

## MINUTES

### CALL TO ORDER

The Oklahoma Conservation Commission met June 1, 2009, at the Agriculture Building Board Room located at 2800 N. Lincoln in Oklahoma City, Oklahoma. The meeting was called to order at 9:30 a.m. by Chairman Dan Lowrance. He stated this was a regularly scheduled meeting in accordance with the Open Meeting Law, Title 25, Sections 301 and following as amended. The agenda for this meeting was posted May 28, 2009, at the front entrance of the building.

### ROLL CALL

Kim Tweed, Executive Secretary, took roll call and the following members were in attendance:

Dan Lowrance, Chair  
Virginia Kidd, Vice Chair  
Matt Gard, Secretary  
Mike Rooker, Member  
George Stunkard, Member

Others in attendance were:

Mike Thralls, Executive Director  
Steve Coffman, Financial Management and Human Resources Director  
Tammy Sawatzky, Conservation Programs Deputy Director  
Shanon Phillips, Water Quality Program Director  
Mike Kastl, Abandoned Mine Land Program Director  
Mike Sharp, Information Technology Director  
Lisa Knauf, District Services Director  
Mark Harrison, Information Representative  
Darrel Dominick, Tribal Outreach Coordinator  
Shellie Willoughby, Awards and Recognition Committee Chair  
Greg Kloxin, Water Quality Program Assistant Director  
Brooks Tramell, Monitoring Coordinator  
Jerry Carr, Water Quality Specialist  
Stacy Hansen, Carbon Sequestration Certification Program Director  
Kevin Varner, District Liaison  
Eldon Merklin, Cost-share Program Coordinator  
Regina Switzer, Assistant Attorney General  
Ron Hilliard, Natural Resources Conservation Service State Conservationist  
Clay Pope, Oklahoma Association of Conservation Districts Executive Director  
Kelly Hurt, Chickasaw Nation  
Kara Williams, Office of the Secretary of Environment  
Steve Thompson, Department of Agriculture, Food and Forestry  
Lynn Rogers, Oklahoma Attorney General's office  
Tim Martin, State Bond Counsel's Office  
Kim Tweed, Executive Secretary

## **MINUTES OF PREVIOUS MEETING**

A motion was made by Mr. Stunkard and seconded by Mr. Gard to approve the minutes of the May 4, 2009, Commission meeting as written. Those voting aye were: Lowrance, Kidd, Gard, Rooker and Stunkard. Nay votes: none. Motion carried.

## **DISTRICT DIRECTOR RESIGNATIONS AND APPOINTMENTS**

Mike Thralls, Executive Director, presented recommendations for appointment of conservation district directors as listed in Exhibit #1. A motion was made by Mr. Gard and seconded by Mr. Rooker to approve district director appointments listed as First Recommendation in Exhibit #1 with terms to expire as indicated. Those voting aye were: Lowrance, Kidd, Gard, Rooker and Stunkard. Nay votes: none. Motion carried.

## **CLAIMS/FINANCIAL STATEMENT**

Steve Coffman, Financial Management and Human Resources Director, presented the claims and financial statement as listed in Exhibit #2. A motion was made by Mr. Rooker and seconded by Mr. Stunkard to approve the claims and financial statement. Those voting aye were: Lowrance, Kidd, Gard, Rooker and Stunkard. Nay votes: none. Motion carried.

## **CONSERVATION COMMISSION EMPLOYEE RECOGNITIONS**

The following Conservation Commission employee recognitions were made: Jerry Carr, Water Quality Specialist, for 5 years of service; Brooks Tramell, Monitoring Coordinator, for Employee of the Quarter; and Stacy Hansen, Carbon Sequestration Certification Program Director, for Employee of the Year.

## **RECOGNITION OF DARREL DOMINICK, TRIBAL OUTREACH COORDINATOR,**

Kelly Hurt, Chickasaw Nation, presented the Conservation Commission with a U.S. Department of Interior Partners In Conservation Award for Protection of Aquifer Resources in Oklahoma. He also recognized Darrel Dominick, Tribal Outreach Coordinator, and Robert Toole, Conservation Programs Director, as recipients of the Award and made a presentation to Mr. Dominick. Mr. Toole was unable to attend.

Mr. Hurt stated that the tribe is working on a Memorandum of Understanding with the Commission.

## **PRESENTATION OF AGREEMENTS**

Mr. Thralls presented agreements for approval as listed in Exhibit #3. A motion was made by Mr. Stunkard and seconded by Mr. Rooker to approve the agreements as listed. Those voting aye were: Lowrance, Kidd, Gard, Rooker and Stunkard. Nay votes: none. Motion carried.

## **SPONSORSHIP OF THE 2009 SASDA ANNUAL MEETING**

The 2009 Southern Association of State Departments of Agriculture Annual Meeting will be held on June 14-18, 2009, Oklahoma City, Oklahoma. Mr. Thralls recommended sponsorship of this meeting in the amount of \$1000. A motion was made by Mr. Gard and seconded by Mr. Stunkard to approve the sponsorship. Those voting aye were: Lowrance, Kidd, Gard, Rooker and Stunkard. Nay votes: none. Motion carried.

## **CERTIFICATION OF CANDIDATES**

Kim Tweed, Executive Secretary, recommended certification of candidates in districts where only one eligible person filed a Notification and Declaration of Candidacy for Elected Position 2 as listed in Exhibit #4. A motion was made by Mr. Stunkard and seconded by Ms. Kidd to certify the candidates as listed. Those voting aye were: Lowrance, Kidd, Gard, Rooker and Stunkard. Nay votes: none. Motion carried.

## **FY2010-2014 CONSERVATION DISTRICT LONG RANGE PLANS**

Lisa Knauf, District Services Director, recommended approval of Long Range Plans as listed in Exhibit #5. A motion was made by Ms. Kidd and seconded by Mr. Rooker to approve the plans as listed. Those voting aye were: Lowrance, Kidd, Gard, Rooker and Stunkard. Nay votes: none. Motion carried.

## **CONSERVATION BOND ISSUE**

Mr. Thralls stated that with the bond issue being signed by the Governor the following action is needed to proceed. He stated that Lynn Rogers, Assistant Attorney General, and Tim Martin, State Bond Counsel's office, are here to answer questions.

Mr. Thralls stated that the Commission approved a *Resolution Declaring Official Intent to Reimburse* last November. However, the bill containing that bond language was found unconstitutional. An addendum is required to proceed under the new bill.

Mr. Thralls stated that normally bonds build buildings. The Commission will need to approve a Lease Agreement for Use and Occupancy between the Commission and the Oklahoma Capitol Improvement Authority regarding utilization of bond funds as listed in Attachment A. This action is necessary so closing can occur on June 3.

Mr. Thralls stated that an agreement between the Conservation Commission and conservation districts will need to be approved prior to bond money being spent on any projects. This agreement will be sent to conservation districts for approval. Staff is planning to attend district board meetings within the next 2 months to address this agreement.

Lynn Rogers, Assistant Attorney General, stated that a typical bond structure is through a lease/purchase agreement. He stated that the Oklahoma Capitol Improvement Authority is not leasing lands on improvements so it needs authorization to go in and examine projects as it sees fit, examine accounting, and have access to records of the Commission. The User Agreement sets up a legal relationship between the Commission and the OCIA and the Commission agrees that the money is being spent to benefit the general public.

The agreement with conservation districts establishes a relationship between the Commission and the conservation districts that are utilizing the money.

Tim Martin, State Bond Advisory's Office, provided a document containing final numbers and payment schedule (Attachment A).

A motion was made by Mr. Gard and seconded by Ms. Kidd to approve the bond *Addendum to Resolution Declaring Official Intent to Reimburse* as listed in Exhibit #6. Those voting aye were: Lowrance, Kidd, Gard, Rooker and Stunkard. Nay votes: none. Motion carried.

A motion was made by Mr. Stunkard and seconded by Mr. Rooker to approve the Lease Agreement for Use and Occupancy between the Conservation Commission and the Oklahoma Capitol Improvement Authority regarding utilization of bond funds as listed in Attachment B. Those voting aye were: Lowrance, Kidd, Gard, Rooker and Stunkard. Nay votes: none. Motion carried.

A motion was made by Mr. Rooker and seconded by Mr. Stunkard to approve the blanket Bond User Agreement between the Conservation Commission and Conservation Districts regarding utilization of bond funds as listed in Attachment C. Those voting aye were: Lowrance, Kidd, Gard, Rooker and Stunkard. Nay votes: none. Motion carried.

### **OUT OF STATE TRAVEL REQUEST**

A motion was made by Mr. Gard and seconded by Mr. Stunkard to approve attendance at the EPA Region 6 Nonpoint Source Workshop, June 8-10, 2009, Dallas, Texas as listed in Exhibit #7. Those voting aye were: Lowrance, Kidd, Gard, Rooker and Stunkard. Nay votes: none. Motion carried.

### **CHANGES IN PRIORITY WATERSHED UNIT COSTS TO MATCH RECENTLY APPROVED NATURAL RESOURCES CONSERVATION SERVICE UNIT COSTS**

Shanon Phillips, Water Quality Program Director, stated that staff reviewed the recently approved NRCS unit costs and recommend changes in order to help producers cover the increasing costs of materials necessary for installation of practices as listed in Attachment D.

A motion was made by Mr. Rooker and seconded by Mr. Stunkard to approve changes in priority watershed unit costs to NRCS unit costs as listed in Attachment D. Those voting aye were: Lowrance, Kidd, Gard, Rooker and Stunkard. Nay votes: none. Motion carried.

### **FY2010 APPROPRIATION AND BUDGET**

Mr. Thralls provided copies of a summary of FY2010 appropriations and excerpts from SB 216, SB 155 and HB 1489 as listed in Attachment E. He stated the Commission received a seven percent reduction in general revenue including a reduction to its FY09 bond payment appropriation. However, after discussions, the first bond payment will be fully covered. The Commission will request funds for bond payments each year but it could be reduced if agency budgets are reduced. The OCIA has statutory authority to deduct bond payments from cash agencies have on hand.

Mr. Thralls stated that HB 1489 increases from twenty percent to thirty percent the amount of money the Commission can use from the Conservation Infrastructure Fund for administration. This will assist with agency operations for the next fiscal year.

### **REPORT ON LEGISLATION AFFECTING THE CONSERVATION COMMISSION AND CONSERVATION DISTRICTS**

Mr. Thralls stated that there is a bill to create a centralized information technology office and one to change state employee payroll; however, neither bill has been signed by the Governor.

## **PUBLIC COMMENTS**

None.

## **NEW BUSINESS**

None.

## **OKLAHOMA CONSERVATION COMMISSION MEMBERS**

Ms. Kidd, Mr. Stunkard, Mr. Rooker and Mr. Gard reported on attending teacher awards ceremonies in their respective areas.

Mr. Stunkard and Mr. Rooker reported on attending the National Land and Range Judging Contest and the banquet.

Mr. Lowrance reported on attending the National Watershed Coalition 11<sup>th</sup> National Conference in Wichita, Kansas. He also met with the South Central Regional Director at the ARS Hydrologic Lab in Stillwater.

## **OKLAHOMA CONSERVATION COMMISSION STAFF**

*Administration - Executive Director:* Mr. Thralls congratulated Mr. Lowrance for being confirmed to another five year term on the Commission. He attended the National Watershed Coalition 11<sup>th</sup> National Conference and commended Mr. Lowrance for his participation in the meeting.

Mr. Thralls introduced Kara Williams, Office of the Secretary of Environment. Ms. Williams assists the Commission with the EPA 319 program.

Mr. Thralls thanked Commission members for attending the teacher awards ceremonies. He expressed appreciation to OACD and OACDE for their efforts with the legislative session.

Mr. Thralls expressed appreciation to Ms. Willoughby and the Commission's Awards and Recognition Committee for hosting a full staff meeting in May at Canyon Camp.

*District Services Division:* Lisa Knauf, Director, stated that assistance on consolidation with the Mountain View and the Kiowa County Conservation Districts continues. She is hopeful that an NRCS contributions agreement will be ready for approval in July.

*Water Quality Program:* Shanon Phillips, Director, reported that former Water Quality Director Larry Edmison passed away last week.

Ms. Phillips reported on the Stamper Project stating that Secretary of Environment J.D. Strong recommended this project and it was selected to receive stimulus funds in the amount of \$1 million.

Ms. Phillips reported that Greg Kloxin has been selected as Assistant Director effective June 1.

*Abandoned Mine Land Reclamation Program:* Mike Kastl, Director, reported on the FY2009 grant and its two projects as detailed in the written report. He reported that the emergency project on Highway 270 was completed and that another emergency was declared in Hartshorne last week.

Work continues for the National AML Program Annual Meeting scheduled for September 27-30 in Rogers, Arkansas.

*Financial Management and Human Resources Division:* Steve Coffman, Director, stated that budget meetings will be held with division directors this week and the budget work program will be ready for approval next month. He worked with Risk Management to finalize the general liability for conservation districts at a level premium. Mr. Coffman is working with the OCIA on procedures for bond money.

*Information Technology Division:* Mike Sharp, Director, attended the USGS Partnership Meeting in Ft. Collins, Colorado. He reported that the aerial photography schedule is being moved up and that Oklahoma will be flown in 2010. He stated that USGS is unveiling a new version of maps using GeoPDF.

*Conservation Programs Division:* Tammy Sawatzky, Deputy Director, stated that staff is working on land rights for watershed rehabilitation.

## **OKLAHOMA ASSOCIATION OF CONSERVATION DISTRICTS**

Clay Pope, Executive Director, stated that we had a good legislative session with the passage of the bond issue and increasing the amount in the REAP money. He reported that a bill was passed authored by Representative Richardson on high hazard dams and dam safety standards.

Mr. Pope reported that the Stamper Project received stimulus funds as well as the OACD, in conjunction with the Oklahoma Academy for State Goals.

Mr. Pope stated districts have been approached by the Fish and Wildlife Service regarding equipment purchases with stimulus funds and controlled burns. He is watching federal issues such as climate change and the federal budget.

Mr. Pope reported on attending a meeting with Western Farmers regarding the carbon program, a meeting with Carl Lucerno, USDA-Office of Ecosystem Services, the National Land and Range Judging Contest, and teacher awards ceremonies. He stated the NACD South Central meeting will be held on August 12-14 in Baton Rouge, Louisiana.

## **USDA-NATURAL RESOURCES CONSERVATION SERVICE**

Ron Hilliard, State Conservationist, provided copies of the *Oklahoma Conservation Partnership Report for May 2009*. He stated that over 400 people attended information meetings held to discuss the 2008 Farm Bill and the Economic Stimulus Bill.

Scott Pace has been named the coordinator for the Ouachita Mountains RC&D. Pearlie Reed has been named Undersecretary for Administration for the USDA. Lanny Miller is Assistant Field Operations for Zone 1 and Jamey Wood moved to Zone 5. He reported that several students began

work last week.

Mr. Hilliard stated that four Commission employees attended the Conservation Planning Course.

**USDA-FARM SERVICE AGENCY**

No representative present.

**OFFICERS FOR FY2010**

A motion was made by Mr. Stunkard and seconded by Mr. Rooker to nominate officers as follows: Matt Gard, Chair; Mike Rooker, Vice Chair; George Stunkard, Secretary. Those voting aye were: Lowrance, Kidd, Gard, Rooker and Stunkard. Nay votes: none. Motion carried.

**NEXT MEETING**


The next regular meeting of the Oklahoma Conservation Commission will be held on July 6, 2009, in the Agriculture Building Board Room, 2800 N. Lincoln Boulevard, Oklahoma City, Oklahoma beginning at 9:30 a.m.

**ADJOURNMENT**

There being no further business a motion was made by Ms. Kidd and seconded by Mr. Rooker to adjourn. Those voting aye were: Lowrance, Kidd, Gard, Rooker and Stunkard. Nay votes: none. Motion carried. The meeting adjourned at 11:30 a.m.

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Approved by the Oklahoma Conservation Commission on July 6, 2009.

  
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CHAIR

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## SOURCES AND USES OF FUNDS

Oklahoma Capitol Improvement Authority  
Conservation Commission, Series 2009A  
Final Numbers

Dated Date	06/03/2009
Delivery Date	06/03/2009

## Sources:

<b>Bond Proceeds:</b>	
Par Amount	24,880,000.00
<u>Original Issue Discount</u>	<u>-171,195.05</u>
<u>Premium</u>	<u>445,469.20</u>
	25,154,274.15

## Uses:

<b>Project Fund Deposits:</b>	
Project Fund #1	25,000,000.00
<b>Cost of Issuance:</b>	
Bond Counsel (fee & exp)	11,500.00
S&P	14,100.00
Fitch	11,000.00
Printing	916.47
Bond Oversight Fee	4,888.00
OCIA Administrative Fee	1,000.00
Attorney General Fee	<u>4,702.50</u>
	48,106.97
<b>Underwriter's Discount:</b>	
Average Takedown	99,520.00
Underwriters' Counsel	2,500.00
Other Expenses	<u>2,500.00</u>
	104,520.00
<b>Other Uses of Funds:</b>	
Additional Proceeds	1,647.18
	25,154,274.15



## BOND DEBT SERVICE

Oklahoma Capitol Improvement Authority  
 Conservation Commission, Series 2009A  
 Final Numbers

Dated Date 06/03/2009  
 Delivery Date 06/03/2009

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/01/2010			507,226.78	507,226.78	
07/01/2010	1,160,000	**	438,946.25	1,598,946.25	2,106,173.03
01/01/2011			427,846.25	427,846.25	
07/01/2011	1,360,000	**	427,846.25	1,787,846.25	2,215,692.50
01/01/2012			414,206.25	414,206.25	
07/01/2012	1,385,000	3.000%	414,206.25	1,799,206.25	2,213,412.50
01/01/2013			393,431.25	393,431.25	
07/01/2013	1,425,000	3.500%	393,431.25	1,818,431.25	2,211,862.50
01/01/2014			368,493.75	368,493.75	
07/01/2014	1,475,000	3.500%	368,493.75	1,843,493.75	2,211,987.50
01/01/2015			342,681.25	342,681.25	
07/01/2015	1,530,000	3.500%	342,681.25	1,872,681.25	2,215,362.50
01/01/2016			315,906.25	315,906.25	
07/01/2016	1,580,000	4.000%	315,906.25	1,895,906.25	2,211,812.50
01/01/2017			284,306.25	284,306.25	
07/01/2017	1,645,000	3.000%	284,306.25	1,929,306.25	2,213,612.50
01/01/2018			259,631.25	259,631.25	
07/01/2018	1,695,000	4.000%	259,631.25	1,954,631.25	2,214,262.50
01/01/2019			225,731.25	225,731.25	
07/01/2019	1,760,000	3.500%	225,731.25	1,985,731.25	2,211,462.50
01/01/2020			194,931.25	194,931.25	
07/01/2020	1,825,000	4.000%	194,931.25	2,019,931.25	2,214,862.50
01/01/2021			158,431.25	158,431.25	
07/01/2021	1,895,000	3.750%	158,431.25	2,053,431.25	2,211,862.50
01/01/2022			122,900.00	122,900.00	
07/01/2022	1,965,000	4.000%	122,900.00	2,087,900.00	2,210,800.00
01/01/2023			83,600.00	83,600.00	
07/01/2023	2,050,000	4.000%	83,600.00	2,133,600.00	2,217,200.00
01/01/2024			42,600.00	42,600.00	
07/01/2024	2,130,000	4.000%	42,600.00	2,172,600.00	2,215,200.00
	24,880,000		8,215,565.53	33,095,565.53	33,095,565.53

BOND DEBT SERVICE

Oklahoma Capitol Improvement Authority  
 Conservation Commission, Series 2009A  
 Final Numbers

Dated Date 06/03/2009  
 Delivery Date 06/03/2009

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2010	1,160,000	**	946,173.03	2,106,173.03
07/01/2011	1,360,000	**	855,692.50	2,215,692.50
07/01/2012	1,385,000	3.000%	828,412.50	2,213,412.50
07/01/2013	1,425,000	3.500%	786,862.50	2,211,862.50
07/01/2014	1,475,000	3.500%	736,987.50	2,211,987.50
07/01/2015	1,530,000	3.500%	685,362.50	2,215,362.50
07/01/2016	1,580,000	4.000%	631,812.50	2,211,812.50
07/01/2017	1,645,000	3.000%	568,612.50	2,213,612.50
07/01/2018	1,695,000	4.000%	519,262.50	2,214,262.50
07/01/2019	1,760,000	3.500%	451,462.50	2,211,462.50
07/01/2020	1,825,000	4.000%	389,862.50	2,214,862.50
07/01/2021	1,895,000	3.750%	316,862.50	2,211,862.50
07/01/2022	1,965,000	4.000%	245,800.00	2,210,800.00
07/01/2023	2,050,000	4.000%	167,200.00	2,217,200.00
07/01/2024	2,130,000	4.000%	85,200.00	2,215,200.00
	24,880,000		8,215,565.53	33,095,565.53

BOND PRICING

Oklahoma Capitol Improvement Authority  
 Conservation Commission, Series 2009A  
 Final Numbers

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Serial Bond:						
	07/01/2010	630,000	1.000%	1.000%	100.000	
	07/01/2010	530,000	3.000%	1.000%	102.138	11,331.40
	07/01/2011	1,040,000	1.700%	1.700%	100.000	
	07/01/2011	320,000	3.000%	1.700%	102.642	8,454.40
	07/01/2012	1,385,000	3.000%	2.000%	102.969	41,120.65
	07/01/2013	1,425,000	3.500%	2.250%	104.843	69,012.75
	07/01/2014	1,475,000	3.500%	2.650%	104.012	59,177.00
	07/01/2015	1,530,000	3.500%	2.850%	103.602	55,110.60
	07/01/2016	1,580,000	4.000%	3.050%	106.004	94,863.20
	07/01/2017	1,645,000	3.000%	3.220%	98.444	-25,596.20
	07/01/2018	1,695,000	4.000%	3.420%	104.491	76,122.45
	07/01/2019	1,760,000	3.500%	3.620%	98.992	-17,740.80
	07/01/2020	1,825,000	4.000%	3.800%	101.659 C	30,276.75
	07/01/2021	1,895,000	3.750%	3.950%	98.091	-36,175.55
	07/01/2022	1,965,000	4.000%	4.070%	99.292	-13,912.20
	07/01/2023	2,050,000	4.000%	4.140%	98.514	-30,463.00
	07/01/2024	2,130,000	4.000%	4.200%	97.779	-47,307.30
		24,880,000				274,274.15

Dated Date	06/03/2009	
Delivery Date	06/03/2009	
First Coupon	01/01/2010	
Par Amount	24,880,000.00	
Premium	274,274.15	
Production	25,154,274.15	101.102388%
Underwriter's Discount	-104,520.00	-0.420096%
Purchase Price	25,049,754.15	100.682292%
Accrued Interest		
Net Proceeds	25,049,754.15	

**BOND SUMMARY STATISTICS**

Oklahoma Capitol Improvement Authority  
 Conservation Commission, Series 2009A  
 Final Numbers

Dated Date	06/03/2009
Delivery Date	06/03/2009
Last Maturity	07/01/2024
Arbitrage Yield	3.593739%
True Interest Cost (TIC)	3.651304%
Net Interest Cost (NIC)	3.685496%
All-In TIC	3.677913%
Average Coupon	3.763255%
Average Life (years)	8.775
Duration of Issue (years)	7.359
Par Amount	24,880,000.00
Bond Proceeds	25,154,274.15
Total Interest	8,215,565.53
Net Interest	8,045,811.38
Total Debt Service	33,095,565.53
Maximum Annual Debt Service	2,217,200.00
Average Annual Debt Service	2,194,989.61
Underwriter's Fees (per \$1000)	
Average Takedown	4.000000
Other Fee	0.200965
Total Underwriter's Discount	4.200965
Bid Price	100.682292

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bond	24,880,000.00	101.102	3.763%	8.775
	24,880,000.00			8.775

	TIC	All-In TIC	Arbitrage Yield
Par Value	24,880,000.00	24,880,000.00	24,880,000.00
+ Accrued Interest			
+ Premium (Discount)	274,274.15	274,274.15	274,274.15
- Underwriter's Discount	-104,520.00	-104,520.00	
- Cost of Issuance Expense		-48,106.97	
- Other Amounts			
Target Value	25,049,754.15	25,001,647.18	25,154,274.15
Target Date	06/03/2009	06/03/2009	06/03/2009
Yield	3.651304%	3.677913%	3.593739%

FORM 8038 STATISTICS

Oklahoma Capitol Improvement Authority  
 Conservation Commission, Series 2009A  
 Final Numbers

Dated Date 06/03/2009  
 Delivery Date 06/03/2009

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	07/01/2010	630,000.00	1.000%	100.000	630,000.00	630,000.00
	07/01/2010	530,000.00	3.000%	102.138	541,331.40	530,000.00
	07/01/2011	1,040,000.00	1.700%	100.000	1,040,000.00	1,040,000.00
	07/01/2011	320,000.00	3.000%	102.642	328,454.40	320,000.00
	07/01/2012	1,385,000.00	3.000%	102.969	1,426,120.65	1,385,000.00
	07/01/2013	1,425,000.00	3.500%	104.843	1,494,012.75	1,425,000.00
	07/01/2014	1,475,000.00	3.500%	104.012	1,534,177.00	1,475,000.00
	07/01/2015	1,530,000.00	3.500%	103.602	1,585,110.60	1,530,000.00
	07/01/2016	1,580,000.00	4.000%	106.004	1,674,863.20	1,580,000.00
	07/01/2017	1,645,000.00	3.000%	98.444	1,619,403.80	1,645,000.00
	07/01/2018	1,695,000.00	4.000%	104.491	1,771,122.45	1,695,000.00
	07/01/2019	1,760,000.00	3.500%	98.992	1,742,259.20	1,760,000.00
	07/01/2020	1,825,000.00	4.000%	101.659	1,855,276.75	1,825,000.00
	07/01/2021	1,895,000.00	3.750%	98.091	1,858,824.45	1,895,000.00
	07/01/2022	1,965,000.00	4.000%	99.292	1,951,087.80	1,965,000.00
	07/01/2023	2,050,000.00	4.000%	98.514	2,019,537.00	2,050,000.00
	07/01/2024	2,130,000.00	4.000%	97.779	2,082,692.70	2,130,000.00
		24,880,000.00			25,154,274.15	24,880,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield	Net Interest Cost
Final Maturity	07/01/2024	4.000%	2,082,692.70	2,130,000.00			
Entire Issue			25,154,274.15	24,880,000.00	8.7037	3.5937%	3.6272%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	152,626.97
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00

COST OF ISSUANCE

Oklahoma Capitol Improvement Authority  
Conservation Commission, Series 2009A  
Final Numbers

Cost of Issuance	\$/1000	Amount
Bond Counsel (fee & exp)	0.46222	11,500.00
S&P	0.56672	14,100.00
Fitch	0.44212	11,000.00
Printing	0.03684	916.47
Bond Oversight Fee	0.19646	4,888.00
OCIA Administrative Fee	0.04019	1,000.00
Attorney General Fee	0.18901	4,702.50
	1.93356	48,106.97

## LEASE AGREEMENT FOR USE AND OCCUPANCY

THIS LEASE AGREEMENT FOR USE AND OCCUPANCY, dated as of the 1st day of June, 2009, by and between the OKLAHOMA CAPITOL IMPROVEMENT AUTHORITY (hereinafter referred to as the "Authority") and the OKLAHOMA CONSERVATION COMMISSION, a governmental agency of the State of Oklahoma acting by and through its Authorized Officer (hereinafter sometimes referred to as the "Lessee"):

### RECITALS

WHEREAS, the First Regular Session of the 52<sup>nd</sup> Oklahoma Legislature (2009) has duly enacted Senate Bill 238 (the "Act," to be codified at Title 73 Oklahoma Statutes §335) as of April 20, 2009 and the Governor has approved said legislation as of April 27, 2009, with the Act immediately becoming law upon its approval; and

WHEREAS, the Act authorizes the Authority to provide financing for, and to enter into an agreement with, the Lessee, for the purposes of construction, repair and rehabilitation of flood-control dams, repair of roadside water erosion, riparian restoration and purchase of necessary equipment in various counties through and with the assistance of local conservation districts, including restoration of flood-damaged areas, all pursuant to the Conservation District Act (Title 27A Oklahoma Statutes, §§3-1-101 *et seq.*) (collectively, the "Project"); and

WHEREAS, the parties hereto agree the Project will assist the State and its residents in protecting the public health, safety and welfare, and will accomplish an important public purpose; and

WHEREAS, an interest in the Project sites described on Exhibit "A" hereto has been transferred to the Authority for the purpose of allowing the Authority to finance the same for the use of the Lessee; and

WHEREAS, for the purpose, in part, of paying the cost of such Project, the Authority has determined to issue its "Oklahoma Capitol Improvement Authority State Facilities Revenue Bonds, Series 2009A", in the aggregate principal amount of Twenty Four Million Eight Hundred Eighty Thousand Dollars (\$24,880,000) (herein referred to as the "Series 2009A Bonds" or the "Bonds"), all pursuant to the provisions of Title 73, Oklahoma Statutes Sections 151 *et seq.*, inclusive, as amended, specifically by the above-described Act, with debt retirement payments to be made by the Oklahoma Conservation Commission; and

WHEREAS, pursuant to the Act, the Authority is authorized, in cooperation with the Oklahoma Conservation Commission and local conservation districts to use and occupy the Project and to receive rent for such use and occupancy and such requirement has been made as to Lessee herein; and

WHEREAS, pursuant to the Act, the Authority is authorized to fix and revise from time to time rent for the use of any portion of the Project, PROVIDED, that the rents when so fixed, plus

revenues derived from other sources, shall provide sufficient revenue to pay as and when due the principal and interest on the Series 2009A Bonds issued to pay for the Project.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

In consideration of the respective agreements herein contained and subject to all the provisions hereof, and the agreement of the Authority to finance the acquisition, construction and equipping of the Project for use and occupancy by the Lessee, the Lessee hereby agrees to use and occupy the Project and in consideration of the covenants, agreements, duties and obligations of each of the parties hereto as hereinafter set forth, the Authority and Lessee do herein agree as follows:

1. Lease of Project. The Authority does hereby lease, demise and let unto Lessee and Lessee does hereby take and lease from the Authority, the Project.

2. Term. Pursuant to the directive of the Authority, the Lessee shall occupy the Project pursuant to this Agreement until July 1, 2024, or until all indebtedness of the Authority incurred in connection with the Project is paid or provision for payment thereof has been made. When all Series 2009A Bonds issued for the Project have been paid in full, the Project shall become the property of the Lessee and shall thereafter be under the full and exclusive supervision of the Lessee. The Authority agrees to execute any necessary documentation to deliver the Project to the Lessee upon debt repayment in full.

3. Payments by Lessee. The Lessee shall pay to the Authority on the tenth day of each month, commencing the first full month following delivery of the Bonds, an amount to be determined by the Authority in accordance with the Act, this Agreement and the Resolution; PROVIDED, HOWEVER, it is understood that the obligation of the Lessee to pay Rent is conditioned upon funds being legally available from any source for such purpose including but not limited to legislative appropriations. Such rental payments are subject to adjustment from time to time as hereinafter provided. The Authority shall notify the Lessee on or before the 1st day of January of each year during which any of the Series 2009A Bonds are outstanding, of the amount of Rent to be paid under this Agreement, for the next fiscal year (July 1 - June 30) based on the estimated need of the Authority, PROVIDED HOWEVER, the amount to be paid by the Lessee as Rent for said Project shall be subject to adjustment by increasing or decreasing the amounts hereinbefore specified whenever the Authority determines and notifies the Lessee that the aggregate amount being paid is more or less than the amount required to pay the principal and interest requirements on a portion of the Bonds. The semiannual increments of Lessee's share of debt service on the Series 2009A Bonds, which forms the basis for calculating rental payments, are set forth on Exhibit "B" hereto, based on \$24,880,000 of said Bonds having been issued for the Lessee's Project ("Lessee's Bond Allocation").

It is recognized and agreed by the parties to this Agreement that the amount to be paid by the Lessee under this Agreement as hereinbefore provided is just and reasonable considering the cost and value of the Project to be hereby afforded in the light of the requirements contained in the Act that the Rent when so fixed plus revenues derived from other sources, shall produce sufficient revenue to pay as and when due the principal and interest on the Lessee's Bond Allocation. It is



specifically understood and agreed that the obligation of the Lessee is an obligation to pay for the use and occupancy of the Project for services and facilities as received, and the obligation to pay rent shall not abate under any circumstances other than as specifically set forth herein: PROVIDED, that such obligation to pay rent on the part of the Lessee is contingent upon funds being available for such purpose or legislative appropriation. Upon failure to pay rent or other default hereunder the Authority shall have the right upon three (3) months written notice to the Lessee to terminate this Agreement.

4. Maintenance and Repairs by Lessee. Lessee shall be responsible for all maintenance and repairs of the Project and there shall be no abatement of rent because of any need for or cost of repairs or maintenance. Lessee shall not commit or allow any waste or damage to be committed on any portion of the Project. The Lessee agrees, at its expense, to make all structural repairs and replacements to the Project. Lessee shall pay the costs of operation and maintenance of the Project including insurance, if insurance is applicable, thereon, or in lieu of insurance, the cost of self-insurance as set out by the Risk Management Division of the Department of Central Services.

5. Completion of Project. It being understood that the Authority is limited to the Bond Allocation as a source of funds for the Project, the Lessee agrees to complete the Project substantially in accordance with the Project description provided by Lessee.

6. Use of Project. The Project shall be used and occupied by the Lessee or other designated department or agency as directed by Lessee as necessary to carry on the functions of the Lessee, and the Lessee hereby represents that the payment for such use and occupancy will constitute a necessary expense of carrying on the public functions of the Lessee.

7. Defects; Lessee to hold Authority Harmless. Lessee shall give to said Authority prompt written notice of any accidents relating to the Project as well as any defects in the Project. Lessee shall hold the Authority harmless for any damages arising by reason of such accidents or defects.

8. Alterations; Additions to Improvements. Lessee may make or allow to be made any alterations, physical additions or improvements in or to the Project as it deems appropriate but shall give notice thereof to the Authority.

9. Condition of Leased Premises. Lessee unconditionally and conclusively accepts the Project as suitable for the purposes herein leased and to have acknowledged that it has had full opportunity to examine the Project and is fully informed, independently of the Authority, as to the character, construction and structure of the Project and that the same complies fully with all of the Authority's agreements, covenants and obligations hereunder and in any applied covenants and agreements. Lessee's occupancy of the Project, in whole or in part, shall be conclusive evidence as against Lessee that the Project was in good order and satisfactory condition when Lessee so occupied the same. Under no circumstances shall the Authority be deemed to have agreed, expressly or impliedly, to make improvements to the Project or to alter, remodel or otherwise improve the same.

10. Compliance with Laws. Lessee shall not do or permit anything to be done in said Project or use the Project which will in any way conflict with the laws relating to fire, health or other State laws.

11. Insurance. It is further hereby agreed that in case the Project is totally destroyed by fire, windstorm or other hazard covered by insurance and the proceeds collected are equal to a sum sufficient to retire all of the outstanding portion of Lessee's Bond Allocation and such proceeds are so applied, then this Agreement may be terminated by mutual consent of the parties. In the event any part of the Project, but less than all, is wholly or partially destroyed by fire, windstorm or other hazard covered by insurance, it is agreed that the proceeds of such insurance shall be used for the purpose of making the necessary replacement and repairs without otherwise affecting this Agreement or the payment of rent by the Lessee.

12. Security for Series 2009A Bonds. It is agreed and understood that the payments to the Authority hereinabove specified are to be pledged and used by the Authority as security and a source of payment of the Series 2009A Bonds and, except as provided in Section 3 hereof, so long as any of the Series 2009A Bonds are outstanding the terms of this Agreement shall not be revised or suspended to the detriment of the security and source of payment of the Series 2009A Bonds and rent payments by the Lessee shall not abate, other than as provided herein.

13. Assignment. The Lessee shall not assign or sublease any portion of this Agreement or the Project which this Agreement covers without first obtaining the written approval of the Authority. The document which conveys the assignment or sublease of this Agreement or any portion thereof shall include a place for the Authority's approval and unless or until the same is properly signed it shall have no force and effect.

14. Events of Default. The following shall constitute events of default hereunder:

(a) Failure by Lessee to pay any portion of the Rent hereby reserved or other sum of money payable hereunder or under any other agreement between the Authority and Lessee when due.

(b) Failure by Lessee to comply with any term, provision or covenant of this Agreement, other than the payment of Rent, or any term, provision or covenant of any other agreement between the Authority and Lessee, for a period of twenty (20) days after written notice thereof to Lessee specifying such failure and requesting that it be remedied.

(c) Lessee shall desert, abandon or vacate any substantial portion of the Project.

15. Remedies. Upon the occurrence of any of the aforesaid events of default, the Authority may pursue any remedies provided by law or in equity and no such pursuit of any remedy shall constitute a forfeiture or waiver of any Rent or other financial obligations due to the Authority hereunder or of any damages accruing to the Authority by reason of the violation of any of the terms, provisions and covenants herein contained. Failure or delay by the Authority to enforce one or more of the remedies herein provided or provided by law upon an event of default

shall not be deemed or construed to constitute a waiver thereof or preclude the exercise thereof during the continuation of any default hereunder or be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained.

16. Liens. Should any mechanic's or other liens be filed against any portion of the Project by reason of Lessee's acts or omissions or because of a claim against Lessee. Lessee shall cause the same to be cancelled or discharged of record by bond or otherwise within ten (10) days after notice by the Authority. If Lessee shall fail to cancel or discharge said lien or liens within said ten day period, the Authority may, at its sole option, cancel or discharge the same and upon the Authority's demand, Lessee shall promptly reimburse the Authority for all costs incurred in canceling or discharging such liens.

17. Tax Covenant. Lessee acknowledges that the Project is being financed with the Series 2009A Bonds, the interest on which will not be included in gross income of the owners of the Series 2009A Bonds for Federal income tax purposes. Lessee further acknowledges that in order to maintain the exclusion of such interest, the provisions of Section 141 of the Internal Revenue Code of 1986 (the "Code") must be complied with by the Lessee with respect to the Project. Lessee covenants that the Project is being acquired for and will be used solely for the governmental purposes of the Lessee. Lessee covenants that there is no present intent to lease or sub-lease all or any portion of the Project. Lessee will not lease, sub-lease or in any way assign its rights in all or any portion of the Project without the written consent of the Authority, and written approval of nationally recognized bond counsel. Lessee will not enter into any contracts or other formal or informal arrangements, including without limitation, management contracts with respect to all or any portion of the Project pursuant to which such contracting party would have a right to directly or indirectly use or make use of all or any portion of the Project on a basis not available to members of the general public.

18. Notices. Except as otherwise specifically provided herein to the contrary, all notices required or permitted under this Agreement shall be given in writing, and shall be deemed to be properly given and effective on the date (i) when the same shall have been deposited in the United States mail, registered or certified mail with postage thereon prepaid, or (ii) when personally delivered to the address hereinafter identified. The parties hereto shall not refuse to accept delivery of any such notice.

(a) Addresses. Until changed in written notice from the appropriate party to the other, the address of the Authority and the place of payment of Rent Payments shall be:

Authority: Oklahoma Capitol Improvement Authority  
2401 Lincoln Boulevard  
Suite 212  
Oklahoma City, Oklahoma 73152

(b) Lessee's Address. Until changed by thirty (30) days prior written notice to the Authority the address of the Lessee shall be the address set forth in Part IV of Exhibit "B" hereto.

19. Authority. Each party hereto affirms and states that it has full right and authority to enter into this Agreement.

20. Partial Invalidity. Should any paragraph, subparagraph, clause or provision of this Agreement be invalid or void for any reason, such invalid or void paragraph, subparagraph, clause or provision shall not affect the whole of this instrument, but the balance of the provisions hereof shall remain in full force and effect.

21. Amendments and Modifications. Except as otherwise provided in this Agreement, this Agreement shall not be amended, changed, modified, altered or terminated except by an instrument in writing executed by the parties hereto.

22. Survival of Covenants, Agreements, Representations and Warranties. All covenants, agreements, representations and warranties made by Lessee in this Agreement shall survive the execution of this Agreement and shall continue in full force and effect as long as any Rent or other amounts payable hereunder remain unpaid.

23. Binding Effect. All of the terms, stipulations, covenants, conditions, provisions and agreements contained in this Agreement shall extend to and be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

24. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma.

25. Descriptive Headings. The descriptive headings of the paragraphs of this Agreement are for convenience only and shall not be used in the construction of the contents hereof.

IN WITNESS WHEREOF, said Oklahoma Capitol Improvement Authority has caused this Agreement to be executed for and on its behalf by its Chairman and Secretary and its corporate seal to be hereunto affixed and the Lessee has caused this Agreement to be executed for and on its behalf by and Authorized Officer, all done as of this \_\_\_\_ day of June, 2009.

OKLAHOMA CAPITOL IMPROVEMENT AUTHORITY

By: \_\_\_\_\_  
\_\_\_\_\_ Chair

(SEAL)  
ATTEST:

\_\_\_\_\_  
Secretary

OKLAHOMA CONSERVATION COMMISSION

By: \_\_\_\_\_  
Authorized Officer

STATE OF OKLAHOMA    )  
  )ss  
COUNTY OF OKLAHOMA )

BEFORE ME, the undersigned, a Notary Public in and for said State, on the \_\_\_\_\_ day of June, 2009, personally appeared Governor Brad Henry, Chairman, and John Richard, Secretary, of the Oklahoma Capitol Improvement Authority, the maker of the above and foregoing instrument of writing, and to me further known to be the identical persons who subscribed the name of said maker thereof to the foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed, and as the free and voluntary act and deed of said Authority for the uses and purposes therein mentioned and set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year aforesaid.

\_\_\_\_\_  
Notary Public

(SEAL)

My commission numbered \_\_\_\_\_  
Expires: \_\_\_\_\_.

STATE OF OKLAHOMA    )  
  )ss  
COUNTY OF OKLAHOMA )

BEFORE ME, the undersigned, a Notary Public in and for said State, on the \_\_\_\_\_ day of June, 2009, personally appeared \_\_\_\_\_, Authorized Officer of the Oklahoma Conservation Commission, and to me further known to be such officer and the identical person who subscribed the name of said Authorized Officer as the maker thereof to the foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed, and as the free and voluntary act and deed of said Authorized Officer for the uses and purposes therein mentioned and set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year aforesaid.

\_\_\_\_\_  
Notary Public

(SEAL)

My commission numbered \_\_\_\_\_  
Expires: \_\_\_\_\_.

EXHIBIT "A"

OKLAHOMA CONSERVATION COMMISSION

I. PROJECT DESCRIPTION:

Financing the rehabilitation, repair and reconstruction of flood control dams, stream bank stabilization, and other flood control projects for use by the Oklahoma Conservation Commission.



EXHIBIT "B"

I. DESCRIPTION OF BONDS:

Oklahoma Capitol Improvement Authority State Facilities Revenue Bonds, Series 2009A, dated June 3, 2009, in the aggregate principal amount of \$24,880,000.

II. TERM OF LEASE:

July 1, 2009 to July 1, 2024

III. LESSEE'S BOND ALLOCATION:

\$24,880,000

IV. LESSEE'S ADDRESS:

Oklahoma Conservation Commission  
2800 North Lincoln Blvd., Suite 160  
Oklahoma City, Oklahoma 73105-4210

**INTERGOVERNMENTAL AGREEMENT BETWEEN  
OKLAHOMA CONSERVATION COMMISSION  
and  
\_\_\_\_\_ CONSERVATION DISTRICT**

This intergovernmental agreement is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 2009, by and between the Oklahoma Conservation Commission, 2800 N. Lincoln Boulevard, Suite 160, Oklahoma City, Oklahoma 73105-4210, hereinafter referred to as "Commission", the \_\_\_\_\_ Conservation District, \_\_\_\_\_, OK \_\_\_\_\_, hereinafter referred to as "District".  
(address) (zip)

WITNESSETH:

WHEREAS, the Commission is an agency of the State of Oklahoma and is created and established pursuant to the provisions of 27A O.S. (2001) §§ 3-1-101 et. seq., and is authorized under the provisions of those statutes along with 74 O.S. (2001) § 581 to enter into this agreement; and

WHEREAS, the District, a conservation district, is a governmental subdivision of the State of Oklahoma and a body corporate and politic as set out in 27A O.S. (2001) §§ 3-3-101 et. seq., and is authorized under the provisions of those statutes along with 74 O.S. (2001) § 581 to enter into this agreement; and

WHEREAS, it is the policy of the State of Oklahoma for the Commission and conservation districts to provide for the conservation of the renewable natural resources of this state, and for the control and prevention of soil erosion, and for the prevention of floodwater and sediment damages, and for furthering the conservation, development, utilization and disposal of water, and thereby to preserve and develop natural resources, control floods, conserve and develop water resources and water quality, prevent impairment of dams and reservoirs, preserve wildlife, preserve natural beauty, promote recreational development, protect the tax base, protect public lands and protect and promote the health, safety and general welfare of the people of this state; and

WHEREAS, it is further the policy of the State that conservation districts established under the Conservation District Act serve as the primary local unit of government responsible for the conservation of the renewable natural resources of this state, and competent to administer, in close cooperation with landowners and occupiers, with local governmental units, and with agencies of the government of this state and of the United States, projects, programs and activities suitable for effectuating the policy of the Conservation District Act.

WHEREAS, the First Regular Session of the 52<sup>nd</sup> Oklahoma Legislature (2009) has duly enacted Senate Bill 238 (the "Act," to be codified at Title 73 Oklahoma Statutes §335) as of April 20, 2009, and the Governor has approved this legislation as of April 27, 2009, with the Act immediately becoming law upon its approval; and

WHEREAS, the Act authorizes financing for the purposes of construction, repair and rehabilitation of flood-control dams, repair of roadside water erosion, riparian restoration and purchase of necessary equipment in various counties through and with the assistance of local conservation districts, including restoration of flood-damaged areas, all pursuant to the Conservation District Act (Title 27A Oklahoma Statutes, §§3-1-101 *et seq.*); and

WHEREAS, bond funds from the Commission to the District are necessary to meet the purpose of the Act; and

WHEREAS, the Commission is responsible for providing bond funds to the District on selected and approved project(s); and

WHEREAS, the parties hereto agree the project(s) funded with the bond proceeds will assist the State and its residents in protecting the public health, safety and welfare, and will accomplish an important public purpose.

NOW, THEREFORE, the parties to this agreement hereby mutually agree and understand as follows:

1. SCOPE OF OBLIGATION OF COMMISSION. Commission agrees to:
  - review the District's request for possible bond funding;
  - provide bond proceeds to the District for selected projects, if any, approved by the Commission that are authorized by the Act and the Conservation District Act;
  - release bond proceeds to the District upon the receipt and processing of properly submitted documentation;
  
2. SCOPE OF OBLIGATION OF DISTRICT. District agrees to:
  - grant to the Commission pursuant to this agreement the use and occupancy of any bond funded project(s) until the retirement of the bond debt. The use and occupancy for the purposes of this bond issue shall be the right of access, inspection for compliance, and maintenance of the project for a period of fifteen years or until the bond is paid off.;
  - submit proper paperwork and documentation to the Commission for release of the bonds funds on qualified and approved project(s);
  - ensure the use of the bond proceeds for a public purpose;
  - ensure the use the bond proceeds for the purposes of construction, repair and rehabilitation of flood-control dams, repair of roadside water erosion, riparian restoration, restoration of flood-damaged areas, and purchase of necessary equipment pursuant to the Conservation District Act and the Act set out in Senate Bill 238;
  - submit any and all documentation requested by the Commission within established timeframes.
  
3. TERM OF AGREEMENT. This agreement shall be in effect until July 1, 2024, or until all indebtedness incurred in connection with the bond funds is paid. Once the bond

debt has been paid in full, the District's grant of the use and occupancy of the project (described in item 2. Scope of Obligation of District) to the Commission shall also expire.

4. AGREEMENT CONTINGENT ON FUNDING. This agreement is not a fund-obligating document. Financial and other assistance to be furnished in developing a project and carrying out a project is contingent upon the fulfillment of applicable laws and regulations and the availability of bond proceeds or other monies and Commission's approval of the project(s).

5. AMENDMENTS AND MODIFICATIONS. This Agreement shall not be amended, changed, modified, altered or terminated except by an instrument in writing executed by the parties hereto. Except that the Commission may de-authorize bond funds at any time it determines that the District has failed to comply with the conditions of this agreement and recoveries by the Commission shall be in accord with the legal rights and liabilities of the parties when project funding has been de-authorized.

6. AUDITS. It is further understood and agreed that any books, records, documents, accounting procedures, practices, or any other items of the Districts relevant to this agreement are subject to examination and copying by the Oklahoma Conservation Commission and the Oklahoma State Auditor and Inspector.

7. BINDING EFFECT. All of the terms, stipulations, covenants, conditions, provisions and agreements contained in this agreement shall extend to and be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

APPROVED AND AGREED TO by and between the parties hereto the day and year first above appearing.

\_\_\_\_\_  
CONSERVATION DISTRICT

OKLAHOMA CONSERVATION  
COMMISSION

\_\_\_\_\_, Chair

\_\_\_\_\_  
Mike Thralls, Executive Director

ATTEST:

ATTEST:

\_\_\_\_\_  
(District Seal)

\_\_\_\_\_  
(Commission Seal)

Agenda Item for June Commission Meeting:

1. Discussion and possible approval of changes in Priority Watershed unit costs to match recently approved NRCS unit costs.

Specifics:

OCC WQ staff have reviewed the recently approved NRCS unit cost rates and are recommending the following changes in order to help producers cover the increasing costs of materials necessary for installation of these practices. These changes will bring approved unit costs for the following practices equal to the NRCS unit cost rates for the Illinois River, Eucha/Spavinaw and Honey Creek Projects.

Practice	Old OCC/NRCS Cost	New NRCS Unit Cost
Well Drilling	\$18.85 / ft	\$18.85 / ft
Freeze-proof tanks	\$1,111.00 per tank	\$1,140.30 per tank
Rubber-tire tank	\$151.50 DIFT	\$213.52 DIFT
Offsite Watering PVC Pipeline	\$1.34/DIFT	\$1.43/DIFT
Riparian Forest Buffer Potted Tree	\$1.00 each	\$1.20 each
Buffer Strip Establishment and Stream Stabilization-Native Mixture	\$80.96 acre	\$86.19 acre
Buffer Strip Establishment and Stream Stabilization-Liming	\$28.17 ton	\$42.00 ton
Buffer Strip Establishment and Stream Stabilization-fertilizer (soil test)	\$28.17 ton	\$66.51 acre
Buffer Strip Establishment and Stream Stabilization-Riparian Forest Buffer Potted Tree	\$1.00 each	\$1.20 each
Critical Area Planting-Fertilizer (soil test)	\$64.00 acre	\$133.35 acre
Composters	\$8.33 sq ft	\$8.66 sq ft
Full Clean out Storage w/ earthen floor	\$7.79 sq ft	\$8.61 sq ft
Animal feeding/waste storage facility	\$7.79 sq. ft	\$9.97 sq. ft.
Heavy Use Area- Gravel (0.22 tons/sq yd – 6”depth)	\$31.98 cu yd	\$41.69 includes geotextile

<b>468</b>	<b>Lined Waterway or Outlet</b>								
468.1	Concrete Lined Waterway	CY	80%	\$475.00		\$0.00	\$340.00		
<b>484</b>	<b>Mulching</b>								
484.1	Geotextile Fabric Weed Barrier	LF	80%	\$0.40		\$0.00	\$25.33		
484.2	Organic Mulch	Acre	80%	\$600.00		\$0.00	\$600.00		
<b>512</b>	<b>Pasture and Hay Planting</b>								
512.1	Bermuda Grass Sprigging	acre	80%	\$91.80		\$0.00	\$81.51		
512.2	Introduced species - Seedbed Preparation, Seed & Seeding	acre	80%	\$58.17		\$0.00	\$44.36		
512.3	Native species - Seedbed Preparation, Seed & Seeding	acre	80%	\$86.19		\$0.00	\$70.27		
512.4	Legumes - Seedbed Preparation, seed & Seeding	acre	80%	\$23.15		\$0.00	\$22.63		
<b>550</b>	<b>Range Planting</b>								
550.1	Native species, Seedbed Preparation, Seed & Seeding	Acre	80%	\$82.80		\$0.00	\$56.15		
<b>587</b>	<b>Structure for Water Control</b>								
587.1	Structure for Water Control	ECY	80%	1.15		\$0.00	\$1.03		
<b>590</b>	<b>Nutrient Management</b>								
590.1	Fertilizer for Grass Establishment		80%	\$66.51		\$0.00	\$28.17		
590.2	Fertilizer for Critical Area Plantings		80%	\$133.35		\$0.00	\$64.00		
590.3	Lime for Grass Establishment (measured in ton ECCE)	Ton	80%	\$42.00		\$0.00	\$8.61		
<b>600</b>	<b>Terrace</b>								
600.1	Terrace Construction	ELF	80%	\$0.80		\$0.00	\$0.67		
<b>Priority #2</b>		<b>Unit</b>	<b>Cost-Share</b>		<b>Unit Needs</b>	<b>Total Cost</b>	<b>Cost Share</b>		
<b>2. Riparian Areas-Buffer Zones</b>									
<b>390</b>	<b>Riparian Herbaceous Cover</b>								
390.1	Native Grass Mixture	Acre	90%	\$82.80		\$0.00	\$49.65		
<b>391</b>	<b>Riparian Forest Buffer</b>								
391.1	Trees &/or Shrubs - barerooted	Each	90%	\$0.72		\$0.00	\$0.87		
391.2	Trees &/or Shrubs - barerooted - ACD	Each	90%	\$1.03		\$0.00	\$1.17		
391.3	Trees &/or Shrubs - containerized/potted	Each	90%	\$1.23		\$0.00	\$1.43		
391.4	Trees &/or Shrubs - containerized/potted - with ACD	Each	90%	\$1.53		\$0.00	\$1.73		
<b>472</b>	<b>Use Exclusion</b>								
472.1	Total Exclusion	acre	100%	\$90.00		\$0.00	\$90.00		
472.2	Total Exclusion W/hay production	acre	100%	\$80.00		\$0.00	\$80.00		
<b>578</b>	<b>Stream Crossings</b>								
578.1	Stream Crossing	ECY	90%	\$117.02		\$0.00	\$2.30		
<b>580</b>	<b>Streambank and Shoreline Protection</b>								

North Canadian River Cost-Share Program  
Evaluation Form

Name:

Legal:

Total Farm Acres:

Planner:

NEW

OLD

Priority #1		Unit	Cost-Share	Cost per unit 2009	Unit Needs	Total Cost	OLD COST
<b>I. Erosion</b>							
<b>329</b>	<b>Residue and Tillage Management, No-Till/Strip Till/Direct Seed</b>						
329.1	Incentive No Till system	Acre	100%	\$19.70		\$0.00	\$19.20
329.2	Incentive Seasonal Cover Crop	Acre	100%	\$19.70		\$0.00	Same
<b>332</b>	<b>Contour Buffer Strips</b>						
332.1	Introduced Grass seed	Acre	80%	\$38.51		\$0.00	\$37.87
332.2	Bermuda Grass Sprigging	Acre	80%	\$75.00		\$0.00	\$75.00
332.3	Native Grass Monoculture	Acre	80%	\$72.75		\$0.00	\$63.76
332.4	Native Grass Mixture	Acre	80%	\$66.00		\$0.00	\$49.65
<b>342</b>	<b>Critical Area Planting</b>						
342.1	Critical Area Planting	Acre	80%	\$155.68		\$0.00	\$125.00
342.2	Tree/Shrub Establishment	Acre	80%	\$686.65		\$0.00	\$827.75
342.3	Shaping and Filling gullies	Acre	80%	\$42.68		\$0.00	\$740.00
<b>350</b>	<b>Sediment Basin</b>						
350.1	Sediment Basin (ECY in 08, Each in 09)	Each	80%	\$11,599.80		\$0.00	ECY \$ 1.53
<b>362</b>	<b>Diversion</b>						
362.1	Diversion	CY	80%	\$1.39		\$0.00	\$1.23
<b>386</b>	<b>Field Border</b>						
386.1	Introduced Grass seed	Acre	80%	\$34.55		\$0.00	\$37.87
386.2	Bermuda Grass Sprig	Acre	80%	\$75.00		\$0.00	\$75.00
386.3	Native Grass Monoculture	Acre	80%	\$79.75		\$0.00	\$63.76
386.4	Native Grass Mixture	Acre	80%	\$66.00		\$0.00	\$49.65
<b>393</b>	<b>Filter Strip</b>						
393.1	Establish Grass	Acre	80%	\$72.83		\$0.00	\$100.00
<b>410</b>	<b>Grade Stabilization Structure</b>						
410.1	Grade Stabilization, Earthen Embankment	ECY	80%	\$1.72		\$0.00	\$1.53
410.2	GSS with Concrete Chute	ECY	80%	\$530.20		\$0.00	\$457.44
410.3	Galvanized Steel Toe	SF	80%	\$25.21		\$0.00	\$22.92
<b>412</b>	<b>Grassed Waterway</b>						
412.1	Grassed Waterway	Acre	80%	\$669.00		\$0.00	\$663.00

580.1	Streambank and Shoreline Protection	CY	90%	\$59.40		\$0.00	\$54.00
<b>612 Tree/Shrub Establishment</b>							
612.1	Trees &/or Shrubs - barerooted	Each	90%	\$0.72		\$0.00	\$0.87
612.2	Trees &/or Shrubs - barerooted - ACD	Each	90%	\$1.03		\$0.00	\$1.17
612.3	Trees &/or Shrubs - containerized/potted	Each	90%	\$1.23		\$0.00	\$1.43
612.4	Trees &/or Shrubs - containerized/potted - with ACD	Each	90%	\$1.53		\$0.00	\$1.73
<b>Priority #3</b>							
<b>3. Livestock Management</b>							
<b>378 Pond</b>							
378.1	Pond	ECY	80%	\$1.72		\$0.00	\$1.54
<b>382 Fence</b>							
382.1	Four Wire Permanent	LF	90%	\$1.52		\$0.00	\$1.42
382.2	Net Woven-Wire	LF	90%	\$2.24		\$0.00	\$1.70
<b>516 Pipeline</b>							
516.1	Livestock Pipeline	EDIFT	80%	\$1.44		\$0.00	\$1.06
<b>533 Pumping Plant</b>							
533.1	Solar Powered Model Must Be pre-approved!	Gal/Day	80%	\$3.06		\$0.00	\$1.70
<b>561 Heavy Use Area Protection</b>							
561.1	Rock/Gravel	CY	80%	\$62.54		\$0.00	\$64.44
561.2	Concrete	CY	80%	\$245.82		\$0.00	\$355.50
<b>614 Watering Facility</b>							
614.1	Drinking Tank or Trough	DF	80%	\$213.52		\$0.00	\$150.00
614.2	Energy Free Fountains	Gal	80%	\$31.66		\$0.00	\$33.86
614.3	Freeze Proof Tank Installed	Each	80%	\$1,140		\$0.00	\$1,100.00
614.5	Storage Tank	Gal	80%	\$0.54		\$0.00	\$0.32
<b>642 Water Well</b>							
642.1	Well-Drilled, Cased	LF	80%	\$18.86		\$0.00	\$18.66
642.2	Well-Drilled, Cased, Shallow <100 Feet	Each	80%	\$1,942.06		\$0.00	\$1,677.50
<b>Priority #4</b>							
<b>4. Septic Systems and Special Projects</b>							
<b>4e Septic System</b>							
4e-1	1000 gal. Tank	Each	80%	\$430.00		\$0.00	\$0.00
4e-2	Installation of Tank	Each	80%	\$100.00		\$0.00	\$0.00
4e-3	Installation of Lateral Lines-materials,machinery/labor	LF	80%	\$4.25		\$0.00	\$0.00
4e-4	Instal. Of Lateral Chambers	LF	80%	\$5.40		\$0.00	\$0.00



<b>4f</b>	<b>Rock Reed Absorption Filters</b>								
4f-1	Rock, geotextile, 1,000 gal tank, 100' lateral lines, labor, machinery	CF	80%	\$13.00		\$0.00	\$0.00	\$0.00	
<b>4g</b>	<b>Septic Lagoon</b>								
4g-1	Lagoon	CY	80%	\$1.10		\$0.00	\$0.00	\$0.00	
4g-2	Clayliner	CY	80%	\$3.00		\$0.00	\$0.00	\$0.00	
	<b>Polymers, Membrane</b>	SF	80%			\$0.00	\$0.00	\$0.00	
4g-4	Geo-textile underlayment	SF	80%	\$1.00		\$0.00	\$0.00	\$0.00	
<b>4h</b>	<b>Peric Test/Certification Fee</b>								
4h-1	One Test per System	Each	80%	\$150.00		\$0.00	\$0.00	\$0.00	
4h-2	One System Certification	Each	80%	\$60.00		\$0.00	\$0.00	\$0.00	
	<b>TOTAL COST (all priorities)</b>						\$0.00		
	<b>COST SHARE AMOUNT</b>								\$8,445.11
	<b>APPLICANTS OUT OF POCKET COST</b>								(\$8,445.11)

SUMMARY OF FY-2010 APPROPRIATIONS

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	FY-2009	FY-2010	Decrease
General Revenue -	\$9,187,084		
	<u>\$1,105,878</u>		
	\$10,292,962	\$9,572,455	\$720,507 7%
Infrastructure Revolving -	<u>\$2,627,701</u>	<u>\$2,627,701</u>	<u>\$0</u>
TOTAL -	\$12,920,663	\$12,200,156	\$720,507 6%

## SUMMARY OF FY-2010 LEGISLATION

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- SB 216 – General Appropriations (Section 87)
- SB 155 – Budgetary Limits, Director’s Salary, FTE Limits, Budget Procedures
- HB1489 – Changes to the Infrastructure Revolving Fund / Administrative Expenses

much thereof as may be necessary to perform the duties imposed upon the Oklahoma Department of Agriculture, Food, and Forestry by law.

SECTION 86. There is hereby appropriated to the Oklahoma Department of Commerce from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 2010, the sum of Thirty-two Million Seven Hundred Eighty-one Thousand Eighty-eight Dollars (\$32,781,088.00) or so much thereof as may be necessary to perform the duties imposed upon the Oklahoma Department of Commerce by law.

SECTION 87. There is hereby appropriated to the Oklahoma Conservation Commission from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 2010, the sum of Nine Million Five Hundred Seventy-two Thousand Four Hundred Fifty-five (\$9,572,455.00) or so much thereof as may be necessary to perform the duties imposed upon the Oklahoma Conservation Commission by law.

SECTION 88. There is hereby appropriated to the Department of Consumer Credit from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 2010, the sum of Six Hundred Twenty-two Thousand Two Hundred Nine Dollars (\$622,209.00) or so much thereof as may be necessary to perform the duties imposed upon the Department of Consumer Credit by law.

SECTION 89. There is hereby appropriated to the Corporation Commission from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 2010, the sum of Eleven Million Six Hundred Five Thousand Six Hundred Eighty-eight Dollars (\$11,605,688.00) or so much thereof as may be necessary to perform the duties imposed upon the Corporation Commission by law.

SECTION 90. There is hereby appropriated to the Department of Environmental Quality from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 2010, the sum of Nine Million Two Hundred Ninety-seven Thousand One Hundred Twenty-nine Dollars (\$9,297,129.00) or so much thereof as may be necessary to perform

ENROLLED SENATE  
BILL NO. 155

By: Johnson (Mike) and Myers of  
the Senate

and

Miller and Martin (Scott)  
of the House

An Act relating to the Oklahoma Conservation Commission; requiring budgeting in certain categories and amounts; requiring certain performance measures; providing for duties and compensation of employees; limiting salary of the Executive Director; providing budgetary limitations; making certain employee positions contingent on federal funds; providing for certain terminations; providing for certain employee positions; exempting certain employees from Merit System of Personnel Administration; providing lapse dates; requiring and prohibiting certain budget procedures; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. For the fiscal year ending June 30, 2010, the Oklahoma Conservation Commission shall budget all funds in the following categories and amounts:

<u>Category</u>	<u>Appropriation</u>	<u>Total</u>
Administration	\$1,759,101.00	\$ 3,575,000.00

Watershed Operation and Maintenance	590,000.00	36,110,000.00
Field Service	7,223,354.00	9,939,664.00
Abandoned Mine Land Reclamation	0.00	5,000,000.00
Water Quality/Wetlands	<u>0.00</u>	<u>13,539,391.00</u>
TOTAL	\$9,572,455.00	\$68,164,055.00

The agency shall develop outcome-based performance measures for each budget category.

SECTION 2. The duties and compensation of employees, not otherwise prescribed by law, necessary to perform the duties imposed upon the Oklahoma Conservation Commission by law shall be set by the Executive Director of the Commission. The salary of the Executive Director of the Oklahoma Conservation Commission shall not exceed Seventy-two Thousand Three Hundred Ninety-eight Dollars (\$72,398.00) per annum, payable monthly for the fiscal year ending June 30, 2010. The Oklahoma Conservation Commission for the fiscal year ending June 30, 2010, shall be subject to the following budgetary limitations on full-time-equivalent employees and expenditures excluding expenditures for capital and special projects, except as may be authorized pursuant to the provisions of Section 3603 of Title 74 of the Oklahoma Statutes:

<u>Budgetary Limitation</u>	<u>Amount</u>
Average Number of Full-time-equivalent Employees, Excluding Seasonal Employees and Project Labor	62.0
Lease-Purchase Agreements	\$0.00

SECTION 3. Of the full-time-equivalent employee positions authorized in this act, six (6) shall be filled contingent upon procurement of federal funds for the Abandoned Mine Lands program and thirty-four (34) shall be filled contingent upon procurement of federal funds for the Water Quality 319 Program. Such full-time-equivalent employee positions supported by federal funds shall be

terminated upon the discontinuation of federal funds. Such full-time-equivalent employee positions shall be unclassified and, except for leave regulations, shall be exempt from the rules of the Merit System of Personnel Administration.

SECTION 4. Appropriations made by Section 87 of Enrolled Senate Bill No. 216 of the 1st Session of the 52nd Oklahoma Legislature, not including appropriations made for capital outlay purposes, may be budgeted for the fiscal year ending June 30, 2010 (hereafter FY-10), or may be budgeted for the fiscal year ending June 30, 2011 (hereafter FY-11). Funds budgeted for FY-10 may be encumbered only through June 30, 2010, and must be expended by November 15, 2010. Any funds remaining after November 15, 2010, and not budgeted for FY-11, shall lapse to the credit of the proper fund for the then current fiscal year. Funds budgeted for FY-11 may be encumbered only through June 30, 2011. Any funds remaining after November 15, 2011, shall lapse to the credit of the proper fund for the then current fiscal year. These appropriations may not be budgeted in both fiscal years simultaneously. Funds budgeted in FY-10, and not required to pay obligations for that fiscal year, may be budgeted for FY-11, after the agency to which the funds have been appropriated has prepared and submitted a budget work program revision removing these funds from the FY-10 budget work program and after such revision has been approved by the Office of State Finance.

SECTION 5. This act shall become effective July 1, 2009.

SECTION 6. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 20th day of May, 2009.

Presiding Officer of the Senate

Passed the House of Representatives the 21st day of May, 2009.

Presiding Officer of the House  
of Representatives



(\$150,000,000.00) in any fiscal year which would otherwise be deposited in such funds shall be placed by the State Treasurer in the General Revenue Fund of the state.

SECTION 2. AMENDATORY Section 2, Chapter 43, 2nd Extraordinary Session, O.S.L. 2006 (74 O.S. Supp. 2008, Section 2254.1), is amended to read as follows:

Section 2254.1 A. There is hereby created in the State Treasury a revolving fund for the Oklahoma Tourism and Recreation Department to be designated the "Oklahoma Tourism and Recreation Department Capital Expenditure Revolving Fund".

B. The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Oklahoma Tourism and Recreation Department from the apportionment of gross production tax revenues as prescribed by Section 1004 of Title 68 of the Oklahoma Statutes.

C. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the Oklahoma Tourism and Recreation Department for the purpose of one-time capital expenditures for capital assets owned, managed or controlled by the Oklahoma Tourism and Recreation Department.

D. Expenditures from said fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

E. No monies in the fund shall be used for the payment of administrative expenses, salary or any other continuing obligation of the Oklahoma Tourism and Recreation Department.

F. The provisions of this section shall cease to have the force and effect of law on July 1, ~~2011~~ 2014. Any monies remaining in the fund created by this section on July 1, ~~2011~~ 2014, which have been encumbered, but not expended, may be expended according to the terms pursuant to which the monies were encumbered.

SECTION 3. AMENDATORY Section 3, Chapter 43, 2nd Extraordinary Session, O.S.L. 2006 (27A O.S. Supp. 2008, Section 3-2-110), is amended to read as follows:

Section 3-2-110. A. There is hereby created in the State Treasury a revolving fund for the Oklahoma Conservation Commission

to be designated the "Oklahoma Conservation Commission Infrastructure Revolving Fund".

B. The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Oklahoma Conservation Commission from the apportionment of gross production tax revenues as prescribed by Section 1004 of Title 68 of the Oklahoma Statutes.

C. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the Oklahoma Conservation Commission for the purpose of the rehabilitation of watershed dams and, ~~subsequent to those required expenditures,~~ for the Conservation Cost Share Program and the Conservation Reserve Enhancement Program.

D. Expenditures from said fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

E. No more than ~~twenty percent (20%)~~ thirty percent (30%) of the monies in the fund shall be used for the payment of administrative expenses, salary or any other continuing obligation of the Oklahoma Conservation Commission; provided, however, such monies shall not be used for salary increases for employees.

F. The provisions of this section shall cease to have the force and effect of law on July 1, ~~2011~~ 2014. Any monies remaining in the fund created by this section on July 1, ~~2011~~ 2014, which have been encumbered, but not expended, may be expended according to the terms pursuant to which the monies were encumbered.

SECTION 4. AMENDATORY Section 4, Chapter 43, 2nd Extraordinary Session, O.S.L. 2006 (82 O.S. Supp. 2008, Section 1085.7A), is amended to read as follows:

Section 1085.7A A. There is hereby created in the State Treasury a revolving fund for the Oklahoma Water Resources Board to be designated the "Community Water Infrastructure Development Revolving Fund".

B. The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Oklahoma Water Resources Board from the apportionment of gross