60	6/20/17	L	6/20/17	2.16	\$170,000.00	3/15/37
Tulsa Metropolitan Utility Authority*	ORF-17-0001-CW	\$21,725,000.00	\$21,725,000.00	6/20/17	L	6/29/17	2.26	\$1,173,000.00	3/15/40
Broken Arrow Municipal Authority*	ORF-16-0005-CW	\$6,700,000.00	N/A	N/A	L	8/12/16	1.96	\$123,000.00	9/15/38
Lone Grove Water & Sewer Trust Authority****	ORF-04-0011-CW	-\$85,256.85	N/A	9/18/12	L	1/31/13	2.37	N/A	3/15/44
Oilton Public Works Authority****	ORF-13-0012-CW	-\$449.95	N/A	8/20/16	L	10/29/13	2.76	N/A	9/15/34
Cherokee Development Authority****	ORF-15-0012-CW	-\$12,090.46	N/A	6/16/15	L	6/26/15	2.77	N/A	3/15/46
PART 1 TOTAL		\$101,925,385.34	\$95,323,182.60					\$14,351,000.00	

PART 2: SECTION 319 NONPOINT SOURCE MANAGEMENT PROGRAMS

BORROWER	PROJECT	ASSISTANCE	B.C. AMOUNT	B.C. DATE	TYPE	CLOSING	% INTEREST	EST. SAVINGS	LOAN MATURE
Norman Utilities Authority**	ORF-17-0016-CW	\$304,625.00	\$304,625.00	3/21/17	L	3/22/17	1.24	\$318,000.00	9/15/18
Oklahoma Conservation Commission**	ORF-17-0015-CW	\$300,000.00	\$300,000.00	3/21/17	L	4/18/17	2.05	\$300,000.00	9/15/38
PART 2 TOTAL		\$604,625.00	\$604,625.00					\$618,000.00	

Table 1 (continued)

PART 3: SECTION 603(c)(6) REDUCTION OF DEMAND CAPACITY THROUGH WATER CONSERVATION, EFFICIENCY AND REUSE

BORROWER	PROJECT	ASSISTANCE	B.C. AMOUNT	B.C. DATE	TYPE	CLOSING	% INTEREST	EST. SAVINGS	LOAN MATURE
Tuttle Public Works Authority****	ORF-16-0008-CW	-\$122.15	N/A	11/17/15	L	12/1/15	1.61	N/A	3/15/21
Porum Public Works Authority**	ORF-17-0008-CW	\$780,000.00	\$780,000.00	9/20/16	L	10/5/16	1.70	\$216,000.00	3/15/27
PART 3 TOTAL		\$779,877.85	\$780,000.00					\$216,000.00	

GRAND TOTAL (CWSRF Projects)₁		\$103,309,888.19	\$96,707,807.60					\$15,185,000.00	
GRAND TOTAL (All Projects)		\$103,309,888.19	\$96,707,807.60					\$15,185,000.00	

₁, the sum of the totals of PARTS 1, 2 & 3

E=Equivalency; L = Direct Loans; R = Refinance ;(Incr.) = Increase in Binding Commitment amount, (Dec.) = Decrease in Binding Commitment amount

* Total estimated savings calculated includes interest saved on the Promissory Note amount using the CWSRF program vs self or private financing; rounded to the nearest thousand

** Total estimated savings calculated includes loan forgiveness plus interest saved on the Promissory Note amount

*** Interest Rate includes 0.5% administrative fee

**** Negative dollars is a De-Obligation

Focus on Customers by Connie Guinn

As Financial Analysts in the Financial Assistance Division, we pride ourselves on more than a focus on numbers - we focus on people as well. We foster relationships with our loan recipients so that they best understand the program and the many opportunities it offers, including a lower-than-market subsidized interest rate, no loan reserve requirements, and loan term flexibility. We discuss the intricate needs of each entity in order to offer viable solutions. We share planning and operational tools developed to give proper direction, knowledge of resources, and ways to implement solutions. We continually work to improve our own internal processes so that we can streamline and reduce any paperwork and documentation that we require from our customers.

Our regular visits to the various entities continued as part of our outreach. At this time, we have completed visits to 92% of our borrowers within the last four years. Along with these visits, the Analysts participate in many annual conventions such as the annual Governor's Water Conference, the Oklahoma Municipal Clerks, Treasurers and Finance Officials Association (OMCTFOA) conference, the Oklahoma Municipal League (OML) conference, and the Oklahoma Rural Water Association (ORWA) spring and fall conferences, and any others as opportunities arise to meet the public.

During the 2017 fiscal year, the analyst group closed thirty-three (33) loans, more than had been closed since the year 2013. In addition, exception items, which include proof of insurance, proof of operator licenses, monthly operating statements, and audits were received timely which indicates a growing rapport between the entities and the agency. We also completed audit reviews within 30 days of receipt, enabling us to give prompt feedback to the entities when needed, so that they are aware of our concerns or questions as soon as possible after the audit completion and before the next year's audit is underway in most cases.

We look forward to continue building relationships with our customers as the 2018 fiscal year unfolds. We welcome the opportunity to assist our valued customers in utilizing the program whenever possible.

CHOCTAW UTILITIES AUTHORITY

ORF-15-0007-CW

BINDING COMMITMENT

Approval: \$9,775,000

Approval Date: 01/17/2017

ASSISTANCE PROVIDED

Loan Amount: \$9,775,000

GPR: N/A

Funded Date: 01/19/2017

Additional Subsidization: N/A

Percent Complete as of 6/30/2017: 0%

Estimated Savings: \$2,047,000

The Choctaw Utilities Authority (Authority) currently serves 1,476 sewer customers with a population of approximately 3,690 residents. The city's population is 11,146 according to the 2010 US Census. However, more than half of the population is served by septic systems. The city plans to increase the connections to 2,500 in the near future. Choctaw is located in Oklahoma County 10 miles east of Oklahoma City and is part of the metropolitan area.

Choctaw's Wastewater Treatment Facility (WWTF) is a sequencing batch reactor (SBR) facility designed to treat an average daily

flow of 1 million gallons per day (mgd). The facility discharges into Choctaw creek, which is a tributary to the North Canadian River. Choctaw creek is listed on Oklahoma's 303(d) list of impaired waterbodies for Dissolved Oxygen. The Authority has received an Administrative Compliance Order for unpermitted discharges, permit violations, construction violations, operation and maintenance violations and reporting violations.

The Authority will use the loan proceeds to fund upgrades to their existing SBR wastewater treatment plant to an Alternating-Zone Extended-Air Activated Sludge process, and will include the replacement of the influent lift station and headworks, conversion of the four existing sequencing batch reactor basins into a new wet-weather flow equalization system, conversion of the existing digesters into digested sludge holding basins, construction of a UV disinfection system, construction of a post-treatment cascade aeration unit and installation of new influent and effluent flow measurement units. The new treatment plant is expected to satisfy the needs of the growing population of the City of Choctaw and its surrounding areas while addressing the Compliance Order and helping to improve the water quality of the receiving stream. In addition to the construction project, the Authority is using part of the loan proceeds to refinance part of a bank note used to pay for engineering services.



DEL CITY MUNICIPAL SERVICES AUTHORITY

ORF-16-0003-CW

BINDING COMMITMENT

Approval: \$21,000,000

Approval Date: 11/15/2016

ASSISTANCE PROVIDED

Loan Amount: \$21,000,000

GPR: N/A

Funded Date: 11/18/2016

Additional Subsidization: N/A

Percent Complete as of 6/30/2017: 6%

Estimated Savings: \$1,528,000

The Del City Municipal Services Authority (Authority) currently serves a population of approximately 21,332 residents. Del City is located in Oklahoma County and is part of the Oklahoma City metropolitan area. The boundaries of the City have reached their limits; therefore, population projections over the next 20 years only show an increase of 2,000 people.

Del City's Wastewater Treatment Plant (WWTP) is a sequencing batch reactor (SBR) facility designed to treat an average daily flow of 2.86 million gallons per day (mgd). The facility discharges

into Cherry Creek, a tributary to the North Canadian River. Cherry creek is listed on Oklahoma's 303(d) impaired waterbodies list for Cadmium, Selenium and Dissolved Oxygen. The Authority received a Notice of Violation (NOV) for permit limit violations; discharge of visible solids. Some of the treatment processes are original and are beginning to fail which can result in decreased water quality to the receiving stream.

The Authority will utilize the loan proceeds to refinance a portion of a planning and design bank loan and to rehabilitate their existing WWTP. The upgrades to the facility include replacing bar screens, grit removal system, replacing pumps, sequencing batch reactor upgrades, aerobic digester upgrades, new disc filters, changing out Disinfection System to UV, and adding VFD's to pumps at the existing wastewater treatment plant. Upgrades to the wastewater treatment facility will improve the capabilities and reliability of the system to treat the wastewater to a level required by the Authority's Oklahoma Pollution Discharge Elimination System (OPDES) permit and addresses the NOV.



GRAND LAKE PUBLIC WORKS AUTHORITY

ORF-17-0008-CW

BINDING COMMITMENT

Approval: \$1,825,182.60

Approval Date: 06/20/2017

ASSISTANCE PROVIDED

Loan Amount: \$1,825,182.60

GPR: N/A

Funded Date: 06/20/2017

Additional Subsidization: N/A

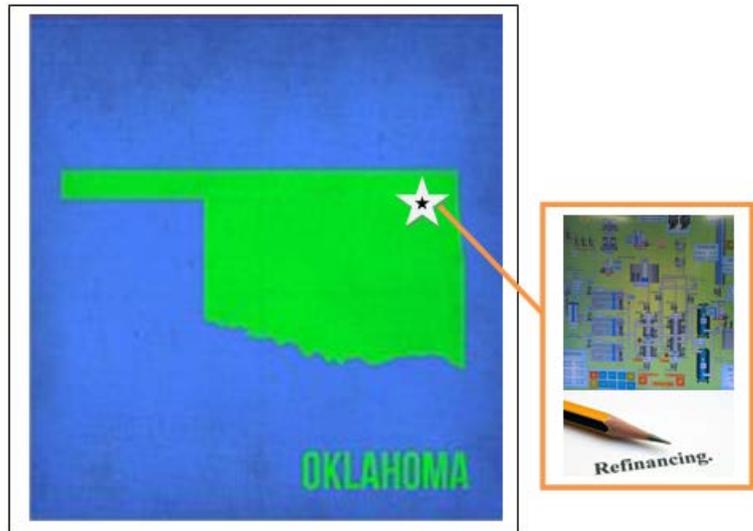
Percent Complete as of 6/30/2017: 0%

Estimated Savings: \$170,000

The Grand Lake Public Works Authority (Authority) currently serves approximately 1,200 sewer customers with a population of approximately 3,000 residents. The service area is located in Delaware County on Monkey Island, which is a peninsula on the northern shore of Grand Lake o' the Cherokees and is primarily part time residences.

The Authority's wastewater treatment facility consists of an aerated lagoon with a large holding pond. The facility does not have a permit to discharge to Grand Lake but land applies to the nearby golf course for irrigation. Grand Lake o' the Cherokees is currently listed on Oklahoma's 303(d) list of impaired waterbodies for Lead, Dissolved Oxygen and Turbidity.

The Authority will utilize the loan proceeds to refinance an existing CWSRF loan and to construct upgrades to the collection system. The upgrades will include repairing the main lift station with a grinder pump on the influent line to prevent mop-heads from building up in the existing forcemain, construct a new lift station at the midway point on the existing 12 inch forcemain to provide for cleaning of the main forcemain and help with delivery to the plant, construct new lift stations at Diamond Point, construct a new collection system at Heritage Point, and add 20 lift stations to the existing SCADA system for monitoring. These improvements will help address chronic waste build up in the forcemain lines, improve capabilities and reliability of the system to service its customers, and improve inflow and infiltration issues. These improvements will help Grand Lake PWA to continue to ensure the land applied treated wastewater remains safe for human contact thus preventing the need to discharge into the surrounding lake which will help protect it from further degradation.



LAWTON WATER AUTHORITY

ORF-17-0011-CW

BINDING COMMITMENT

Approval: \$200,000

Approval Date: 10/12/2016

ASSISTANCE PROVIDED

Loan Amount: \$200,000

GPR: \$200,000

Funded Date: 11/29/2016

Additional Subsidization: \$200,000

Percent Complete as of 6/30/2017: 95%

Estimated Savings: \$202,000

The Lawton Water Authority (Authority) currently serves approximately 31,271 sewer customers serving approximately 96,000 residents. Lawton is located in Comanche County in southwest Oklahoma near Fort Sill Military base.

The Authority currently owns and operates a tertiary wastewater treatment plant (WWTP) designed to treat an average daily flow of 18 million gallons per day (mgd). The effluent is discharged into Nine Mile Creek to Cache Creek East, which is listed on Oklahoma's 303(d) list of impaired waterbodies for Enterococcus, E. coli, turbidity, lead, dissolved oxygen and sulfates.



The loan proceeds, in addition to \$600,000 of local funds, will be used for a feasibility study to evaluate the viability of using 5 mgd of wastewater effluent for indirect potable reuse. Due to the impacts of prolonged drought conditions over the last several years in the southwest region of Oklahoma, and in order to provide a long-term solution for possible future water supply shortages, a study to evaluate the viability of implementing water reuse capability of up to 5 mgd by the Lawton WWTP effluent will be conducted. Three different alternatives to address shortages in water supplies will be evaluated, and will include a review of aquifer storage recharge, direct potable reuse, and indirect potable reuse.

MUSKOGEE MUNICIPAL AUTHORITY

ORF-17-0014-CW

BINDING COMMITMENT

Approval: \$110,000
Approval Date: 02/21/2017

ASSISTANCE PROVIDED

Loan Amount: \$110,000
Funded Date: 2/22/2017
Percent Complete as of 6/30/2017: 100%
GPR: \$110,000
Additional Subsidization: \$110,000
Estimated Savings: \$122,000

ORF-17-0019-CW

BINDING COMMITMENT

Approval: \$27,360,000
Approval Date: 04/18/2017

ASSISTANCE PROVIDED

Loan Amount: \$27,360,000
Funded Date: 04/26/2017
Percent Complete as of 6/30/2017: 0%
GPR: N/A
Additional Subsidization: N/A
Estimated Savings: \$6,777,000

The Muskogee Municipal Authority (Authority) currently serves approximately 12,224 sewer customers with a population of approximately 38,776 residences. Muskogee is located alongside the Arkansas River in Muskogee County in Northeast Oklahoma.

Muskogee's Wastewater Treatment Plant (WWTP) utilizes a trickling filter process and is designed to treat 13.74 million gallons per day (mgd). The effluent is discharged into a segment of the Arkansas River not currently listed as an impaired waterbody. The facility is under a Consent Order for discharging without a permit and reporting violations.

Muskogee is currently authorized to discharge their stormwater under the Municipal Separate Storm Sewer System (MS4) phase II general permit.

The Authority will utilize the loan proceeds from ORF-17-0014-CW to conduct a stormwater basin study of the Civitan Drainage Basin, which has experienced flooding events in the past that have covered roads and inundated homes due to undersized stormwater infrastructure in need of rehabilitation. A hydraulics analysis of the basin and a physical inspection of the infrastructure will be conducted to evaluate alternatives, develop cost estimates, and prioritize improvements in the drainage basin to reduce the risk of future stormwater flooding.

The Authority will utilize the loan proceeds from ORF-17-0019-CW to repair several wastewater lift stations, upgrade sewer collection lines, improve the WWTP, address the Civitan Basin's stormwater drainage issues, and acquire key equipment. The recommended improvements will help address the Consent Order, improve capabilities of the system to treat wastewater at the plant, and allow the City to better manage high volume storm events, decreasing the amount of runoff and erosion, thus decreasing the potential amount of bacteria, nutrients, and sediment being conveyed to the Arkansas River.



NORMAN UTILITIES AUTHORITY

ORF-17-0016-CW

BINDING COMMITMENT

Approval: \$ 304,625

Approval Date: 03/21/2017

ASSISTANCE PROVIDED

Loan Amount: \$304,625

GPR: \$304,625

Funded Date: 03/22/2017

Additional Subsidization: \$304,625

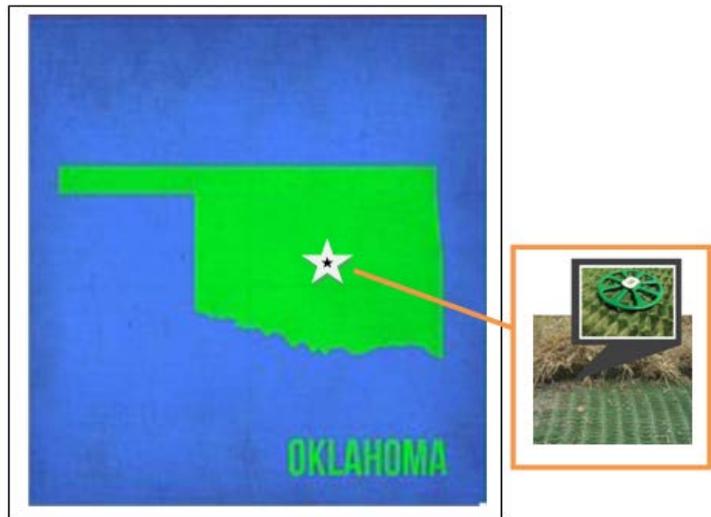
Percent Complete as of 6/30/2017: 0%

Estimated Savings: \$318,000

The Norman Utilities Authority (Authority) serves a population of 117,353 residents. This project will affect approximately 10,000 of those residents. Norman is located in Cleveland County in south central Oklahoma about 20 miles south of Oklahoma City and is part of the metropolitan area.

The Authority will utilize the proceeds to fund green infrastructure improvements along Brookhaven Creek. The project will consist of planting trees and shrubs, installation of diversion logs, pervious pavement, acquisition of drainage

easement and reinforced vegetation systems to reduce erosion in the system and stabilize Brookhaven Creek stream bank. The project will help to reduce erosion, increase the capacity of the creek, and reduce flooding in the area.



OKLAHOMA CONSERVATION COMMISSION

ORF-17-0015-CW

BINDING COMMITMENT

Approval: \$300,000

Approval Date: 03/21/2017

ASSISTANCE PROVIDED

Loan Amount: \$300,000

GPR: \$300,000

Funded Date: 04/18/2017

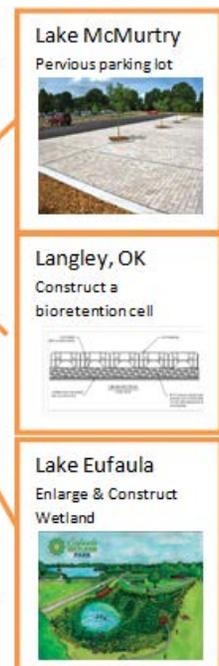
Additional Subsidization: \$300,000

Percent Complete as of 6/30/2017: 0%

Estimated Savings: \$300,000

The Oklahoma Conservation Commission (OCC) is a state agency responsible for identifying waters impaired by nonpoint source pollution and is designated as the lead agency for the Nonpoint Source Management Program. They currently serve the state of Oklahoma by prioritizing and implementing projects to reduce pollutants and improve water quality.

The OCC has partnered with other public entities and local non-profit organizations to utilize the loan proceeds to implement three nonpoint source management projects that will help improve water quality. The projects include:



- Constructing a pervious pavement parking lot at Lake McMurry just west of Stillwater. The project will be constructed in conjunction with the City of Stillwater and Friends of Lake McMurry, a local not for profit organization;
- Constructing a bioretention cell in conjunction with the Grand River Dam Authority (GRDA) at GRDA's Ecosystem and Education Center in Langley to capture and treat stormwater from the Center; and
- Enlarging and constructing a wetland at Lake Eufaula partnering with the City of Eufaula and Team Up To Clean Up, a local Lake Eufaula Non-profit Organization to implement the project.

PAULS VALLEY MUNICIPAL AUTHORITY

ORF-17-0013-CW

BINDING COMMITMENT

Approval: \$875,000

Approval Date: 10/12/2016

ASSISTANCE PROVIDED

Loan Amount: \$875,000

GPR: N/A

Funded Date: 10/26/2016

Additional Subsidization: N/A

Percent Complete as of 6/30/2017: 100%

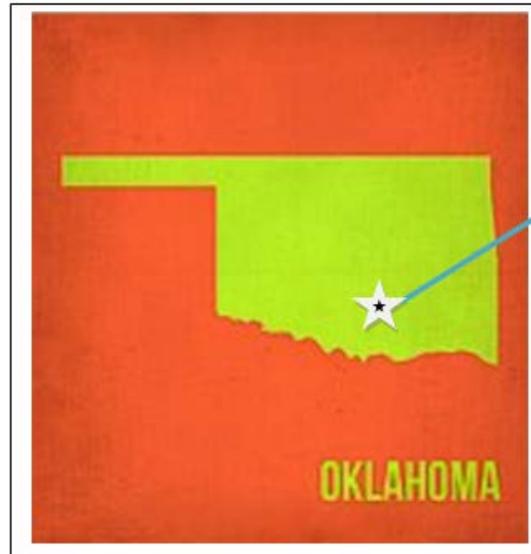
Estimated Savings: \$26,000

The Pauls Valley Municipal Authority (Authority) currently serves a population of 6,187 residents. Pauls Valley is located in Garvin County near the Washita River.

Pauls Valley currently operates a lagoon wastewater treatment facility with seasonal land application. The facility is designed to treat 0.9 million gallons per day (mgd) and discharges treated effluent to the Washita River when not land applying.

The Authority will utilize the loan proceeds to purchase the property on

which the system's wastewater treatment lagoons are located as well as the property that they use for application of treated wastewater. The Authority believes it is in their best interest to purchase the property, which is currently leased, in order to secure a long term viable source for the system's wastewater disposal.



PORUM PUBLIC WORKS AUTHORITY

ORF-17-0008-CW

BINDING COMMITMENT

Approval: \$780,000

Approval Date: 09/20/2016

ASSISTANCE PROVIDED

Loan Amount: \$780,000

GPR: \$676,116.92

Funded Date: 10/05/2016

Additional Subsidization: \$164,875

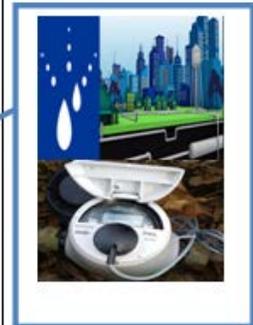
Percent Complete as of 6/30/2017: 100%

Estimated Savings: \$216,000

The Porum Public Works Authority (Authority) currently serves a population of 727 residents within the town but has approximately 2,010 active customers serving a population of approximately 5,025 residents in the town and surrounding areas. Porum is located near the Canadian River arm of Lake Eufaula in Muskogee County.

The Authority owns and maintains a Lagoon sewer system designed to treat 0.08 million gallons per day (mgd) of wastewater. The effluent is discharged into an unnamed tributary to the South Fork of Dirty Creek, which is listed on Oklahoma's 303(d) list of impaired waterbodies for enterococcus, dissolved oxygen, and sulfates.

The Authority will utilize the loan proceeds to replace their existing water meters with drive-by Automated Meter Reading (AMR) meters and the purchase of the equipment and software needed for interpretation of the AMR data. The estimated total project cost is \$780,000. The project will lead to water conservation and efficiency and will assist in meeting the statewide Water for 2060 goals while reducing the demand for the Publicly Owned Treatment Works (POTW) capacity.



SKIATOOK PUBLIC WORKS AUTHORITY

ORF-15-0003-CW

BINDING COMMITMENT

Approval: \$10,350,000

Increase: \$2,103,000

Approval Date: 12/20/2016

Increase Approval: 05/16/2017

ASSISTANCE PROVIDED

Loan Amount: \$12,453,000

Funded Date (Original Amt): 12/20/2016

Amended: 05/18/2017

Percent Complete as of 6/30/2017: 0%

GPR: N/A

Additional Subsidization: N/A

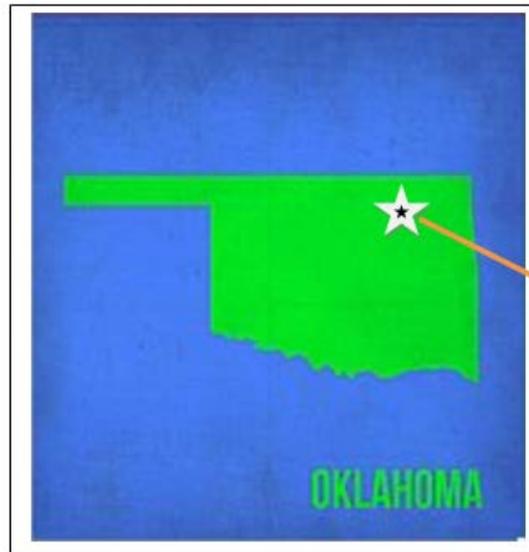
Estimated Savings: \$2,183,000

The Skiatook Public Works Authority (Authority) serves a population of approximately 7,300 residents. Skiatook is located in both Osage and Tulsa Counties in the northeastern part of the state and is a suburb of Tulsa.

Skiatook owns and operates an aerated lagoon system that is designed to treat 0.9 million gallons per day (mgd) of wastewater using biological treatment. The facility is permitted to discharge to Hominy Creek which is listed on Oklahoma's 303(d) list of impaired waterbodies for enterococcus and dissolved oxygen.

They are currently under an Oklahoma Department of Environmental Quality Consent Order for exceeding BOD and Fecal Coliform permit limits. The Authority will utilize the loan proceeds to make improvements at two existing lift stations which includes; alarm dialers, pump rails and brackets, new generators, transfer switches and security fencing. A new regional mechanical wastewater treatment facility (WWTF) at the existing Hominy Creek WWTF site will be constructed using loan funds as well. The project will consist of converting the existing Bird Creek and Hominy Creek WWTF lagoons into Flow Equalization Basins and the demolition of the existing Bird Creek and Oak & Osage liftstations. A new Bird Creek lift station and 12-inch forcemain will be constructed to serve the new plant.

The construction of this new plant will provide an economical and reliable means for the Authority to treat wastewater while meeting their long-term needs and assists in allowing for future system flexibility. The project will enable the Authority to treat wastewater more effectively and meet discharge limits thereby ultimately reducing the overall impact on the receiving stream.



TULSA METROPOLITAN UTILITY AUTHORITY

ORF-17-0001-CW

BINDING COMMITMENT

Approval: \$21,725,000

Approval Date: 06/20/2017

ASSISTANCE PROVIDED

Loan Amount: \$21,725,000

GPR: N/A

Funded Date: 06/29/2017

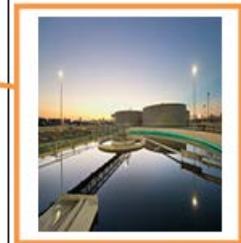
Additional Subsidization: N/A

Percent Complete as of 6/30/2017: 0%

Estimated Savings: \$1,173,000

The Tulsa Metropolitan Utility Authority (Authority) serves a population of approximately 400,000 residents for sewer service. Tulsa is the second largest city in the state and is located along the Arkansas River in Tulsa County.

The Authority owns and operates 3 activated sludge wastewater treatment plant's (WWTP) and shares a regional facility with neighboring communities. Two of the facilities discharge to the Arkansas River and 2 discharge to Bird Creek, both of which are listed on Oklahoma's 303(d) list of impaired waterbodies.



The Authority will utilize the proceeds to replace manual screens at the Northside Interceptor Lift station with 1/4 inch mechanical screens; replace large spaced bar screens at the Southside Influent Lift Station with mechanical fine screens; build a new 36-inch force main between the lift station and headworks at Haikey Creek; replace the Rose Dew Lift Station; and perform area wide sewer rehabilitation.

The Authority is incorporating all of these projects for reduction of sanitary sewer overflows (SSO) and improving the efficiency of the pumps and maintenance at the lift stations to deliver better services to the public. With the mechanical screens in place it will provide a decrease in the amount of runoff, as well as a decrease in the potential for bacteria, nutrients, and sediment being conveyed to the Arkansas River.

PROGRAMMATIC HEADLINES

OVERARCHING APPROPRIATIONS AND PROGRAMMATIC REQUIREMENTS

Oklahoma's Capitalization Grant was awarded on July 12, 2016 and included FFY 2016 Appropriations conditions. With the acceptance of the award, OWRB agreed to comply with all requirements pertaining to the Consolidated and Further Continuing Appropriations Act, 2016 (P.L. 113-4).

The Water Resources Reform and Development Act of 2014 (WRRDA) was signed into law by President Obama on June 10, 2014 and became effective on October 1, 2014. WRRDA provided changes to Titles I, II, V, and VI of the Federal Water Pollution Control Act and, in essence, reauthorized the CWSRF Program. Some of the more significant changes to the CWSRF Program resulting from the reauthorization included: land purchase necessary for construction now being an eligible cost for wastewater infrastructure; up to a 30-year loan term for qualified projects/applicants; a fiscal sustainability plan required for infrastructure repaired or replaced as well as American Iron and Steel (AIS) and prevailing wage provisions becoming permanent requirements of the CWSRF Program.

The following WRRDA requirements became effective in SFY 2015:

- Davis Bacon §602(b)(6)
- NEPA §602(b)(6)
- Generally Accepted Accounting Principles §602(b)(9)
- Use of Fees §602(b)(11)
- Expanded Eligibilities §603(c)
- Loan Terms Up to 30 Years §603(d)(1)(A)&(B)
- Fiscal Sustainability Plans §603(d)(1)(E)
- Administrative Costs §603(d)(7)
- American Iron and Steel §608
- Definition of 212 Projects §212(2)(A)

This Annual Report documents the OWRB's compliance and implementation with both the Appropriations Act and WRRDA as well as highlights projects which were funded between July 1, 2016 and June 30, 2017.

OPERATING AGREEMENT

The Operating Agreement (OA) between the State of Oklahoma and EPA incorporates required assurances, certifications and specific requirements related to the appropriate use of funds under the CWSRF. The purpose of the OA is to define and integrate rules, regulations, guidelines, policies, procedures and activities to be followed by the EPA and OWRB. In order to incorporate the new WRRDA requirements, a revised OA became effective on January 1, 2015.

DEVELOPING SYSTEM SUSTAINABILITY AND RESILIENCY

The EPA's Clean Water and Drinking Water Infrastructure Sustainability Policy stresses the need to continue working with states and water systems to promote sustainable water infrastructure. EPA efforts in the area of sustainability practices and approaches include promoting green infrastructure, repurposing byproducts rather than creating waste, developing stormwater management systems, and supporting the sustainable design of communities. Sustainable design employs robust, comprehensive planning processes to deliver projects that are cost effective over their life cycle, resource efficient, and consistent with community sustainability goals.

Oklahoma's CWSRF Program encourages system sustainability through a series of procedures and requirements. This begins with the application questionnaire utilized to rank and review projects giving preference to those including green infrastructure. Once the project was slated for possible funding, OWRB engineers worked closely with design engineers to ensure that all possible energy and water use efficiency options and technology were considered in the design. In 2016, OWRB worked with other Funding Agency Coordinating Team (FACT) members to finalize the guides and checklists for preparing Engineering Reports for both water and wastewater projects. Included in the guides are different aspects of sustainability such as water and energy efficiency considerations, and cost effectiveness analysis of all alternatives considered.

In 2016 the OWRB finalized its online Oklahoma Advantages Assessment & Scoring for Infrastructure Solutions (OASIS) interface to bring sustainability ideas to both new and current applicants or entities that are considering the construction of a new project. The OASIS tool explores the benefits of these sustainability alternatives through a series of simple background questions that can be easily answered by the user. Several presentations on the use of OASIS interface were given throughout the state of Oklahoma during the last year to introduce the tool to the entities and provide training.

Sustainability policy and goals were also addressed in the Wastewater Planning Guide (Guide) and Fiscal Sustainability Plan (FSP) released in July 2015. The Guide and FSP encourage systems to consider designing facilities that will be sustainable well into the future and can assist in fulfilling the new CWA requirements for asset management and system planning. The OWRB has given several presentations at various conferences regarding the use of the Guide and FSP. The OWRB has also teamed up with the Oklahoma Rural Water Association to provide hands-on training to water and wastewater system operators and managers on planning and sustainability.

RESILIENCY

Resiliency of water and wastewater systems in Oklahoma can best be attained through cooperation and connection between systems for redundancy and increased capacity. While such activities are more common in the water than in the wastewater sector, where feasible, it will be strongly encouraged by the OWRB.

Table 2: Oklahoma CWSRF Sustainability

This table indicates how projects funded satisfy the intent of the EPA's Sustainability Policy.

RECIPIENT	PROJECT NUMBER	PROJECT TITLE	FUNDED AMOUNT ¹	SUSTAINABILITY CRITERIA MET ²
Skiatook PWA	ORF-15-0003-CW	Sanitary Sewer system and WWTP improvements	\$12,365,000	1,3
Del City MSA	ORF-16-0003-CW	Sanitary Sewer system improvements	\$21,000,000	1,3
Broken Arrow MA	ORF-16-0005-CW	WWTP and lift station improvements	\$6,700,000	1,3
Muskogee MA	ORF-17-0014-CW	Stormwater drainage master plan	\$110,000	3
Choctaw UA	ORF-15-0007-CW	Sanitary Sewer system and WWTP improvements	\$9,775,000	1,3
Grand Lake PWA	ORF-17-0018-CW	Sanitary Sewer system improvements	\$1,825,183	1,3
Muskogee MA	ORF-17-0019-CW	Sanitary Sewer system and WWTP improvements, stormwater drainage issues and acquiring new equipment	\$27,360,000	1,2,3
Tulsa MUA	ORF-17-0001-CW	Sanitary sewer and WWTP rehabilitation and improvements and new interceptor	\$21,725,000	1,3
Oklahoma Conservation Commission	ORF-17-0015-CW	Construction of three Green Infrastructure projects	\$300,000	3
Lawton WA	ORF-17-0011-CW	Feasibility study for viability of indirect potable reuse of WWTP effluent	\$200,000	2,3
Porum PWA	ORF-17-0008-CW	Automatic Meter Reading	\$780,000	1,2,3
Norman UA	ORF-17-0016-CW	Stream bank stabilization	\$304,625	2,3
Pauls Valley MA	ORF-17-0013-CW	Land acquisition for application of effluent	\$875,000	3

¹Final Amount on the Promissory Note.

² Criteria are as follows: 1 = Repair, replacement and upgrade of infrastructure in existing communities 2 = Investigations, studies or plans to improve technical managerial or financial capacity. 3 = Preliminary planning and projects that reflect life cycle costs, conservation of natural resources, alternative approaches.

The OWRB has addressed resiliency to extreme events such as drought and climate change in its production of the OCWP where studies were done for different climate scenarios. An analysis tool, dubbed “Oklahoma H2O”, was developed to compare projected demands by basin; and an online drought tool was developed in conjunction with the U.S. Bureau of Reclamation.

The OCWP further addresses climate change by providing new 2030 and 2060 demand projections for both the Municipal and Industrial sector and the Crop Irrigation sector, based on a “Hot and Dry” scenario, and a “Warm and Wet” scenario. Both scenarios have shown a significant increase in demand. The OCWP Executive Report summarizes that: “Impacts on surface water gaps are expected to be most significant under the “Hot and Dry” scenario and are anticipated to increase in severity. Federal, state, and local water planners should continue to monitor climate change science in light of these potential impacts on Oklahoma’s supplies and demand.”

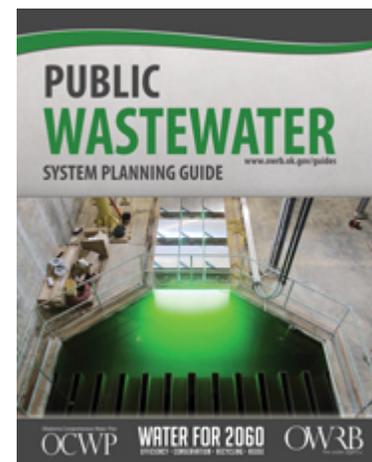
Additionally, the U.S. Bureau of Reclamation–funded Drought Tool for Oklahoma is essentially an outline of drought management concepts and options with an exhaustive set of links to valuable resources available to entities and planners. The analysis tool “Oklahoma H2O” is a Microsoft Access and GIS–based tool that compares projected demands to physical supplies in each basin. It was a key foundation of the OCWP technical work and its projections. While this program is not off-the-shelf software for everyday users, Oklahoma H2O is available to provide future planners basin-level information on potential supply gaps. It gives the flexibility to pose various “what-if” scenarios, including climate change scenarios, which would affect vital supply and management decisions.

PUBLIC WASTEWATER PLANNING GUIDE

Wastewater system planning decisions are local and can vary greatly by system. Since 2015, the OWRB has been presenting the Guide as a way to assist public wastewater utilities in developing plans to meet their long-term needs. The Guide is an easy-to-use printed document with companion online fillable forms and spreadsheets designed to assist entities in developing detailed strategies to meet both their short-term and long-term wastewater infrastructure needs. This allows entities to think about a more resilient, sustainable, and efficient design capable of meeting its long-term goals.

The Guide may be most useful for smaller utilities who have not prepared Capital Improvement Plan (CIP) in the past.

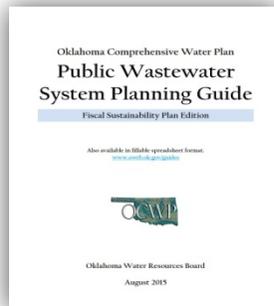
However, the steps and processes outlined are applicable to all wastewater systems, regardless of their capacity and size. The Guide walks the user through the process of understanding what infrastructure it has in place, what its needs are, and the options it has in order to meet those needs using a question and answer format. The planning process involves several steps, including gathering data, identifying goals and objectives of the organization, developing and accessing alternatives to meet those goals, and outlining methods to implement the selected alternatives.



Planning also includes periodic reassessment to account for any changes in conditions, goals, or objectives. The Guide also provides resources to additional information that may be valuable in the planning process. The intent of the Guide is not to provide a single solution that fits every system, but to provide a framework for collecting data that is necessary for long-term wastewater system planning.

The Guide, which can be found online at www.owrb.ok.gov/guides, includes color coded sections and tables for use with FSPs.

FISCAL SUSTAINABILITY PLANS – §603(D)(1)(E)



As amended, the CWA now includes section 603(d)(1)(E) which states that an FSP will be developed and implemented for proposed “repair, replacement, or expansion,...” of existing treatment works. Per EPA guidance, FSPs are required for projects who submitted a programmatic application on or after October 1, 2014. Programmatic Application is defined in the Oklahoma Administrative Code (OAC) in Section 785:50-9-9 as “the application that is required prior to being placed on the Project Priority List.”

The FSP includes, at a minimum:

- An inventory of critical assets (Section 4 of the Guide, Asset Management: Inventory Development, System Operation and Maintenance);
- An evaluation of the condition and performance of those assets (Sections 4 & 5, Wastewater System Administration, of the Guide);
- Documentation that the system has evaluated and will be implementing water and energy conservation efforts; and
- A plan to maintain, repair and replace the treatment works over time and a plan to fund these activities (Section 8 of the Guide).

With new guidance in place, sustainability is intended to take a front seat in the design and development phase using the entity’s own FSP. An FSP is not initially required to describe an entire system, but rather be a dynamic plan of sustainability that describes the project being funded in logical sections. As new projects come online, their respective FSPs should be added to any earlier FSPs that may exist and describe how it fits into the larger system context. The OWRB encourages that entities take a look at developing a system-wide FSP (fundable by the CWSRF) or at least doing so in stages as subsequent projects come online.

It is not the intention that all projects heretofore require an FSP. As explained in EPA’s January 6, 2015 Memorandum regarding its WRRDA Interpretive Guidance footnote 5, page 12:

“FSPs are not required for new treatment works (unless they are physically replacing an existing treatment works or expanding the treatment capacity of an existing system) or for projects involving an upgrade that does not involve

repair/replacement or expand the treatment capacity (e.g., adding advanced treatment).”

Hence, systems that are determined by the OWRB to meet the above description will not be asked to prepare or certify that they have an FSP. The OWRB will, however, continue to encourage the use of such plans in all new projects as a valuable tool for both maintaining their existing treatment works as well as establishing a better long-term system and planning for the funds that make it possible.

For assistance recipients who submitted a programmatic application on or after October 1st, 2014, as part of their loan agreement, they certified with their loan agreement that they either:

- Have a plan that fulfills the requirements of the FSP. Additional certification will be received with the final reimbursement request that documents that their plan was updated to include the CWSRF funded infrastructure; or
- Will develop an FSP as part of the CWSRF project. The OWRB will review the FSP prior to the final reimbursement request on site using the OWRB’s FSP Checklist.

ONLINE BENEFITS ASSESSMENT PROGRAM FOR WASTEWATER

The OASIS program was designed to help communities quantify the environmental, social, and economic benefits of their wastewater infrastructure investment. The information included in the resulting output statements can help community leaders make well-informed decisions regarding the types of projects that will best meet their community’s short- and long-term goals. The current application was developed and made available to communities at www.owrb.ok.gov/oasis. In SFY 2017, OWRB met with Northbridge to discuss the integration of the Project Planning List (PPL) to OASIS.

EXPANDED ELIGIBILITIES §603(c)

With the passage of WRRDA, projects eligible for consideration for funding expanded and were promoted during marketing sessions conducted by OWRB staff.

Oklahoma’s CWSRF Program eligibilities include the following types of projects:

- Construction of publicly owned treatment works (POTW); as defined by FWPCA Section 212 (2)(A)(B), which now includes land necessary for construction;
- Implementation of a nonpoint source (NPS) management program;
- Development and implementation of a conservation and management plan under CWA Section 320;
- Construction, repair or replacement of decentralized wastewater systems that treat municipal wastewater;
- Measures to manage, reduce, treat, or recapture stormwater or subsurface drainagewater;
- Measures to reduce the demand for POTW capacity through water conservation, efficiency or reuse;
- Development and implementation of watershed projects consistent with Section 122 of the CWA. Eligible projects include watershed management of wet weather discharges,

stormwater best management practices (BMPs), watershed partnerships, integrated water resource planning, municipality-wide stormwater management planning or increased resilience of treatment works;

- Reusing or recycling wastewater, stormwater, or subsurface drainage water. Eligible items also include the purchase and installation of treatment equipment sufficient to meet reuse standards;
- Measures to reduce the energy consumption needs for POTW;
- Reusing or recycling wastewater, stormwater, or subsurface drainage water; and
- Measures to increase the security of publicly owned treatment works.

INTEREST RATES AND FINANCING TERM 603(D)(1)(A)&(B)

The interest rate on each loan reflects the current rate of approximately 60% of Municipal Market Daily (mmd) AAA scale spot rates through maturity plus 40 to 76 basis points. The interest rate is calculated approximately 10 days prior to loan closing.

Based on changes to the CWA, CWSRF loans now have a maximum term of 30 years or the anticipated weighted average life expectancy of the project components being financed, whichever is less. The worksheet that the OWRB uses to determine the Weighted Average Useful Life of project components can be found online at www.owrb.ok.gov/forms.

AFFORDABILITY

Previously the OWRB used disadvantaged communities, defined as communities with incomes less than 85% of the U.S. median household income, to provide extended 30-year financing. Because extended-term financing is now available to all communities, pending the design life of the project, the OWRB did not use disadvantaged communities in their review. The OWRB does look to GPR projects, Water for 2060 initiatives, and population to allocate loan forgiveness. OWRB financial analysts also consider population change, per capita income, and unemployment in their financial review. Applicants are scored based on a comparison between the borrower's statistics and the state's statistics. At this time, the financial review section is not used for the allocation of loan forgiveness.

GREEN PROJECT RESERVE

The FFY 2016 Capitalization Grant Conditions state that "the recipient agrees to make a timely and concerted good faith solicitation for projects that address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities. A good faith solicitation must be open to all GPR eligible projects in each of the four GPR categories... The recipient agrees to include in its IUP such qualified projects, or components of projects, that total an amount at least equal to 10% of its capitalization grant..." As a result, Oklahoma was required to allocate a minimum of \$1,079,500 to projects which met the GPR requirements.

All projects listed on the SFY 2017 PPL were evaluated by OWRB engineers to determine if the project could be eligible under the GPR. As of June 30, 2017, five (5) of the loans approved in SFY 2017 included green components totaling \$1,590,741.92 (Table 4). Business cases and/or

justifications were available for public viewing at www.owrb.ok.gov/greenreserve within the quarter in which the loan was made.

Green components are identified in the Engineering Report. The guidelines have been developed to assist consulting engineers in preparing engineering reports that include for the identification of green components and their associated estimated cost. The GPR components are tracked from the planning phase of the project through design, bidding, and construction. A tracking sheet has been developed to compare the estimated cost of the green components to actual purchased and installation cost. During construction inspections, green components are identified, evaluated and included in the inspection reports. They are reviewed again during the payment approval process.

ADDITIONAL SUBSIDIZATION

With the passage of WRRDA, the Federal Water Pollution Control Act (FWPCA) section 603(i) now includes the authority for a CWSRF Program to provide a certain percentage of its capitalization grant as additional subsidization to a municipality or intermunicipal, interstate, or State agency that meet the requirements of the section. There is no minimum amount of additional subsidization required; however, the maximum allowable is 30 percent depending on the total appropriations received. The total amount available for eligible recipients is no more than \$3,238,500 under section 603(i).

In addition to the additional subsidy that can be used at a state's discretion as described in WRRDA, The FFY 2016 Capitalization Grant stated that "the recipient agrees to use ten percent of the funds available in the capitalization grant to provide additional subsidy to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants (or any combination of these), which shall be used only where such funds are provided as initial financing for an eligible recipient or to buy, refinance, or restructure the debt obligations of eligible recipients only where such debt was incurred after December 18, 2015."

For SFY 2017, OWRB awarded 10% of the capitalization grant as subsidy in the form of Loan Forgiveness. No additional subsidy was awarded under the authority of WRRDA. Projects were targeted that included wastewater reuse and green infrastructure. Any other projects that included GPR components were eligible if the targeted projects were not identified. The program had five (5) entities that received Loan Forgiveness: Norman Utilities Authority, Oklahoma Conservation Commission, Muskogee Municipal Authority, Lawton Water Authority, Porum Public Works Authority, totaling \$1,079,500 (Table 4).

FFATA REPORTING

Reporting under the Federal Funding Accountability and Transparency Act (FFATA) was completed as required. FFATA reports were submitted monthly to the FFATA Subaward Reporting System as federal funds were drawn. The OWRB reports were based on the actual expenditure of federal funds. The amount reported to FFATA during SFY 2017 totaled \$5,811,292.64.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES 602(B)(9)

CWSRF recipients are required to maintain project accounts in accordance with generally accepted governmental accounting standards. All loan agreements stipulate that the “Borrower shall maintain separate Project accounts in accordance with generally accepted government accounting standards.”

Active borrowers are required to submit financial audits annually to the OWRB. Annual Financial Audits were reviewed to verify that the borrowers maintained the minimum Debt Coverage Ratio required by their loan covenants. The audit’s opinions, findings and notes were also reviewed in an effort to identify risks and concerns regarding the borrowers’ financial and operational situation. Issues were discussed with the borrower or its auditor and resolved as needed. If required, CWSRF borrowers will be notified that a single audit was required. All single audits were reviewed in accordance with the revised Office of Management and Budget Guidance and internal procedures. Information pertaining to federal expenditures passed through our programs was verified for accuracy. Federal expenditure amounts were verified by internal records. Any discrepancies in federal expenditure amounts between the single audits and internal records were resolved through contact with auditors. When necessary, single audits were corrected by the auditors and resubmitted.

NEPA REVIEW §602(B)(6)

All projects requesting funding for treatment works projects from the CWSRF Program were subject to an interdisciplinary environmental review by the OWRB consistent with the National Environmental Policy Act (NEPA) as required by the FWPCA section 511(c)(1). The Oklahoma CWSRF applies a NEPA-like State environmental review process to all projects seeking funding through the CWSRF Program regardless of the source of funding. Oklahoma’s State Environmental Review Process is memorialized as part of the OWRB’s Chapter 50 Rules and reviewed annually by the EPA.

There are three basic environmental determinations which can apply to treatment works projects funded with the CWSRF. These include Categorical Exclusion (CATEX), Finding of No Significant Impact (FONSI) following the preparation of an Environmental Assessment (EA) or a Record of Decision (ROD) following the preparation of an Environmental Impact Statement (EIS). The Board may also choose to accept determinations made by other federal agencies in lieu of conducting a formal environmental review. In this case, a Statement of Finding would be issued. Nine (9) environmental determinations were made during SFY 2017 and are listed in Table 5 for each project.

As part of the environmental review, the Oklahoma CWSRF Program required all projects in SFY 2017 to be in compliance with Federal Environmental Cross-Cutting Requirements. The requirements are those provisions in federal law, executive orders, and government-wide policies which apply by their own terms to projects and activities receiving federal financial assistance. Consultants for wastewater projects which anticipated receiving a FONSI were required to send a Request for Comment letter to all cross-cutter agencies, as listed in the Funding Agency Coordinating Team (FACT) Environmental Information Document (EID) Checklist

for the preparation of the EID. A response was required from each agency responsible for the cross-cutter, confirming the project would have no impact. In the case that no response was received, the CWSRF staff made an internal determination and documented that the cross-cutter was not impacted. For projects receiving a CATEX determination, CWSRF staff sent request for comment letters and did internal determinations based on information received from the project owners. Documentation for this determination was included in the CATEX determination.

BENEFITS REPORTING CBR/NIMS

The OWRB complied with reporting requirements regarding the utilization of funds under the SFY 2017 IUP. The major reporting vehicle was the CWSRF Benefits Reporting (CBR) Database. This reporting was done within 30 days of loan closing. Reporting included basic information including additional subsidization, GPR components, general data elements and environmental benefits. The National Information Management System (NIMS) reporting was completed in September 2017 for SFY 2017.

SFY 2017 loans were reported in CBR based on the loan closing amounts and closing dates. These were entered as CBR data field “Initial Agreement.” CBR data for SFY 2017 loans were digitally uploaded into NIMS. Loan amounts reported in the SFY 2017 Annual Report, however, are based on the Letter of Binding Commitment (Board Approval) amount and date (Table 1). Binding Commitment amounts are occasionally greater than the final “loan closing” amounts as they are generally made prior to the bidding and subsequent loan closing process. However, one loan had a supplemental Binding Commitment and subsequent Initial Agreement in SFY 2017; therefore the promissory note was much greater than the Binding Commitment amount reported.

A total of \$103,407,807.60 of “assistance” (amount for OWRB “closed loans”) minus this year’s de-obligations of \$97,919.41 gave an amount that was reported to NIMS for the SFY 2017 of \$103,309,888.19.

DISADVANTAGED BUSINESS ENTERPRISE

To ensure compliance with the OWRB’s Capitalization Grant and the EPA’s Disadvantaged Business Enterprise (DBE) requirements, the OWRB has established a DBE program in accordance with the regulations of 40 CFR Part 33. Both Loan Recipients (Project Owners) and Prime Contractors are required to implement DBE Guidance (ORF-267) found at www.owrb.ok.gov/forms. The OWRB submits a “Minority Business Enterprise (MBE) / Women Business Enterprise Utilization under Federal Grants, Cooperative Agreements” report (EPA Form 5700-52A) annually to the EPA. The OWRB reported \$307,595.04 procured to MBEs and \$8,999 to WBEs for the FFY 2016 Capitalization Grant.

DAVIS BACON § 602(B)(6)

The FWPCA reauthorized under WRRDA section 602(b)(6) permanently applies the prevailing wage Davis-Bacon (DB) provision of the FWPCA section 513 to any projects for treatment works that are funded by a CWSRF. Consistent with EPA’s prior implementation of this provision, application of the Davis-Bacon Act requirements extend not only to assistance agreements

funded with capitalization grants, but to all CWSRF-funded projects involving the construction of treatment works regardless of the source of the funding (e.g., prior years' appropriations, statematch, bond proceeds, interest earnings, principal repayments, etc.). Any project that is considered a "treatment work" as defined in the FWPCA section 212, now incorporated in FWPCA Section 502(26), must comply with the FWPCA 513, regardless of which eligibility it is funded under. The DB requirements were included in the required information to bidders as part of the Supplemental Conditions (ORF-185) and posted on OWRB's website at www.owrb.ok.gov/forms.

For every project for which DB regulations applied, OWRB staff verified that appropriate wage rates were being utilized, and that the wage rates and DB posters were posted at the job site where it could be seen by all. Additionally, OWRB staff received certifications from borrowers or their designees that payroll reports were reviewed on a weekly basis and are accurate, and conducted interviews with workers on site to ensure compliance with all DB requirements.

AMERICAN IRON AND STEEL §608

Beginning with the FFY 2014 Appropriation, WRRDA further codified the requirement that funds made available from a CWSRF may not be used for a project for the construction, alteration, maintenance, or repair of treatment works unless all of the iron and steel products used in the project are produced in the United States. The term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, construction materials.

The AIS requirements were included in the required information to bidders as part of the Supplemental Conditions (ORF-185) posted on the OWRB's website at www.owrb.ok.gov/forms and also in the advertisement information and other front end documents for loans approved in SFY 2017. All materials that fall under the AIS requirements are inspected and checked to ensure that they are made in the USA, and have the manufacturer's certifications. Materials that qualify for de minimus waiver are tracked to ensure that they do not exceed five percent of the total material cost. Any deviations from the AIS requirements are noted in the inspection report.

LOAN CONDITIONS

The loan documents are reviewed annually to ensure that they adhere to the necessary state and federal regulations. This includes updating language that is appropriate for each new Capitalization Grant condition.

Table 3: Programmatic Application Dates and Requirements

RECIPIENT	PROJECT NUMBER	PROGRAMMATIC APPLICATION DATE	BINDING COMMITMENT DATE	FUNDED DATE	AIS	FSP (Y/N)	NEPA	GPR*	AD SUB*	DB
Porum Public Works Authority	ORF-17-0008-CW	6/8/2016	9/20/2016	10/5/2016		N		X	X	
Lawton Water Authority	ORF-17-0011-CW	8/3/2016	10/12/2016	11/29/2016		N		X	X	
Pauls Valley Municipal Authority	ORF-17-0013-CW	9/9/2016	10/12/2016	10/26/2016		N	X			
Del City Municipal Services Authority	ORF-16-0003-CW	2/23/2015	11/15/2016	11/18/2016	X	Y	X			X
Skiatook Public Works Authority	ORF-15-0003-CW	10/24/2013	12/20/2016	12/20/2016	X	N	X			X
Choctaw Utilities Authority	ORF-15-0007-CW	3/11/2014	1/17/2017	1/19/2017	X	N	X			X
Muskogee Municipal Authority	ORF-17-0014-CW	9/15/2016	2/21/2017	2/22/2017		N		X	X	
Skiatook Public Works Authority	ORF-15-0003-CW	10/24/2013	5/16/2017	5/18/2017	X	N	X			X
Norman Utilities Authority	ORF-17-0016-CW	12/16/2016	3/21/2017	3/22/2017		N		X	X	
Muskogee Municipal Authority	ORF-17-0019-CW	3/8/2017	4/18/2017	4/26/2017	X	Y	X			X
Grand Lake Public Works Authority	ORF-17-0018-CW	2/21/2017	6/20/2017	6/20/2017	X	N	X			X
Tulsa Metropolitan Utility Authority	ORF-17-0001-CW	2/23/2012	6/20/2017	6/29/2017	X	N	X			X
Broken Arrow Municipal Authority	ORF-16-0005-CW	5/7/2015	6/21/2016	8/12/2016	X	N	X			X
Oklahoma Conservation Commission	ORF-17-0015-CW	12/12/2016	3/21/2017	4/18/2017		N		X	X	

*Funds were from the FFY 2016 Appropriations

Table 4: Green Project Reserve and Subsidization for SFY 2017

RECIPIENT	SMALL COMMUNITY < 3,300	APPROPRIATION YEAR	ASSISTANCE AMOUNT	GREEN AMOUNT	PRINCIPLE FORGIVENESS	GREEN PROJECT DESCRIPTION	GREEN CATEGORY
Norman UA	No	2016	\$304,625.00	\$304,625.00	\$304,625.00	Planting/reinforcing vegetation, installing diversion logs and pervious pavement	GI
Oklahoma Conservation Commission	No	2016	\$300,000.00	\$300,000.00	\$300,000.00	Pervious parking lots, construction of a wetland and installation of a bio-retention cell	GI
Muskogee MA	No	2016	\$110,000.00	\$110,000.00	\$110,000.00	Civitan Basin Drainage Study	EI
Lawton WA	No	2016	\$200,000.00	\$200,000.00	\$200,000.00	Indirect Potable Reuse Study	EI
Porum PWA	Yes	2016	\$780,000.00	\$676,116.92	\$164,875.00	Automatic Meter Reading System (AMR)	WE
TOTAL				\$1,590,741.92	\$1,079,500.00		

GI = Green Infrastructure
 EI = Environmentally Innovative
 WE = Water Efficiency
 EE = Energy Efficiency

Table 5: Environmental Determinations Issued within SFY 2017

RECIPIENT	LOAN NUMBER	ENFORCEMENT SCHEDULE ORDER	DECISION TYPE	DATE
Pauls Valley MA	ORF-17-0013-CW	No	CE	10/11/2016
Del City MSA	ORF-16-0003-CW	No	CE	10/27/2016
Cherokee DA	ORF-15-0012-CW	No	CE	11/4/2016
Perkins PWA	ORF-16-0004-CW	No	CE	11/4/2016
Skiatook PWA	ORF-15-0003-CW	Yes	CE	12/14/2016
Choctaw UA	ORF-15-0007-CW	Yes	CE	1/9/2017
Tulsa MUA	ORF-17-0001-CW	Yes	CE	6/19/2017
El Reno MA	ORF-13-0003-CW	No	CE	6/21/2017
Skiatook PWA	ORF-15-0003-CW	Yes	FONSI/EA	9/22/2016

CE = Categorical Exclusion
 FONSI/EA = Finding of No Significant Impact/Environmental Assessment

2017 IUP ACCOMPLISHMENTS

After the SFY 2017 IUP was published, the PPL was revised three times for the addition of new projects, adjustments to the loan award dates, revisions to construction assistance amounts, updates to GPR amounts as well as subsidy amounts.

REVISION I – SEPTEMBER 28, 2016

ADDITION OF NEW PROJECTS

Lawton WA, Pauls Valley MA, Muskogee MA and Chickasha MA submitted loan requests to be considered for funding during SFY 2017.

REVISION II – JANUARY 20, 2017

ADDITION OF NEW PROJECTS

Oklahoma Conservation Commission, Norman UA and Oklahoma City WUT submitted loan requests to be considered for funding during SFY 2017. Elk City PWA submitted a loan request to be considered for funding during SFY 2018.

REVISION III – APRIL 17, 2017

ADDITION OF NEW PROJECTS

Grand Lake PWA and Muskogee MA submitted loan requests to be considered for funding during SFY 2017.

OTHER CHANGES

Several entities with projects listed on the SFY 2017 CWSRF PPL had ranking changes due to revised project items or construction estimates and/or target project approval dates. The list was revised to reflect these adjustments.

ADDITIONAL REQUIREMENTS

GREEN PROJECT RESERVE

Norman UA, Oklahoma Conservation Commission, Muskogee MA, and Lawton WA projects were identified as including elements that qualified under the GPR. Project descriptions and business cases were available on the OWRB's website at www.owrb.ok.gov/greenreserve at the time of project funding. No additional projects were identified as including elements that qualified under the GPR.

ADDITIONAL SUBSIDY

Norman UA, Oklahoma Conservation Commission, Muskogee MA, and Lawton WA projects were eligible to receive additional subsidization under the FFY 2016 Appropriation Provisions. Additional subsidy was available on a first come first serve basis per the SFY 2017 IUP and the project's readiness to proceed.

GOALS AND ACCOMPLISHMENTS

Goals set in the IUP provide a road map for activities conducted throughout the year. The SFY 2017 IUP included ten (10) short-term and nine (9) long-term goals for the year.

SHORT-TERM GOALS AND ACCOMPLISHMENTS

PROVIDE FINANCING TO ASSIST BORROWERS IN ELIMINATING WATER POLLUTION PROBLEMS THROUGH THE BEST AVAILABLE TECHNOLOGIES TO IMPROVE WATER QUALITY IN THE STATE'S WATERS.

Once constructed, all funded projects will contribute to the long-term elimination of pollution to surface and groundwater. As detailed in Table 12, loans were made to five (5) communities to address a consent order or enforceable schedule. Six (6) projects will reduce pollutants from affected stream segments identified as threatened or impaired on the Impaired Waterbodies List, Section 303(d) (Oklahoma's Integrated Water Quality Assessment Report). Eight (8) projects are located within hydrologic basins where groundwater vulnerability is designated as "Very High" due to contamination from surface sources of pollution as designated in Oklahoma's Water Quality Standards (OWQS) or affecting source water protection areas.

PROVIDE FINANCING TO BORROWERS LISTED IN THIS PLAN THAT ARE UNDER THE NPDES OR OTHER ENFORCEMENT ORDERS TO MEET DEADLINES FOR MUNICIPAL COMPLIANCE IN ACCORDANCE WITH THE CWA.

Five (5) of the thirteen (13) projects funded during SFY 2017 were proposed as a result of violations to wastewater discharge permits and/or enforceable order violations detailing a specific short-term compliance schedule. This assistance allows these communities to attain compliance with the enforceable requirements of the CWA and improve or maintain water quality in receiving streams and underlying groundwater. The OWRB continues to initiate immediate contact with municipalities receiving new consent orders to inform and work with them in determining eligibility and to provide funding in accordance with enforcement schedules.

PROACTIVELY COACH OUR BORROWERS, ENGINEERS AND SERVICE PROVIDERS THROUGH OUTREACH, WRITTEN GUIDANCE, AND SITE VISITS ON WAYS TO UTILIZE THE CWSRF OPPORTUNITIES AND MEET PROGRAM REQUIREMENTS, ESPECIALLY HOW TO BEST PLAN FOR SUSTAINABILITY IN THEIR PROJECTS AND THEIR SYSTEM OVERALL.

In SFY 2017, several meetings with applicants and service providers were conducted. In addition, the OWRB and the Oklahoma Rural Water Association (ORWA) teamed up to provide sustainability training at ten (10) locations across Oklahoma. They discussed OWRB's Water and Wastewater Planning Guides, FSPs, system sustainability and resiliency. Both online and in print, the OWRB made the guides and FSPs available to help communities plan for their future.

MARKET THE CWSRF LOAN PROGRAM THROUGH: BOOTH PRESENCE AT RELEVANT CONFERENCES; PRESENTATIONS TO TARGETED AUDIENCES REGARDING OWRB FUNDING; PHONE CALLS TO INTRODUCE OUR PROGRAM TO ENTITIES ISSUED AN ENFORCEMENT ORDER; WORKSHOPS AND ONE-ON-ONE TRAININGS; DEVELOPING AND UPDATING APPROPRIATE HANDOUTS FOR PROGRAM INITIATIVES; EMAIL BLASTS EXPLAINING THE PPL PROCESS; SENDING OUT BORROWER SURVEYS; AND INVITATION TO POTENTIAL BORROWERS TO JOIN ONE OF OKLAHOMA'S QUARTERLY FACT MEETINGS.

The OWRB provided 10 trainings on Sustainability with ORWA; there were 37 community visits; 18 conferences where we attended and/or presented; 2 emails were sent for projects for the SFY 2017 PPL; and 7 communities attended the FACT meetings. Four surveys were sent out to current borrowers, non-borrowers, nontraditional entities, and consultants to identify areas of strength and areas for improvement to our marketing efforts.

CREATE STRATEGIES AND FINANCE IMPLEMENTATION OF THE WATER FOR 2060 INITIATIVE BY ENCOURAGING NONPOINT SOURCE, STORMWATER, GREEN INFRASTRUCTURE, WATER/ENERGY CONSERVATION AND WATER REUSE PROJECTS.

The Oklahoma CWSRF Program team consults with sister state agencies periodically during the year to identify potentially eligible CWSRF projects. The CWSRF's ability to fund these types of projects is at the forefront of our presentations to systems and service providers. In SFY 2017, loan forgiveness was offered for those projects types and we approved five (5) loans that met these initiatives.

PROVIDE 25% OF ALL CWSRF LOANS, AS SYSTEM INTEREST IS RECEIVED, TO COMMUNITIES WITH A POPULATION OF LESS THAN 10,000.

In SFY 2017, eighty-three percent (83%) of binding commitments for long-term, low-interest loans were made to Oklahoma's communities with populations of under 10,000, for a total amount of approximately \$15.8 million. This total is above the Program's goal and the CWSRF is anticipated to continue providing below-market rate loans to help ensure project affordability and environmental health protection for small communities across Oklahoma.

APPLY FOR THE CAPITALIZATION GRANT WITHIN THE FIRST YEAR APPROPRIATED.

OWRB applied for the FFY 2016 capitalization grant in April of 2016.

GAIN EPA APPROVAL TO RESERVE TRANSFER AUTHORITY IN AN AMOUNT EQUAL TO 33% OF THE DRINKING WATER (DW) SRF CAPITALIZATION GRANT BETWEEN THE DWSRF AND THE CWSRF.

This goal was met as this request was made through both the CWSRF and DWSRF IUPs. Oklahoma has reserved the authority to transfer 33% of the SFY 2003 through 2016 capitalization

grants, totaling over \$60 million. Transfers from the CWSRF to the DWSRF were made in SFY 2005 - \$12 million; SFY 2007 - \$4.9 million; SFY 2009 - \$4.3 million; SFY 2010 - \$8.6 million; and SFY 2012 - \$3 million; totaling \$32.9 million. It is anticipated that an additional \$4 million will be available through the FFY 17 DWSRF Capitalization Grant.

PROVIDE THE NECESSARY TRAINING AND EQUIP PERSONNEL WITH THE SKILL SET AND TOOLS NEEDED TO PERFORM TO MEET THE OVERALL GOALS OF THE CWSRF PROGRAM.

The OWRB provided training for employees in SFY 2017 by attending approximately 18 conferences, providing 46 staff trainings for CEUs and 14 webinars over wastewater related topics.

MAKE USE OF PROCEEDS FROM REVENUE BONDS TO PROVIDE MATCHING FUNDS FOR ADDITIONAL FEDERAL GRANTS IN ORDER TO HELP ASSIST OKLAHOMA COMMUNITIES AND WATER USERS TO IMPLEMENT EPA GPR PROJECTS TO FULFILL WATER FOR 2060 GOALS.

In SFY 2017, the OWRB met with Oklahoma Department of Transportation, Office of Emergency Management, and other federal grant agencies, to identify projects that would be eligible to use CWSRF revenue bonds.

LONG-TERM GOALS AND ACCOMPLISHMENTS

ASSIST BORROWERS IN COMPLYING WITH THE ENFORCEABLE REQUIREMENTS OF THE CWA TO REACH THE GOAL OF ELIMINATING DISCHARGE OF POLLUTANTS INTO THE STATE'S WATERS.

This goal is accomplished on an ongoing basis. As detailed in the first short-term goal, financial assistance provided through the CWSRF focuses on providing loans to communities with wastewater discharge permit violations and/or consent orders detailing a schedule of compliance. For SFY 2017, five (5) commitments were made for projects as a result of a state or federal enforceable compliance schedule. CWSRF assistance will contribute to bringing these Oklahoma communities into compliance with the enforceable requirements of the CWA. The OWRB continued to provide technical assistance to communities with projects listed on the SFY 2017 IUP, but were not ready to proceed to loan commitments during the year. Many of the projects not funded in SFY 2017 have been moved to the SFY 2018 IUP and are scheduled to be funded during SFY 2018.

ASSIST IN THE MAINTENANCE, RESTORATION, AND PROTECTION OF BENEFICIAL USES IDENTIFIED IN THE OWQS FOR ALL WATERS OF THE STATE.

This goal is accomplished on an ongoing basis. Loans made during SFY 2017 assist communities by funding the following improvements:

- The elimination of sewage system bypasses that degrade the integrity of surface water by repairing damaged or inoperable components and reducing system infiltration and inflow;
- An increase in system capacity;
- Additional levels of treatment to reduce pollutant loads to effluent-receiving streams; and/or
- Addressing Nonpoint Source pollution.

Loan commitments and subsequent construction directly accomplish this goal by enabling municipalities to discharge water that has been treated to meet both CWA discharge requirements for fishable/swimmable water and the OWQS for surface and groundwater. Increasing levels of treatment prior to discharge into the state's surface waters protects fish and wildlife habitats and enhances recreational uses.

ASSIST THE STATE IN MEETING WATER QUALITY GOALS IDENTIFIED IN THE CONTINUING PLANNING PROCESS AND NPS MANAGEMENT PROGRAM TO REDUCE OR ELIMINATE WATER QUALITY THREATS IN OKLAHOMA'S WATERSHEDS.

This Program goal is achieved on an ongoing basis by funding projects. Of the thirteen (13) projects approved in SFY 2017:

- Five (5) projects implement aspects of approved water quality plans;
- Two (2) projects were located in a top ten NPS priority watershed;
- Six (6) projects affect 303(d)-listed stream segments; and
- No projects were implemented in a nutrient-limited watershed.

MAINTAIN THE FISCAL INTEGRITY OF THE FUND TO ENSURE IT REMAINS VIABLE AND SELF-PERPETUATING TO MEET THE LONG-RANGE WATER QUALITY NEEDS OF THE STATE WHILE MAINTAINING NET ASSETS EQUAL TO FEDERAL CAPITALIZATION GRANTS AND STATE MATCHING FUNDS.

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

To maintain the fiscal integrity of the CWSRF, the OWRB performs a variety of processes including providing credit reviews and technical assistance to loan recipients, establishing fiscal controls, and maintaining financial accounts within the CWSRF sufficient to minimize financial risk.

The OWRB's credit review of CWSRF applications and the OWRB's procedures for monitoring loan conditions and collecting payments of interest and principal have enhanced the fiscal integrity of the program.

Traditionally, each of these processes has ensured that payments from loan recipients are billed and paid promptly, thus enhancing the fiscal integrity of the CWSRF. To date, the program has

maintained a zero default loan repayment record (Table 6). Should a default occur, the cross-collateralization strategy included in the Master Trust Agreement makes CWSRF revenues available to cure any DWSRF bond payment default or reserve fund deficiency, or vice versa. The OWRB also maintains the Capacity Model, which demonstrates perpetuity and is available at www.owrb.ok.gov/audit.

ASSIST COMMUNITIES IN IMPLEMENTING SUSTAINABLE COST AND EFFECTIVE PLANNING ELEMENTS INTO THEIR PROJECTS.

The OWRB finalized the OASIS Program which is a web-based application that will assist communities in making sustainable decisions. Since the OASIS Program's launch, staff has given demonstrations to four (4) communities. Additionally, OWRB's wastewater planning guides have assisted systems with long-term sustainable infrastructure planning. The Guide is available online and in print.

ASSIST COMMUNITIES INTEGRATING INNOVATIVE WATER CONSERVATION PRACTICES INCLUDING REUSE, RECLAMATION, CONSERVATION INCENTIVES, WATER EFFICIENCY, ENERGY EFFICIENCY, STORMWATER RUNOFF MITIGATION, GREEN INFRASTRUCTURE OR OTHER MEASURES THAT WILL ASSIST OKLAHOMA IN REACHING THE GOALS OUTLINED IN THE WATER FOR 2060 INITIATIVE INTO THEIR PROJECTS.

As part of the OWRB's ongoing outreach, conservation and other Water for 2060 initiatives are continually discussed during field visits and conferences. As a result, the first projects to be funded in SFY 2017 via the CWSRF Program was Automated Meter Reading, Indirect Potable Reuse and Basin Drainage Studies, Pervious Parking Lot and Pavement, Bioretention Cells, Wetland and Planting Trees and Shrubs, Instillation of diversion logs and reinforced vegetation projects.

COMPLETE REVENUE BOND ISSUES AS NECESSARY TO PROVIDE MATCHING FUNDS FOR FEDERAL CAPITALIZATION GRANTS AND TO PROVIDE FUNDING IN ORDER TO MEET THE NEEDS OF BORROWERS WITHIN SFY 2017.

A bond issue was not necessary to meet the demands during SFY 2017. There were sufficient funds remaining from the 2015 bond issue proceeds to fulfill all draw requests during SFY 2017. The state matching funds for the 2016 Capitalization Grant were provided from the 2015 bond issue which closed in SFY 2016.

MAINTAIN A MAXIMUM OF TWO (2) CAPITALIZATION GRANTS OPEN AT ANY GIVEN TIME IN ORDER TO ENSURE A LOW LEVEL OF UNLIQUIDATED OBLIGATION OF FEDERAL FUNDS.

The FFY 2016 Capitalization Grant was awarded in August 2016. At that time the FFY 2015 grant was still open. Closeout paperwork for the FFY 2015 grant was submitted March 14, 2017.

Closeout paperwork for the FFY 2016 Capitalization Grant has not been submitted as there is funding that needs to be withdrawn. The listed end date for the FFY 2016 Capitalization Grant is June 30, 2018.

OBTAIN MAXIMUM CAPITALIZATION OF THE FUND FOR THE STATE WHILE GENERATING SUFFICIENT INVESTMENT AND LOAN INTEREST EARNINGS TO RETIRE REVENUE BONDS.

During SFY 2017, \$2,159,000 was provided from 2015 bond issue proceeds to meet the state match requirement for the 2016 Capitalization Grant.

Based on the CWSRF's projected cash flows provided by OWRB Financial Advisor FirstSouthwest, the state match debt was structured to coincide with the repayment of bonds. The intention was for total income to be slightly in excess of debt service to ensure adequate coverage. This schedule and bond sizing provides for required bond repayment while allowing the CWSRF Program sufficient operational capacity for upcoming projects. Additionally, significant cost savings are passed on to CWSRF loan recipients by leveraging federal capitalization grant monies with larger bond issuances, reducing bond issuance costs. Sufficient funds will be generated from interest and investment earnings to retire the balance of the state match bonds by April 1, 2025.

Table 6: Statement of Sources and Uses of Funds and Aging Summary

SOURCES	CUMULATIVE TOTAL THROUGH JUNE 30, 2016	JULY 1, 2016 - JUNE 30, 2017	CUMULATIVE TOTAL THROUGH JUNE 30, 2017
Federal Capitalization Grants	\$297,582,600.00	\$10,795,000.00	\$308,377,600.00
ARRA Capitalization Grant	\$31,662,100.00	\$0.00	\$31,662,100.00
State Match - Appropriation/Agency Cash - Committed	\$14,521,100.40	\$0.00	\$14,521,100.40
State Match - Provided from State Match Bond Issues	\$47,510,848.60	\$0.00	\$47,510,848.60
CWSRF Bond Proceeds	\$457,658,605.07	\$0.00	\$457,658,605.07
Principal Repayments on Assistance Provided	\$451,666,040.00	\$31,664,201.00	\$483,330,241.00
Interest Repayments on Assistance Provided	\$80,115,439.00	\$9,881,592.00	\$89,997,031.00
Investment Earnings	\$76,230,115.00	\$552,145.00	\$76,782,260.00
TOTAL SOURCES	\$1,456,946,848.07	\$52,892,938.00	\$1,509,839,786.07

USES			
Loan Assistance Disbursed (Base Program)	\$943,699,142.00	\$30,970,247.00	\$974,669,389.00
ARRA Loan Assistance Disbursed	\$30,395,616.00	\$0.00	\$30,395,616.00
Leveraged Bond Debt Service - Principal	\$96,705,000.00	\$12,860,000.00	\$109,565,000.00
Leveraged Bond Debt Service - Interest	\$75,451,552.00	\$9,376,869.00	\$84,828,421.00
Bond Debt Service Reserve	\$31,550,898.20	-\$3,145,777.00	\$28,405,121.20
State Match Bond Debt Service - Principal	\$22,340,000.00	\$810,000.00	\$23,150,000.00
ARRA Administrative	\$1,266,484.00	\$0.00	\$1,266,484.00
Administrative Expenses (Non-ARRA)	\$2,496,721.00	\$0.00	\$2,496,721.00
Transfer to DWSRF Program	\$32,992,182.00	\$0.00	\$32,992,182.00
TOTAL USES	\$1,236,897,595.20	\$50,871,339.00	\$1,287,768,934.20

TOTAL SOURCES OF FUNDS FOR SFY 2017	\$52,892,938.00
LESS TOTAL SFY 2017 EXPENDITURES	-\$50,871,339.00
DIFFERENCE OF SOURCES AND FUNDS	\$2,021,599.00

AGING SCHEDULE FY 2017

NAME OF LOAN RECIPIENT	OVER 30 DAYS
None	\$0

FUND FINANCIAL MANAGEMENT

BINDING COMMITMENTS AND ASSISTANCE ACTIVITY, NIMS

A “binding commitment” as defined by OWRB 785:50 means “legal obligations by the State to the local recipient that define the terms and the timing for assistance under the Clean Water SRF.”

As detailed in Table 1, the Oklahoma CWSRF entered into binding commitments for eleven (11) SFY 2017 projects, all of which were distributed to §212 sewer construction, §319 nonpoint source management, and water efficiency projects. There were no §320 projects funded this fiscal year. The §212 and §319 activities, including adjustments, totaled \$96.7 million meeting the 120% requirement. Assistance provided reportable to NIMS for SFY 2017 totaled \$103.3 million.

SOURCES, USES AND GUARANTEES OF FUNDS

As shown in Table 6, sources of funds totaled approximately \$52.9 million. Federal funds are drawn as construction is completed and reimbursement requests are submitted. Federal funds are drawn down as quickly as possible using the First In First Out method.

BYPASS PROCEDURES

The OWRB has established bypass procedures within the OWRB Rules which, along with the Integrated Priority Rating System, guides project funding. The bypass procedure states “A project on the fundable portion of the list may be bypassed if it is determined that the project will not be ready to proceed during the funding year. This determination will be made on projects that are unable to meet the schedule established on the priority list. The applicant whose project is affected shall be given written notice that the project is to be bypassed. Projects that have been bypassed may be reinstated on the fundable portion of the list if sufficient funds are available, and the applicant completes the necessary tasks to proceed. Funds which become available due to the utilization of these bypass procedures will be treated in the same manner as additional allotments.” Due to the Program’s capacity, there were no bypassed priority projects in SFY 2017.

FINANCIAL SUSTAINABILITY

The OWRB and FirstSouthwest Company have developed the Clean Water SRF capacity model to gauge the long-term health of the SRF. The model is continually monitored throughout each fiscal year to assure that the perpetuity of the CWSRF Program is sustainable. A snapshot of the long-term sustainability of the fund can be found online at www.owrb.ok.gov/audit.

CWSRF PROGRAM COMPLIANCE AND FINANCIAL AUDITS

Arledge & Associates Inc., Certified Public Accountants, were retained to audit SFY 2017 CWSRF financial statements and Program compliance. The Single Audit of the Program, audited financial statements, along with the financial statements of the administrative fund held outside the CWSRF can be found at www.owrb.ok.gov/audit.

INTEREST RATE SUBSIDY

An additional indicator, “Estimated Interest Rate Subsidy” provides a description of the subsidy provided by the CWSRF Program’s AAA rated bonds compared to interest rates available to communities whose local debt would fit into a given credit rating category. The OWRB offers CWSRF loans at an interest rate equal to 60% of the MMD AAA scale spot rates for each year through maturity with 40 to 76 basis points added to compensate for risk. The interest rate is calculated approximately 10 days prior to loan closing and is provided to communities regardless of credit quality. CWSRF interest rates have remained low thanks to the attractive market situation. They have varied between 0.74% and 2.16%.

STATE MATCHING FUNDS

Through SFY 2017, Oklahoma received federal capitalization grant awards totaling over \$340 million matched in previous years by \$62 million in state funds. As a part of the Series 2015 Bond Issue, \$4.5million of the bond proceeds were allocated to cover the 20% match for the 2015 and 2016 capitalization grants.

Since July 24, 1996 the OWRB has expended available state matching funds prior to expending federal funds for the convenience of accounting for the drawdown of state funds to ensure federal capitalization grant funds are not drawn down prior to state funds, in accordance with federal regulations. These regulations, found in 40 CFR 35.3135, stipulate that, at a minimum, state match funds proportional to the state match share (17% of combined state match and capitalization grant funds) must be expended as federal funds are drawn down. This approach is not intended to alter any relationship, legal or otherwise, that would have existed had the prescribed draw down ratio been followed.

FINANCIAL INDICATORS

In an effort to measure the pace, Oklahoma’s CWSRF Program incorporates “financial indicators” into its annual review. The Financial Indicators table on page 41 presents seven key measures that reflect the different financial objectives of the SRF and provides broad indicators of how the CWSRF is meeting them.

GRANT PAYMENT SCHEDULE

The OWRB is committed to the timely and expeditious use of its Capitalization Grant funds by expending those funds usually within the SFY they are received. The remainder of the funds should be drawn shortly after the beginning of SFY 2018.

FEES §602(B)(12)

Administrative fees are assessed to each participating borrower at the rate of one-half of one percent (0.5%) per annum of the amount of each borrower's loan balance outstanding. These totaled \$2,418,042 in SFY 2017. Application fee rates totaled \$3,850 for SFY 2017. As required by §602(b)(11), these fees are deposited into the CWSRF administrative account outside of the SRF for operating expenses.

ADMINISTRATIVE COSTS §603(D)(7)

With WRRDA, the methodology of determining funds allowable "for the reasonable costs of administering the fund and conducting activities" has changed.

The OWRB has the option of using one of the following methods:

- An amount equal to 4 percent of all grant awards received by a state CWSRF less any amount that have been used in previous years to cover administrative expenses;
- \$400,000; or
- 1/5 percent of the current valuation of the fund.

As documented in the OWRB's OA, it is beneficial to the OWRB to continue to utilize the 4% of all grant awards received by the state.

CONSTRUCTION STARTS AND INITIATION OF OPERATIONS

The Program saw five (5) projects begin construction within SFY 2017. After subtracting the total of this year's de-obligations of \$97,919 from the total Assistance Amount of the 5 loans, a total annual assistance amount of \$56,912,081 was reported to NIMS for SFY 2017.

Eight (8) projects completed construction and initiated operations within SFY 2017. After subtracting the total of this year's de-obligations of \$0 plus any change in assistance from the total Assistant Amount of the 8 loans, a total annual assistance amount of \$28,781,837 was reported to NIMS for SFY 2017.

Table 7: Financial Indicators

FEDERAL RETURN ON INVESTMENT	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
306 *Annual	224%	181%	3840%	196%	337%	384%	569%	644%	324%	-
307 *Cumulative	232%	229%	247%	242%	253%	265%	278%	287%	289%	307%

EXECUTED LOANS AS A % OF FUNDS AVAILABLE

308 *Annual	183%	171%	223%	374%	55%	370%	31%	137%	73%	86%
309 *Cumulative	90%	92%	97%	118%	106%	111%	100%	102%	101%	101%

DISBURSEMENTS AS A % OF EXECUTED LOANS

310 *Annual	51%	70%	80%	23%	121%	174%	182%	62%	180%	183%
311 *Cumulative	87%	86%	85%	70%	75%	81%	85%	84%	86%	89%

ADDITIONAL LOANS MADE DUE TO LEVERAGING

312 *Annual	\$6,641,881	\$13,402,858	\$26,574,962	\$148,666,847	\$28,878,228	\$43,218,046	\$10,946,356	\$23,584,069	-\$6,683,421	-\$2,202,799
313 *Cumulative	\$31,645,531	\$45,048,389	\$71,623,351	\$220,290,198	\$249,168,426	\$292,386,472	\$303,332,828	\$326,916,897	\$320,233,476	\$318,030,677
314 *Cumulative Additional Loans as a % of Contributed Capital	13%	18%	28%	74%	74%	87%	87%	90%	85%	81%

SUSTAINABILITY (RETAINED EARNINGS) EXCLUDES SUBSIDY

318 *Annual	\$4,169,290	\$4,701,038	\$4,603,656	\$3,698,749	\$3,479,826	\$1,398,069	\$828,929	-\$132,198	\$2,406,234	\$361,550
319 *Cumulative	\$38,054,699	\$42,755,737	\$47,359,393	\$51,058,142	\$54,537,968	\$55,936,037	\$56,764,966	\$56,632,768	\$59,039,002	\$59,400,552
320 *Cumulative Retained Earnings as a % of Contributed Capital	16%	17%	19%	19%	18%	19%	18%	17%	18%	17%

Table 8: Loan Application Fees

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

Table 9: Historical Funding Sources as of June 30, 2017

FISCAL YEAR	FEDERAL CAP GRANT AMOUNT	STATE MATCH AMOUNT	OVER MATCH AMOUNT	BOND ISSUE PROCEEDS	NOTES	LESS 4% ADMINISTRATION FEE	TOTAL AVAILABLE FOR ASSISTANCE
1988	\$9,278,000.00	\$1,855,600.00	\$0.00	\$0.00	(1)	\$371,120.00	\$10,762,480.00
1989	\$7,597,400.00	\$1,519,480.00	\$0.00	\$0.00	(2)	\$303,896.00	\$8,812,984.00
1990	\$7,862,000.00	\$1,572,400.00	\$0.00	\$0.00	(3)	\$314,480.00	\$9,119,920.00
1991	\$16,580,619.00	\$3,316,123.80	\$0.20	\$0.00	(3)	\$663,224.76	\$19,233,518.24
1992	\$15,697,737.00	\$3,139,547.40	\$0.60	\$0.00	(4)	\$627,909.48	\$18,209,375.52
1993	\$15,528,546.00	\$3,105,709.20	-\$0.20	\$0.00	(5)	\$621,141.84	\$18,013,113.16
1994	\$9,632,600.00	\$1,926,520.00	\$0.00	\$0.00	(6)	\$385,304.00	\$11,173,816.00
1995	\$9,951,183.00	\$1,990,236.60	\$0.40	\$0.00	(7)	\$398,047.32	\$11,543,372.68
1996	\$16,300,350.00	\$3,260,070.00	-\$1.00	\$0.00	(7,8)	\$652,014.00	\$18,908,405.00
1997	\$4,986,100.00	\$997,220.00	\$21,450.00	\$0.00	(8)	\$199,444.00	\$5,805,326.00
1998	\$10,879,110.00	\$2,175,822.00	\$8,644.94	\$0.00	(9)	\$435,164.40	\$12,628,412.54
1999	\$10,880,001.00	\$2,176,000.20	\$105,646.80	\$0.00	(10)	\$435,200.04	\$12,726,447.96
2000	\$10,996,702.00	\$2,199,340.40	\$82,990.54	\$0.00	(11)	\$439,868.08	\$12,839,164.86
2001	\$10,746,747.00	\$2,149,349.40	\$677.89	\$0.00	(12)	\$429,869.88	\$12,466,904.41
2002	\$10,770,705.00	\$2,154,141.00	\$0.00	\$26,000,000.00	(12,13)	\$430,828.20	\$38,494,017.80
2003	\$10,700,700.00	\$2,140,140.00	\$0.00	\$127,500,000.00	(14)	\$428,028.00	\$139,912,812.00
2004	\$10,720,400.00	\$2,144,080.00	\$0.00	\$0.00	(14)	\$428,816.00	\$12,435,664.00
2005	\$8,693,800.00	\$1,738,760.00	\$0.00	\$0.00	(14)	\$347,752.00	\$10,084,808.00
2006	\$7,046,300.00	\$1,409,260.00	\$67,760.00	\$0.00	(14)	\$281,852.00	\$8,241,468.00
2007/2008	\$14,087,400.00	\$2,817,480.00	\$0.00	\$0.00	(15)	\$563,496.00	\$16,341,384.00
ARRA	\$31,662,100.00	N/A	\$0.00	\$0.00		\$1,266,484.00	\$30,395,616.00
2009/2010	\$21,914,100.00	\$4,382,820.00	\$0.00	\$93,534,169.20	(15,16)	\$876,564.00	\$118,954,525.20
2011	\$11,930,000.00	\$2,386,000.00	\$0.00	\$0.00	(16)	\$477,200.00	\$13,838,800.00
2012	\$11,419,000.00	\$2,283,800.00	\$0.00	\$100,030,252.74	(16,17)	\$456,760.00	\$113,276,292.74
2013	\$10,786,000.00	\$2,157,200.00	\$0.00	\$0.00	(17)	\$431,440.00	\$12,511,760.00
2014	\$11,328,000.00	\$2,265,600.00	\$0.00	\$0.00	(18)	\$453,120.00	\$13,140,480.00
2015	\$11,269,000.00	\$2,253,800.00	\$0.00	\$114,245,235.87	(19)	\$450,760.00	\$13,072,040.00
2016	\$10,795,000.00	\$2,159,000.00	\$124,800.00	\$0.00	(19)	\$431,800.00	\$12,522,200.00
2017	\$10,712,000.00	\$2,142,400.00	\$0.00	\$0.00	(20)	\$428,480.00	\$12,425,920.00
TOTALS	\$350,751,600.00	\$63,817,900.00	\$411,970.17	\$461,309,657.81		\$14,030,064.00	\$747,891,028.11

NOTES

- 1 FY 1988 state match appropriated by the legislature from the Statewide Water Development Revolving Fund. - 7/30/88, H.B. 1571
- 2 FY 1989 state match appropriated by the legislature from the Statewide Water Development Revolving Fund. - 4/26/89, S.B. 51
- 3 FYs 1990 and 1991 state matches appropriated by the legislature from the Special Cash Fund. - 3/20/91, S.B. 144
- 4 \$2,892,047 of FY 1992 state match appropriated by the legislature from the Constitutional Reserve Fund. - 5/28/93, S.B. 390; \$200,000 in state match provided by Ute settlement - State of New Mexico and \$47,501 in state match provided from OWRB grant account.
- 5 FY 1993 state match appropriated by the legislature from the Constitutional Reserve Fund. - 5/18/94, H.B. 2761
- 6 OWRB issued its \$1,950,000 SRF Program Notes, Series 1994 on October 25, 1994. The Series 1994 Notes were paid from monies in the Debt Service Reserve Fund for the Board's 1985 State Loan Program Bonds.
- 7 OWRB issued its \$4,050,000 CWSRF Revenue Notes, Series 1996 on May 22, 1996. The Series 1996 Notes were paid from investment and interest earnings on CWSRF accounts and repayments on the Guymon and Ketchum State Loan Program Bond loans. \$1,990,237 went toward meeting the FY 1995 state match and \$2,018,545 toward the FY 1996 state match.

- 8** OWRB issued its \$2,275,000 CWSRF Revenue Notes, Series 1997 on June 26, 1997. The Series 1997 Notes were paid from investment and interest earnings on CWSRF accounts and repayments on the Guymon and Ketchum State Loan Program Bond loans. \$1,241,524 went toward meeting the FY 1996 state match and \$1,018,670 toward the FY 1997 state match.
- 9** OWRB issued its \$2,200,000 CWSRF Revenue Notes, Series 1998 on June 25, 1998. The Series 1998 Notes were paid from investment and interest earnings on CWSRF accounts and repayments on the Guymon and Ketchum State Loan Program Bond loans.
- 10** OWRB issued its \$2,300,000 CWSRF Revenue Notes, Series 1999 on February 15, 1999. The Series 1999 Notes were paid from investment and interest earnings on CWSRF accounts and repayments on the Guymon and Ketchum State Loan Program Bond loans.
- 11** OWRB issued its \$2,300,000 CWSRF Revenue Notes, Series 2000 on June 22, 2000. The Series 2000 Notes were paid from investment and interest earnings on CWSRF accounts and repayments on the Guymon and Ketchum State Loan Program Bond loans.
- 12** OWRB issued its \$4,345,000 CWSRF Revenue Notes, Series 2001 on April 11, 2001. The Series 2001 Notes were paid from investment and interest earnings on CWSRF accounts. \$2,149,349.40 went toward meeting the FY 2001 state match and \$2,154,141.00 went toward meeting the FY 2002 state match.
- 13** OWRB issued a \$28,890,000 CWSRF Interim Construction Loan Revenue Bonds, Series 2001, on August 15, 2001. The Series 2001 Bonds are to be paid from principal and interest payments made on CWSRF loans made from bond proceeds.
- 14** OWRB issued a \$204,480,000 CWSRF/DWSRF Interim Construction Loan Revenue Bonds, Series 2004, on October 26, 2004. The Series 2004 Bonds are to be paid from principal and interest payments made on CWSRF loans made from bond proceeds. Match for 2003, 2004, 2005, and 2006 with \$67,760 left.
- 15** Reallocation of bond funds from the 2004 Bond Issue to state matching funds - \$3,908,100 for the 2007, 2008 and 2009 cap grants.
- 16** OWRB issued a \$85,000,000 Revenue Bond Issue, Series 2011 on April 13, 2011 with \$6,492,200 for the 2010 and 2011 cap grants and a portion of the 2012 cap grant. \$814,000 for the 2012 state match will be available from the 2011 bond issue the remainder will need to come from another source.
- 17** OWRB issued a \$86,505,000 Revenue Bond Issue, Series 2012B on November 7, 2012 with \$2,047,000 for the remainder of the 2012 cap grant. The state match for the 2013 cap grant was provided with a reallocation of the 2012B bond proceeds of \$1,500,000 and overmatch from 2006 of \$67,760 and overmatch from 2012B Bonds of \$577,200, and \$12,240 from an appropriation from the Water Infrastructure Development Fund.
- 18** Reallocation of bond funds from the 2012B Bond Issue to state matching funds.
- 19** OWRB issued a \$100,620,000 Revenue Bond Issue, Series 2015 on December 17, 2015 with \$4,537,600 for the 2015 and 2016 cap grants leaving a \$124,800 overmatch.
- 20** Will be provided by reallocation of bond funds from the 2015 CWSRF Bond Issue.

Table 10: Summary of Administrative Accounts

CAP GRANT NO. CS40	CAP GRANT FUNDS	4% SET-ASIDE AMOUNT	STATE ADMIN YEAR	EXPENDED FROM 4% SET-ASIDE	BANKED 4% SET-ASIDE BALANCE CUMULATIVE	RECEIVED IN OUTSIDE ACCOUNT**	EXPENDED FROM OUTSIDE ACCOUNT	EXPENDED FROM OUTSIDE ACCOUNT/BUMP	OUTSIDE ACCT** BALANCE CUMULATIVE
0001-89-0	88	\$371,120.00	1990	\$267,260.20	\$103,859.80	\$0.00	\$0.00		\$0.00
0001-89-1	89	\$303,896.00	1991	\$317,222.55	\$90,533.25	\$6,645.85	\$0.00		\$6,645.85
0001-90-0	90	\$314,480.00	1992	\$304,224.90	\$100,788.35	\$61,038.10	\$4,845.78		\$62,838.17
0001-91-0	91	\$663,224.76	1993	\$338,973.80	\$425,039.31	\$135,268.39	\$19,201.38		\$178,905.18
0001-92-0	92	\$627,909.48	1994	\$412,302.79	\$640,646.00	\$172,677.21	\$91,539.01		\$260,043.38
0001-93-0	93	\$621,141.84	1995	\$36,317.36	\$1,225,470.48	\$198,427.36	\$374,450.40		\$84,020.34
0001-94-0	94	\$385,304.00	1996	\$370,594.21	\$1,240,180.27	\$204,594.86	\$217,803.20		\$70,812.00
0001-95-0	95	\$398,047.32	1997	\$376,309.00	\$1,261,918.59	\$110,168.75	\$81,189.13		\$99,791.62
0001-96-0	96	\$652,014.00	1998	\$283,979.00	\$1,629,953.59	\$338,310.69	\$311,939.84		\$126,162.47
0001-97-0	97	\$199,444.00	1999	\$0.00	\$1,829,397.59	\$377,880.55	\$378,995.72		\$125,047.30
0001-98-0	98	\$435,164.40	2000	\$0.00	\$2,264,561.99	\$491,889.36	\$449,188.42		\$167,748.24
0001-99-0	99	\$435,200.04	2001	\$220,545.42	\$2,479,216.61	\$601,236.58	\$507,070.09	\$1,857.93	\$260,056.80
0001-100-0	2000	\$439,868.08	2002	\$144,193.71	\$2,774,890.98	\$610,366.39	\$707,864.29	\$26,075.53	\$136,483.37
0001-101-0	2001	\$429,869.88	2003	\$128,364.98	\$3,076,395.88	\$721,147.29	\$615,566.98	\$43,131.32	\$198,932.36
40000202	2002	\$430,828.20	2004	N/A	\$3,507,224.08	\$793,865.98	\$678,699.06	\$3,935.22	\$310,164.06
40000204	2003	\$428,028.00	2005	N/A	\$3,935,252.08	\$843,271.10	\$745,075.59	\$0.00	\$408,359.57
40000205	2004	\$428,028.00	2006	N/A	\$4,363,280.08	\$874,416.19	\$778,732.54	\$0.00	\$504,043.22
40000206	2005	\$347,752.00	2007	\$61,048.30	\$4,649,983.78	\$977,081.00	\$696,811.00	\$0.00	\$784,313.22
40000207	2006	\$281,852.00	2008	\$31,751.26	\$4,900,084.52	\$959,796.00	\$875,374.00	\$0.00	\$868,735.22
40000208	2007/2008	\$563,496.00	2009	\$127,823.28	\$5,335,757.24	\$1,019,751.00	\$1,193,883.00	\$0.00	\$694,603.22
2W-96688501	ARRA	\$1,266,484.00	2010	\$742,626.65	\$5,859,614.59	\$1,179,759.31	\$1,178,736.04	\$0.00	\$695,626.49
40000210	2009/2010	\$876,564.00	2011	\$255,064.13	\$6,481,114.46	\$1,002,432.46	\$1,206,749.42	\$0.00	\$491,309.53
40000211	2011	\$477,200.00	2012	\$80,572.58	\$6,877,741.88	\$1,757,659.00	\$1,053,387.11	\$0.00	\$1,195,581.42
40000212	2012	\$456,760.00	2013	N/A	\$7,334,501.88	\$2,049,551.00	\$1,376,583.00	\$0.00	\$1,868,549.42
40000213	2013	\$431,440.00	2014	N/A	\$7,765,941.88	\$2,276,819.00	\$1,955,991.00	\$0.00	\$2,189,377.42
4000214	2014	\$453,120.00	2015	N/A	\$8,219,061.88	\$2,252,743.00	\$2,051,801.00	\$0.00	\$2,390,319.42
4000215	2015	\$450,760.00	2016	N/A	\$8,669,821.88	\$2,332,320.30	\$2,052,563.81	\$0.00	\$2,670,075.91
4000215	2016	\$431,800.00	2017	N/A	\$9,101,621.88	\$2,466,908.00	\$1,717,624.00	\$0.00	\$3,419,359.91
TOTAL	N/A	\$13,600,796.00	N/A	\$4,499,174.12	\$9,101,621.88	\$24,816,024.72	\$21,321,664.81	\$75,000.00	\$3,419,359.91
AVAILABLE ADMINISTRATIVE FUNDS					\$9,101,621.88				\$3,419,359.91
TOTAL OF ALL AVAILABLE ADMINISTRATIVE FUNDS									\$12,520,981.79

**The outside account revenue is generated from a 0.5% annual administrative fee on all outstanding loans.

Table 11: Actual Federal Disbursements for SFY 2017

	QTR 1	QTR 2	QTR 3	QTR 4	TOTALS (QTR 1-4)
Scheduled	\$10,795				\$10,795
Actual Federal SRF Program Totals (in Millions)	\$892	\$0	\$4,919	\$0	\$5,811

PROGRAM INITIATIVES AND RULE CHANGES

DOCUMENT MANAGEMENT SYSTEM

The OWRB continued its efforts to streamline operations by implementing a document management system for the Financial Assistance Division's documents. Program staff utilized the document management system daily to view and process documents. The repository contributes to better records management by improving staff efficiency and providing greater records integrity. The system allows faster access to files by multiple people simultaneously and increases staff productivity by decreasing time required for retrieving files and finding misplaced files. Other advantages to document imaging include reducing risk by providing backup to critical and essential paper documents and reducing physical storage space. We plan to continue the growth of OnBase workflow to provide visibility and accountability to business process and to continue to look for new products and functionality to provide process automation when able.

The system is integrated with the division's loan servicing software, Infrastructure Financing Software (IFS), to provide staff convenient access to loan documents. IFS has the added benefit of loan data and tracking as well as creating custom reports and standard for instantaneous data retrieval. Development of automated reports necessary for many CWSRF reporting requirements continued in SFY 2017 expediting CBR/NIMS reporting as well as this Annual Report.

GOALS FOR FUTURE INTENDED USE PLANS

To provide for better management and greater flexibility of the CWSRF, as well as the DWSRF, the OWRB again requested EPA approval to reserve the right to transfer funds, of up to 33% of the DWSRF capitalization grant, between the two programs. However, no transfer was necessary for SFY 2017.

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

RULE CHANGES

The following rule changes related to the CWSRF Program were approved by the OWRB on February 21, 2017 and ratified by the Legislature and Governor. They became effective on September 11, 2017.

Section 785:50-9-23 is proposed to be amended to remove language regarding the L1 application document. The intended effect is to remove unnecessary requirements in the loan application process.

Section 785:50-9-33 is proposed to remove existing language of the rules to reflect the correct process of loan closing and construction. The intended effect is to create more cohesive sections and make the language easily understood for potential applicants.

A complete list of OWRB Financial Assistance Administrative Rules can be found on the Secretary of State's website at www.oar.state.ok.us. An unofficial version can be found on the OWRB website at www.owrb.ok.gov/rules. Oklahoma state statutes can be found at www.oscn.net.

The Financial Assistance Division complies with all applicable state statutes, federal laws, and administrative codes.

ENVIRONMENTAL BENEFIT AND PERFORMANCE

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

Table 12 summarizes the environmental benefits addressed by each project. Six (6) of the thirteen (13) projects approved for funding during SFY 2017 were proposed as a result of a documented public health threat and/or NPDES discharge permit violation and assist borrowers to come into permit compliance. Six (6) of the thirteen (13) projects reduced pollutants from affected stream segments identified as threatened or impaired in Oklahoma's Integrated Water Quality Assessment Report (303(d) listing). Additionally, nine (9) projects lie within hydrologic basins where groundwater is considered highly vulnerable, within or affecting a source water protection area, watershed designated as nutrient-limited, or upstream of waters with recreational or of ecological significance.

Table 12: Projected Environmental Benefits for Projects Funded within SFY 2017

PROJECT	PORUM PWA	LAWTON WA	PAULS VALLEY MA	DEL CITY MSA	SKIATOOK PWA
Project Number	ORF-17-0008-CW	ORF-17-0011-CW	ORF-17-0013-CW	ORF-16-0003-CW	ORF-15-0003-CW
Binding Commitment Year	2017	2017	2017	2017	2017
Population	590	96,867	6,187	21,756	7,571
Total Assistance Provided	\$780,000	\$200,000	\$875,000	\$21,000,000	\$12,453,000
Waterbody name	East Porum Creek	Ninemile Creek	Washita River	Cherry Creek	Bird Creek & Hominy Creek
Affected Waterbody I.D.	OK120400020060_00	OK311300020030_00	OK310810010010_00	OK520520000110_00	OK121300020010_10 OK121300040010_00

PROJECT TYPE FACTOR

Consent Order or Enforceable NPDES Permit Schedule				X	X
Eliminate or reduce documented health threat or NPDES violation within watershed that is a water supply				X	X
Eliminate or reduce documented health threat or NPDES violation		X			
All other projects sustaining or reducing current degree of treatment, increasing capacity, reliability, or efficiency, reclaim/reuse water, or reduce documented water quality threat	X	X			

WATER QUALITY RESTORATION FACTOR

Affects 303d listed stream				X	X
NPS Priority Watershed					
Project implements water quality plan				X	X

WATER QUALITY PROTECTION FACTOR

APPENDIX A WATER	Outstanding Resource Water				
	High Quality Water				
	Sensitive Water Supply				
	Scenic River				
	Nutrient-limited watershed				
APPENDIX B WATER	Cultural Significance				
	Waters with recreational and/or ecological significance				
GROUNDWATER VULNERABILITY	Source water protection area				
	Low		X		X
	Moderate				
	High				
	Very High	X		X	X

Table 12 (continued)

PROJECT	MUSKOGEE MA	NORMAN UA	OKLAHOMA CONSERVATION COMMISSION	MUSKOGEE MA	GRAND LAKE PWA
Project Number	ORF-17-0014-CW	ORF-17-0016-CW	ORF-17-0015-CW	ORF-17-0019-CW	ORF-17-0018-CW
Binding Commitment Year	2017	2017	2017	2017	2017
Population	39,223	117,353	53,576	39,223	74
Total Assistance Provided	\$110,000	\$304,625	\$300,000	\$27,360,000	\$1,825,183
Waterbody name	Arkansas River	Brookhaven Creek	Lake Eufaula, Lake McMurdy, Grand Lake O' the Cherokees/Neosho	Arkansas River	Grand Lake O' the Cherokees
Affected Waterbody I.D.	OK120400010260_00	OK520610010205_00	OK520500010020_00 OK620900040240_00 OK121600030020_00 OK121600020170_00	OK120400010260_00	OK121600030030_00

PROJECT TYPE FACTOR

Consent Order or Enforceable NPDES Permit Schedule				X	
Eliminate or reduce documented health threat or NPDES violation within watershed that is a water supply				X	
Eliminate or reduce documented health threat or NPDES violation					
All other projects sustaining or reducing current degree of treatment, increasing capacity, reliability, or efficiency, reclaim/reuse water, or reduce documented water quality threat	X			X	X

WATER QUALITY RESTORATION FACTOR

Affects 303d listed stream					X
NPS Priority Watershed			X		X
Project implements water quality plan				X	

WATER QUALITY PROTECTION FACTOR

APPENDIX A WATER	Outstanding Resource Water				
	High Quality Water				
	Sensitive Water Supply				
	Scenic River				
	Nutrient-limited watershed				
	Cultural Significance				
APPENDIX B WATER	Waters with recreational and/or ecological significance	X			
	Source water protection area				X
GROUNDWATER VULNERABILITY	Low	X		X	X
	Moderate				
	High			X	X
	Very High		X	X	

Table 12 (continued)

PROJECT	TULSA MUA	BROKEN ARROW MA	CHOCTAW UA
Project Number	ORF-17-0001-CW	ORF-16-0005-CW	ORF-15-0007-CW
Binding Commitment Year	2017	2016	2017
Population	393,599	101,917	11,619
Total Assistance Provided	\$21,725,000	\$6,700,000	\$9,775,000
Waterbody name	Arkansas R., Bird Cr. & Haikey Creek	Arkansas River	Choctaw Creek
Affected Waterbody I.D.	OK120420010010_00 OK121300010010_00 OK120420010010_00	OK120420010010_00	OK520520000030_00

PROJECT TYPE FACTOR

Consent Order or Enforceable NPDES Permit Schedule	X		X
Eliminate or reduce documented health threat or NPDES violation within watershed that is a water supply	X		
Eliminate or reduce documented health threat or NPDES violation			X
All other projects sustaining or reducing current degree of treatment, increasing capacity, reliability, or efficiency, reclaim/reuse water, or reduce documented water quality threat	X	X	X

WATER QUALITY RESTORATION FACTOR

Affects 303d listed stream	X	X	X
NPS Priority Watershed			
Project implements water quality plan	X	X	

WATER QUALITY PROTECTION FACTOR

APPENDIX A WATER	Outstanding Resource Water			
	High Quality Water			
	Sensitive Water Supply			
	Scenic River			
	Nutrient-limited watershed			
	Cultural Significance			
APPENDIX B WATER	Waters with recreational and/or ecological significance			
	Source water protection area			
GROUNDWATER VULNERABILITY	Low	X		
	Moderate			
	High			
	Very High	X	X	X

THE FUTURE OF OKLAHOMA'S WASTEWATER INFRASTRUCTURE

As a result of the widespread need for water pollution control infrastructure financing, and efforts by the OWRB to implement a “lower than market rate” loan program, the OWRB has received a positive response from communities across the state requesting their projects be added to the five-year CWSRF PPL. For SFY 2018 twenty five (25) communities have made requests for twenty five (25) wastewater construction, water conservation, and planning and design projects totaling over \$153.9 million. The demand through 2022 totals over \$358.8 million. This number is likely low, as historically the number of projects identified on the CWSRF PPL target for future years underestimates the actual project demand due to the uncertainty of future construction schedules, the issuance of new enforcement or administrative orders, etc. The OCWP documents over \$12.5 billion in wastewater construction needs through the year 2020.

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

FIGURE 3: STATEWIDE WASTEWATER INFRASTRUCTURE COST SUMMARY IN BILLIONS

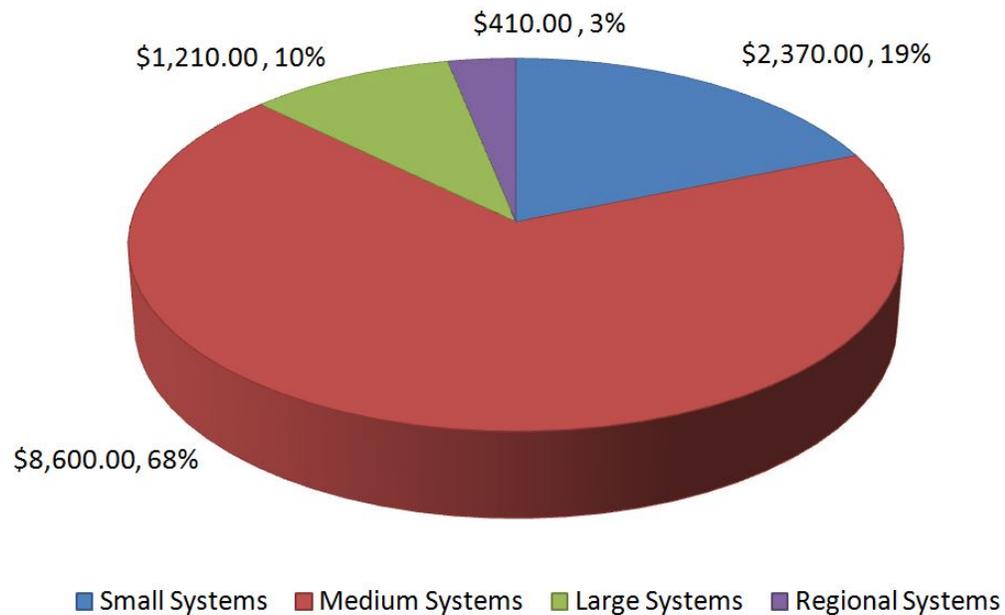
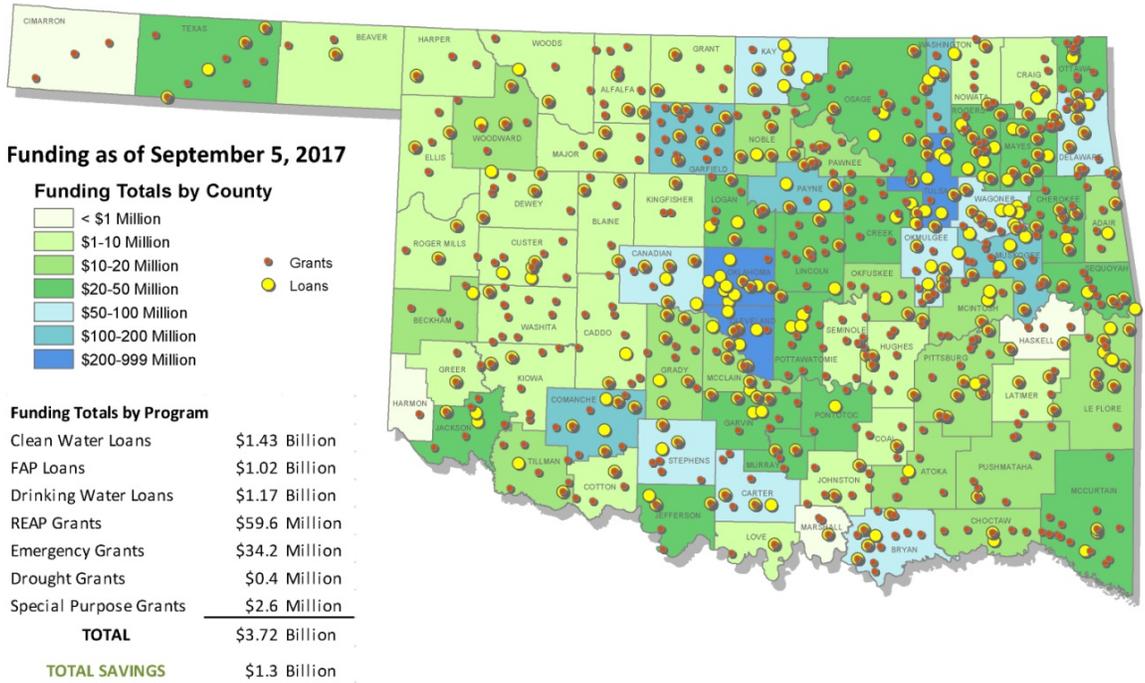


FIGURE 4: LOAN AND GRANT RECIPIENT STATUS MAP



LIST OF ACRONYMS

AIS	American Iron and Steel
CATEX	Categorical Exclusion
CBR	CWSRF Benefits Reporting
CIP	Capital Improvement Plan
CWA	Clean Water Act
CWSRF	Clean Water State Revolving Fund
DA	Development Authority
DB	Davis Bacon (Act)
DWSRF	Drinking Water State Revolving Fund
EA	Environmental Assessment
EID	Environmental Information Document
EIS	Environmental Impact Statement
EPA	Environmental Protection Agency
FACT	Funding Agency Coordinating Team
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FONSI	Finding of No Significant Impact
FSP	Fiscal Sustainability Plan
GIS	Geographic Information Systems
GPR	Green Project Reserve
Guide	Public Wastewater System Planning Guide
IFS	Infrastructure Financing Software
IUP	Intended Use Plan
MA	Municipal Authority
MMD	Municipal Market Daily
MS4	Municipal Separate Storm Sewer System
NEPA	National Environmental Policy Act
NIMS	National Information Management System
NOI	Notice of Intent
NPDES	National Pollutant Discharge Elimination System
OA	Operating Agreement
OASIS	Oklahoma Advantages Assessment & Scoring for Infrastructure Solutions
OCWP	Oklahoma Comprehensive Water Plan
ODEQ	Oklahoma Department of Environmental Quality
PUA	Public Utilities Authority
PWA	Public Works Authority
PPL	Project Priority List
ROD	Record of Decision
SFY	State Fiscal Year
SOF	Statement of Finding
SOP	Standard Operating Procedures
SERP	State Environmental Review Process
WRRDA	Water Resources Reform and Development Act
WUT	Water Utilities Trust

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