MINUTES
ENVIRONMENTAL QUALITY BOARD
SEPTEMBER 19, 2017
REI OKLAHOMA
DURANT, OKLAHOMA

Notice of Public Meeting — The Environmental Quality Board (Board) convened for a Regular Meeting at 9:30 a.m., at the REI Oklahoma, 2912 Enterprise Boulevard Durant, Oklahoma. This meeting was held in accordance with 25 O.S. Section 311, with notice of the meeting given to the Secretary of State on October 13, 2016 and again April 25, 2017. The agenda was mailed to interested parties on September 8, 2017, and was posted at the DEQ and the facility on September 18, 2017. Mr. Tim Munson, Chair, called the meeting to order. Mr. Scott Dewald, President and CEO of REI Oklahoma, talked on REI Oklahoma and safety precautions in case of an emergency. Ms. Fields called roll and a quorum was confirmed.

MEMBERS PRESENT
Shannon Ferrell
Tracy Hammon
Jimmy Kinder
Jan Kunze
Homer Nicholson
Michel Paque
Tim Munson

DEQ STAFF PRESENT
Scott Thompson, Executive Director
Jimmy Givens, Deputy Executive Director
Martha Penisten, General Counsel
Michelle Wynn, Legislative Liaison
Eddie Terrill, Air Quality Division
Chris Armstrong, State Environmental Laboratory Services
Kelly Dixon, Land Protection Division
Lloyd Kirk, Office of External Affairs
Richard McDaniels, Environmental Complaints & Local Services
Jeff Brents, Environmental Complaints & Local Services
Shellie Chard, Water Quality Division
Erin Hatfield, Office of External Affairs
Sklar McElhaney, Office of External Affairs
Cindy Przekurat, Executive Director's Office
Kathy Aebischer, Administrative Services Division
Paul Parks, Water Quality Division
Quiana Fields, Board & Council Secretary

MEMBERS ABSENT
Daniel Blankenship
David Griesel
Steve Mason
Billy Sims
John Wendling

OTHERS PRESENT
Clayton Etbanks, Office of the Attorney General
Carly Cordell, Office of the Secretary of Energy & Environment
Katie Lippold, Office of the Secretary of Energy & Environment
Ron Buercy, County Commissioner
Shannon Duncan, Court Reporter

Approval of Minutes — Mr. Ferrell moved to approve the Minutes from the February 17, 2017 Regular Meeting. Dr. Hammon made the second.

Executive Director's Report — Mr. Thompson, Executive Director of the DEQ, discussed current agency activities and legislative updates. Also, Mr. Thompson announced Ms. Martha Penisten, General Counsel of the DEQ, retirement and thanked her for her service.
Budget Update and Financial Overview (FY 2018) – Mr. Thompson then called upon Ms. Kathy Aebischer, Chief Financial Officer of the DEQ, who gave an update on the FY 2018 budget.

DEQ Operational Budget Request (FY 2019) – Ms. Aebischer gave a presentation on the DEQ budget requests. The operational budget request for SFY 2019 must be submitted to OMES by October 1, 2017. Following discussion, Mr. Munson called for a motion. Mr. Nicholson moved to approve and Mr. Ferrell made the second.

Employee Disclosures – Ms. Penisten, stated the Environmental Quality Code requires certain DEQ employees involved in reviewing, issuing or enforcing permits to disclose financial interests they hold in entities regulated by the DEQ. The DEQ is required to submit these disclosures to the Board and make them part of the minutes. This year was one DEQ employee that submitted disclosures: Kelly Dixon, LPD.

Calendar Year 2018 Board meeting dates and locations – Mr. Munson opened the floor for discussion regarding the Board meeting CY 2018 dates and locations. Following discussion, Ms. Kunze made a motion to approve the 2018 Board meeting dates and locations for Friday, February 16 in Oklahoma City; Tuesday, June 12 in Oklahoma City; Tuesday, September 11 in Weatherford and Friday, November 9 in Guthrie. Mr. Kinder made the second.

New Business – Mr. Clayton Eubanks, Attorney General, stated that Senate Bill 403, which makes changes to the Oklahoma Meetings Act, will go in effect November 1.

Next Meeting – The next regular meeting is scheduled for November 7, 2017 in Tahlequah, Oklahoma.

Adjournment – Mr. Munson called for a motion to adjourn. Mr. Kinder moved to adjourn and Mr. Nicholson made the second. Meeting adjourned at 10:45 a.m.

The transcript and sign-in sheet become an official part of these Minutes.
DEQ vs.
September 19, 2017

OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY
ENVIRONMENTAL QUALITY BOARD

MEETING and PUBLIC FORUM
SEPTEMBER 19, 2017 - 9:30 A.M.

REI OKLAHOMA
2912 Enterprise Blvd.,
Durant, Oklahoma 74701

Reported By: Shannon Duncan, CSR #1984

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| 1. BOARD MEMBERS PRESENT:  
   Chairman Tim Munson  
   Mr. Shannon Ferrell  
   Dr. Tracy Hammon  
   Mr. James Kinder  
   Ms. Jan Kunze  
   Mr. Homer Nicholson  
   Mr. Michel Pasure  
   2. BOARD MEMBERS ABSENT:  
   Mr. Daniel Blankenship  
   Mr. David Grisell  
   Mr. Steve Mason  
   Mr. John Wendling  
   Mr. Billy G. Sims  |

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| a little bit about REI as well as give us some safety information.  
MR. DEWALD: All right. Thank you.  
Welcome everybody. We are so happy to have you all here. I know several of you, our paths have crossed in the past. Jimmy and I, Michelle and I, when she and I worked at the Cattlemen's Association together. I was there for 17 years in Oklahoma City. I do, before I go any further, would like to make an introduction, because I think everyone here needs to know this guy. One of our county commissioners, Ron Boyer, is here. Ron does a lot of great work. He's with my commissioner, in fact. And so I appreciate him being here.  
But I wanted to just welcome everyone here. When Michelle called and said we want to have a meeting in Durant. I said, Well, let's host it. We'd love to. We want to do everything we can to get our story out. Of course, I get to see Lloyd at a lot of the RAP meetings, which is Rural Action Planning group that we participate in. Little bit about the safety, let's cover that first, if we might. In the event of a tornado -- and there's not one anywhere close by -- but in the event of one -- the women's restroom is designated as a storm shelter, safe room. And then our kitchen, which is just down this hallway and back to your left, is also designated as a safe room.  
Obviously, if we have a fire, there will be an announcement made, and we'll evacuate the building and go out to the north side out this direction.  
If you are at a doorway and you see a green button, you'll need to push that green button in order to get out. There's magnetic locks on everything. And, so, if you're trying to get out of a door and you can't, look over, if there's a little green button, push it until we hear a click, and then you can get right out. And then if you want to come back to the front door to get in, we can do that. But we have a lot of different wings of this building, so that's the only way we can take of security to make sure that we know people are where they're supposed to be, where and why.  
I do want to spend just a little bit of time, if I might, talking about what REI is, because a lot of people have asked, what is REI? What's it do? REI stands for Rural -- which is important to me. I'm a farm guy -- Rural Enterprises Incorporated. We are a nonprofit mission lender in the state of Oklahoma. We were formed 35 years ago. Our founder is a guy everybody here has -- at least knew his name, it's Wes Watkins. The reason Wes formed REI was because he didn't feel Little Dixie was getting enough attention from the federal government on an -- on any of its programs and services. They weren't being deployed in |
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Southeast Oklahoma and Little Dixie.
We are now a statewide organization. And I have
brought with me some brochures. Ill leave them up here for
you. We do small business lendings. We do housing lendings.
We do SBA lendings. You're in the Women's Business Center. We
have a function -- we provide about 1-400 trainings a year for
women business owners on everything from how to use QuickBooks
to market your businesses, to legal issues. Shannon, to how to
work with the tax commission, how to work with regulatory
agencies. So any good relationship we can have with DEQ in a
great thing.
And I will say this, I think, Mr. Chairman, you need
to hear this: I am part of a group called Team Durant and a
part of our Economic Development Group. We have a lot of
great things happening in this part of the country. And I
have yet to go to a meeting -- Ron, you can check me if you
want to -- where I haven't been told DEQ is doing what it
needs to do to get its job done fast so we can get the jobs
going. So my hat's off to your service-minded mentality. We
understand regulation is necessary, but we also understand
there's a way to expedite that and make everybody happy and
get things done. So congratulations to you all on that.
A lot of people -- and I'll show this -- we are
celebrating our 35th anniversary. And a lot of people that
were coming here said they thought they were coming to REI

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that sells sporting goods. So our marketing team actually --
(laughter)
We don't sell backpacks.
Now, jokingly, I also say, we don't sell some
services provided by REI out of Stillwater, which is in the
cattle business and does some stuff.
But our vision at REI is to expand Oklahoma's
prosperity. And we do that through housing programs; through
lending programs; through incubator programs. We have 80,000
foot of incubator space here. Shannon asked me a minute ago
how much space is available. None. It's a hundred percent
leased up and typically is a hundred percent leased up.
We'll put companies in for the first two or
three years, get them on their feet, look at their financials
on a monthly basis, work with them, and then kick them out of
the nest, and off they go. We've had some very successful
companies that have incubated here. One of which is
Allied Stone. Started with two people, and now have 150
employees right here in Durant, Oklahoma.

So our tentacles go a lot of different places.
Again, we are a statewide organization. If there's any --
ever an opportunity for us to work with you all, we're more
than happy to do that. We'd love to do that. If you all know
of projects in your own areas that need some special
attention, please feel free to give us a call. I'm going to

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leave my card here as well and wish you all a good meeting.
Thank you, Mr. Chairman.
MR. TIM MUNSON: Thank you, Scott.
All right. Quiana, can we have roll call?
MS. QUIANA FIELDS: Mr. Blankenship is absent.
Mr. Ferrell?
MR. SHANNON FERRELL: Present.
MS. QUIANA FIELDS: Mr. Griesel is absent.
Dr. Hammond?
DR. TRACY HAMMON: Here.
MS. QUIANA FIELDS: Mr. Kinder?
MR. JAMES KINDER: Here.
MS QUIANA FIELDS: Ms. Kunze?
MS JAN KUNZE: Here.
MS. QUIANA FIELDS: Mr. Mason is absent.
Mr. Nicholson?
MR. HOMER NICHOLSON: Here.
MS. QUIANA FIELDS: Mr. Paque?
MR. MIKE PAQUE: Here.
MS. QUIANA FIELDS: Mr. Simus is absent.
Mr. Wendling is absent.
Mr. Munson?
MR. TIM MUNSON: Here.
MS. QUIANA FIELDS: We have a quorum.
MR. TIM MUNSON: Thank you.

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You've all been provided a copy of the minutes of
our February 17th -- or excuse me -- yeah, February 17, 2017
meeting.
Are there any changes or modifications that need to
be made to the minutes?
MR. SHANNON FERRELL: Move to approve the minutes as
written.
DR. TRACY HAMMON: Second.
MR. TIM MUNSON: We have a motion to second. Can we
have a roll call, please?
MS. FIELD: Mr. Ferrell?
MR. SHANNON FERRELL: Yes.
MS. QUIANA FIELDS: Dr. Tracy Hammond?
DR. TRACY HAMMON: Yes.
MS. QUIANA FIELDS: Mr. Kinder?
MR. JAMES KINDER: Yes.
MS. QUIANA FIELDS: Ms. Kunze?
MS JAN KUNZE: Yes.
MS. QUIANA FIELDS: Mr. Nicholson?
MR. HOMER NICHOLSON: Yes.
MS. QUIANA FIELDS: Mr. Paque?
MR. MIKE PAQUE: Since I wasn't here, I will abstain
since we have a quorum.
MS. QUIANA FIELDS: Mr. Munson?
MR. TIM MUNSON: Yes.

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MS. QUIANA FIELDS: Motion passed.
MR. TIM MUNSON: Thank you.
Next item on the agenda is our Executive Director's Report.
Scott, you please have that?
MR. SCOTT THOMPSON: All right. Well, we're happy to be here in Durant. That's loud, from here anyway. The -- we've done some work in this area. Couple of years ago we worked on the microphone that's outside of town. I think it's called CMC. Is that right? And they brought quite a few jobs and a very modern facility to the area. And Lloyd, in the external affairs group, and the air staff, the water staff, everybody worked together to work through the permit process, et cetera, and I think they've done an expansion or continuing work on an expansion, to bring some additional jobs here. So that's a good deal.
And we've done some work through our Site Cleanup Assistance Program. That's the money that we've used to clean up armories that comes from some of the fuel assessment, the portion of that that we receive to remove asbestos, floor tiles, insulation, and window panels, remove some lead paint. The building is suitable for reuse now, and it's being occupied by the Girls & Boys Club, that's the Durant Middle School. And that cost a couple hundred thousand dollars.
Durant City Hall, we also did some work through Brownfields Target Assessment Program, and then we used the SCAP program to pay for asbestos abatement. So we identified asbestos in that building and helped clean that out. And that was a little over 100,000, 120,000. So we've been able to help out down here with some of those programs.
The -- some of that funding, we got to meet with some Senate leadership this week, about yesterday, about our apportionment, which is that they consider off-the-top, which would include it in. And so we'll see what that means. That was kind of an interesting meeting. It was just sort of getting acquainted with what some of the concepts are, but that money's critical to doing this kind of work in communities, as well as matching Superfund sites, et cetera.
And, interestingly, the person that Pruitt has appointed to run the Superfund program nationally and try to approve it, and get more things done faster is Mr. Kel -- Kelly, Albert Kelly, who's from Bristow. And our current Superfund site, it's the newest one that we're starting to try to work on, is in Bristow, Oklahoma. So we hope to be able to fund that project as it goes along.
And we do have another one that's proposed in Midwest City, the Eagle Industries site, which is a groundwater contamination from a historical chlorinated-solvent plume. And we're going to try to work with EPA to -- once that gets promulgated -- to try to do some early action to get people hooked up to city water. Because that's pretty much all we can do to make sure that their groundwater -- or their drinking water's not impacted. And then we'll work on a long-term cleanup of that plume.
And we have some aquifer recharge rules going through the water council in October. We expect those to come to the Board in November. We've been working for a long time with the water board, and all the staff's been working on that pretty hard, and that'll be a good project.
We have the potential to do some research projects in the Ada area, as well as perhaps some other parts of the state that we have the EPA Kerr Lab in Ada, Oklahoma. We also have the university there, the college, that is going to contribute to that. Former Senator Padack is running a water research group there called the Okla Institute. I believe.
And so we're excited to be able to go forward and do some pilot projects and do some real research on how to do that safely. And I think for the most part we'd be looking at stacking up water in times of planting in the ground so it doesn't all evaporate and making sure that that works well.
And then, in times of need, we'll have some excess groundwater that people can draw on. I know the City of Lawton is interested in exploring that as well. And there's some active projects in Texas we can look at and get some data from that are -- seem to be working fine. So we're looking forward that.

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always meaningful. And sometimes in some programs it is and other places it’s not. So this is trying to define what the state’s role ought to be and what the federal government’s role ought to be. And a lot of these discussions have involved the Secretary for Environment in California and I, talking about how we can actually agree with each other on some stuff.

So -- and we have a pretty much unanimous support for that document and that viewpoint, on what the state and federal ought to be. And Ken Wagner's going around and he's met -- I think every state environmental director. He's met with all the regional offices, and he knows everybody by their first name, and he's making good decisions. He's sitting down talking to people about issues and making solid, objective recommendations about how to proceed with stuff. And so he's doing well. And he's -- I hear great things about Ken from everybody that works with him, and that's been my experience as well. So I think that's good.

So, you know, we're continuing to push forward to modify these roles, hopefully permanently, to have the state be able to take on the task that really should be ours to do, and not have EPA trying to duplicate that or work in counter to that, and coming in and doing inspections on their own in ways they don't really need to be. They need to be doing a reasonable program review and function in an oversight capacity and make sure the playing field's level, and then they need to provide support through laboratories, research, things like that that states can't afford to do on our own, and that really makes more sense to do in a centralized fashion.

And, you know, we have a lab, EPA research lab, here in Ada, Oklahoma. I mentioned that earlier. There's -- they're doing some good work. And we're trying to expand our ability to work with those folks, with all the laboratories, because at times states have not been able to work directly with laboratories, and it's kind of confusing. So we're working to try to break through that stuff. And I'm very optimistic about where we're headed.

Now, there's going to be -- you know, we're going to agree to fight over certain issues that are more political than necessarily truly environmental concerns. But the part we can agree on is what we need to try to put in place and try to make it last for as long as possible. So that is where the states are headed with policy at this point. And for the most part, most EPA folks go along with it. There's some resistance within EPA in certain areas that are just going to try to wait out this set of folks and wait for the next one.

And so we'll just have to see if we can get that fixed, get that dealt with.

But, of course, some of the folks weren't able to attend because they're dealing with hurricane response in Florida and Texas and a bunch of other states, and EPA folks are down there trying to help out. State of Oklahoma sent quite a few people. And so we're -- you know, they've helped us during some of our disasters, so we're doing likewise. And it'll be interesting to see what the effect of the hurricane response and recovery efforts is on some of the programs and the approaches to things. But I always view it as an opportunity to make things better. I mean, it's terrible that it happens, but you know, you might as well build things back in a better way, more energy-efficient way, more cost-effective way.

This summer we also hosted a meeting of the ERIS, the Environmental Research Institute of the States, which is a group that's a combination of ECOS states and EPA's research folks, the office of research and development in Oklahoma City. And we discussed a lot of regional strategies, perspectives. I got to give a lot of input. And it was supported by other states about how hard some of the rules are on small systems. And I made some impact, and I talked about how a lot of the smaller systems are leveraged to the max. They have multiple loans. They're -- you know, they're leveraged to the hilt. And every time we have a permit renewal, or some new item comes up, there's a change to a federal regulation, and we're at the point where we can't keep up with it. Especially if some of those regulations are based on assumed health outcomes, not demonstrated throughout these studies outcomes. So -- but what I'm talking about, small systems EPA, they're thinking 3000 people. I'm thinking a hundred people. So I don't think -- don't think I quite got through the level of funding that some of these systems are actually capable of supporting. And so, the -- I hope that's an airplane. Okay.

So that was a worthwhile meeting. And there's some changes in the regional offices trying to set up people to be coordinators for different things with each state. And that's going to be great, I think, but some of the folks don't know that's their role yet, or just finding out that. The people who are the coordinators didn't realize they were supposed to be talking to states. So we worked on that some last week at ECOS, and I think we're going to head that in the right direction.

The -- another thing that we've done recently, and with the help of the Oklahoma Rural Water Association, was to work with the town of Locust Grove to do a water loss audit. And, you know, go through and see where the water's actually going, how much they're actually making, if -- and this is a free service that we provide some of these systems. This audit revealed that Locust Grove was losing approximately 272,000 gallons of water a day at a cost of more than $500 a
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1. day. And as a result of that, Brandon Bowman from the Water Quality Division helped work through these problems with the city, and fixing leaks, and solving some of these problems, and saved the town quite a bit of money. There's not a dollar figure on here, but I'm thinking it's in the --

2. MS. SHELLIE CHARD: About 450,000.

3. MR. SCOTT THOMPSON: Right. It's a sizeable number over time. I don't know how long a time period that represents.

4. MS. SHELLIE CHARD: One year.

5. MR. SCOTT THOMPSON: One year. Okay. So that's very substantial, and that's a good opportunity for us to save things. But another -- back to some of the comments the EPA's folks who work on risk evaluation stuff is we're sitting here trying to save water, well, if you hold water in the system longer, then you have disinfection byproduct problems. If you focus on that too much, and you compromise disinfection, then you have some real serious potential health effects right away and economic effects from not being able to use that water.

6. And so it's -- these little systems, what I need are solutions.

7. And there's a lot of talk -- one of the big topics at ECOS this year was PFAS and PFOA, which is basically flame-retardants and Teflon, Scotchgard-type materials that are used in everything. And so there's a lot of work on that.

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1. really early and it's just a rough estimate of what kind of numbers you got to look at. But of course, these days with (inaudible) limits we have, all the numbers they come out with are tiny, very small, parts per billion, parts per trillion.

2. And that's going to be a challenge.

3. ECQ's been working on soil profiles, on the rules that govern, you know, onsite waste water systems, basically your septic systems. And these onsite systems, you know, perform based on soil type, precipitation amounts, a bunch of other environmental factors. And you know, across the state of Oklahoma, even in the county, we have a wide variety of soil types and situations. And so it's kind of hard to predict. We're working with OSU to do a study to try to help us improve our process, our -- maybe our requirements on what systems you have to put where. Because if -- I think we're on -- kind of on the far end of being conservative because we've had so many issues. Most of you remember that when we were first created as an agency, the first year I think we had 7,000 complaints, mostly on surancing sewage, and that's always the number one complaint. The numbers have come way down across the state to a few thousand a year, but it's still a huge issue. And so you don't want to blast somebody's system that's going to fail. But we might be able to do a better job of identifying soil types and sort of reducing the burden a little bit.

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1. There's a lot of looking at that. So far the samples that I've seen analyzed in Oklahoma have not exceeded EPA's recommended level, but that is a whole new arena. There's a bunch of compounds out there. There's not that much known about them all. So we're going to be refining through this. It's going to be sort of the next big thing in water, I think, for -- at least for water sampling and all of that. The sampling is very difficult. We can't do it. We would have to have some funding to gear up to be able to do that kind of analysis.

2. And some of the things that they've gotten from some of the other states in EPA about the protocol you have to go through to sample is crazy. You can't transport staff in a car with Scotchgard seats. You can't use Teflon seals on your containers, which we use on most sampling. You can't -- I mean, there's just a litany of stuff that's just -- I mean, it's pretty hard to envision how you could comply with all of this in order to ensure that you don't have a false positive on these materials. So that's going to be a big challenge.

3. And if people start getting tests, we're going to have to look hard at how did they take the sample, how was the analysis done, is it really there. And in order to -- if we see some place that appears to be high, we're going to have to take some time and some money and try to figure out and validate whether it's real. And then there's the problem that this is

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1. There was also a tie to streams on the 303D list and

2. having to use nitrogen fixation to put a number of streams that are on the 303D list were not -- there's not a good reason they're on there. When the original list was put together, people thought it was going to generate a bunch of extra federal dollars, so it was loaded up with as many stream segments as you could find. And that's not what happened. It was kind of like -- you know, it was kind of the opposite of what people thought it was going to be.

3. So some of these stream segments that don't need to be on there, we're looking at ways to evaluate them and determine whether or not we can get them off or we can kind of divorce some of those requirements from those stream segments because it affects -- you know, the best system you can put in, if the conditions are right, is an old-fashioned, regular, everyday septic system. We have these nitrogen fixation systems, and we have the aerobic systems that require more maintenance by the user, and they're fine. And you have to put them in some places. But it's always a challenge and it's -- you know, during the height of the oil boom recently, I think it was pretty hard to find anybody, in some parts of the state, who was doing this work. You might have one person to call, and if they knew they were the only one doing it, your prices were pretty substantial. So we're going to try to help out folks with that if we can get some really good
information from OSU about the optimum way to regulate this. So it may be a couple of years before we have the full results from that study, but we hope to come back to you with that and maybe some changes, too, how we operate.

We're working on the strategic plan. I think we've talked to y'all about that in the past, that we are getting started, and how it is started. Many of you may have received a customer satisfaction surveys and we sent to the regulated community about 6,000 of those, 6200 and something. We've got 11.2 percent response rate. And the general public survey was sent out to about 621 folks. We received a 7.5 percent response rate. And there are being compiled into a summary and we're going to evaluate that. We're going to -- the directors at the agency are going to get together and try to assess what it means. And if we need to do some things differently, how we can improve our services.

And Martha is heading for the hills. This is her last Board meeting. Martha is going to retire at the end of this month. And, see, she's just smiling really big. And after the last meeting I had with the Senate this week, I'm thinking you're probably making the right move. Because they started asking questions about what if we dip into your revolving fund for the special session. I was like, that'd just be chaos. I hope that's not real. But that could be really harmful because it's pretty hard to predict exactly where you'll land, but this early in the year, I mean, that's basically our operating funds. So there's not any real cushion there.

And so I'd like to thank Martha for her service and -- hopefully it's another big truck or whatever -- so, you know, I was in Wyoming for the ECOS meeting, and I was sitting up on a walkway in a chair on the second floor, and it started vibrating. And I was sitting there thinking, okay. Am I really sensitive to earthquakes from being in Oklahoma or is this something like the mechanical air-handling system causing the floor to vibrate? I think that's what it was.

But, anyways, I'd like to thank you, Martha, for -- and we're going to have a party for Martha on Thursday, right? Is that right?

Ms. MARTHA PENISTEN: September 28th.

Mr. SCOTT THOMPSON: September 28th. What time?

Ms. MARTHA PENISTEN: At 2:00.

Mr. SCOTT THOMPSON: 2:00.

Mr. TIM MUNSON: And it's not a surprise party.

Mr. SCOTT THOMPSON: So, yeah, it's a week from Thursday.

Ms. MARTHA PENISTEN: Right.

Mr. SCOTT THOMPSON: I may or may not be able to make it because I have to be at the Arkansas --
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folks out there who support EPA wholeheartedly really
understand how many things just don't get done because of the
way they sort of function or don't function in different parts
of the agency. So, yeah, some other states add and remove
stuff. And for whatever reason, we've had kind of a roadblock
to some of that in region 6, but I think it's kind of loose.
And I don't know. I assume there's probably some other places
to be resistant to moving on that.
But one thing that Ken Wagner noted in looking at
all the regions is they all operate completely differently.
And the most interesting observation he had was that Region 1,
which is kind of the New England states, and a fairly small
georgraphic area, and states who have to work together because,
you know, it's 30 minutes to your other state capital, next
door, they were operating more like you would anticipate a
region would operate with their states. So they're the
closest to what might be a good model for how things ought to
work. You probably can't do everything exactly the same in
all regions because states have their own ways of doing
things, and we want some independence, but we do want some
consistency, and more consistency, and more functionality
throughout our regions.
So we'd be glad to discuss that with you and walk
through where we're at and what we're thinking. But, you
know, there's -- I've seen some of those maps. And you start

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looking at, and there's no -- there's no information as to why
that segment's listed. There's nothing you can find.
There's no data. So, it's hard to deal with if you don't even
have a reason for it to be there.

MR. TIM MUNSON: Any other questions for Scott?
All right. Thank you. Negligent in not using this.
We'll move on to the next item on the agenda, which
is item number 6, going to have a budget update and financial
overview for FY 2018. I would ask Kathy Aebischer, our DEQ
chief financial officer, to give us that report.

MS. KATHY AEBISCHER: Well, good morning.
This is the meeting that we go in depth of more of
DEQ's budget and financial situation. So as we go through
this presentation, if you have questions feel free to ask
them.
So a summary of the 2017 legislative impact on the
FY '18 budget: Our state appropriations were reduced 4.87
percent, which equaled 291,000. Revolving fund was reduced a
million dollars and was given back to us as general
appropriations. The benefit of them doing that, rather than
just reducing us a million. It keeps our state appropriations
base up high, so for the next year they start with that and
then reduced. But it's something they've been doing more of
with those agencies that have revolving funds. They'll
reduce -- they'll take money from there and put it in their

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state appropriations to fill that gap.

Additional cuts that they're talking about now is
3.17, that would be 180,000 for DEQ. We did get a request
late of five percent. We're hoping that that will not happen,
but as of yet, you know, that they are -- they call -- the
governor called a special session for the 25th on Monday. So
we'll have to see, you know, what the impact on us will be
after that.
So budget comparison from '17 to '18, as I said, we
have about $250,000 less in state appropriations. We have
about $500,000 more in revolving fund compared to the previous
year. And these are just budgeted dollars. Federal funds, we
anticipated, at this time, a little over a million less. I
know now as we're going throughout the year, EPA's been coming
back with additional dollars. We'll just have to see how that
works out, when -- we'll actually start spending and when they
give it to us. And then OSE&E funds remain about the same at
8.9. So our total budget of 83 million is a little over a
million less than the previous year.
Just to give a comparison of what's been happening
with the general appropriations for the agency, in 2013, we
received 7.5 million, and this year we're down to 5.6. And
the state appropriation funds, those activities that we do
that don't have any revenue source, we do not charge a fee.
And those are the only activities that they're necessary

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activities, but they really rely on the state-appropriated
dollars.

So when we look at the sources of revenue for the
agency last year, seven percent of our total budget is state
appropriations, and our revolving funds, which we our program
fees and permit fees, is -- was about 35 percent, with federal
funds being 28 percent, and OSE&E federal funds is ten percent
of the total budget. If we compare that to this year, we're
relaying more and more on our revolving funds, state
appropriations about seven percent, and revolving funds
56 percent. Federal funds are 26 percent.
If we look at all the divisions of DEQ, land makes
up the majority of the budget of 30 percent just because of
the projects they do. And then we have water quality, air,
and administrative services that are 17, 16, and 18 percent,
and the lab nine percent, and ECLS is ten percent.
So if we go into each division, air quality, the
fees that are projected for this year, the majority of their
budget comes from Title 5 annual operating Fees of 5.6 million
with non-Title 5 a little over three million, and the fees of
two million make up the majority of their budget. It's
projected a total of $13 million will be collected this year.
And of that, we projected a carryover from last year funds of
just under a million, with federal grants of 2.1, so a total
of 16 million.
Air's budget is $12,089,959. ECLS supports air, and about 669,000 of their budget comes from air funds. And the lab, about 5 percent of their budget, comes from air funds as well. And the air division, the sources of funds, they do not receive any state appropriations. They receive, 85 percent of their budget comes from fees, revolving fund, with 15 percent federal funds.

So if we compare air's budget '17 to '18, it's 65,000 less than last year. They have reduced their staffing by lowering the level but still providing the services which has come up with some savings, reduced their travel expenses.

Land, these are all the revenue sources for land, with the majority of their money come from solid waste of 62 million and fuel tax of 2.4. Total fees for land is $13,725,000. We projected revenue of the 13,725,000, federal grants a little over 10 million. And then we have some carryover and reserves and for total available funds of 26,000,941. Of those funds, 22 million is land's budget. ECLS provides services to land, a little over a million. The lab, almost 600,000, they support the land programs. Criminal investigative unit also supports land at about 133,000 and then indirect cost of 2.2. And the makeup of the funding sources for land, they also do not receive any state appropriations, and they receive 50 percent of their budget from revolving funds and fees. And 43 percent of their budget comes from federal funds. If we compare last year's budget to this year, they have also reduced some of their salaries and some operating expenses with 200 -- a little over 200,000 less than last year.

The water division, they receive the majority of their money, industrial municipal discharge of three million, with public water supply of 2.4, and then storm water, permits $1.7. It's projected that they'll receive just under nine million in fees. Their total budget is just a little bit less than nine million, and the fees 7.6 million in federal grants; 1.3 in state appropriations. And anticipated carryover of 1.8 from '17 for a total funds that are available just under 19 million.

Water's budget is 2.5% of that 19 million, with ECLS supporting water at 1.6. The lab supports water just under two million. ASD supports programs about 3,000 and indirect cost is just under three million. The water division does receive state appropriations. It's 11 percent of their budget, with 40 percent -- 46 percent coming from fees and other sources, and federal grants of 43 percent.

If we compare the water's budget from last year, it's about 22,000 less. They have reduced two FTEs, and that's the majority of their savings, with spending a little more money in professional services.

Environmental complaints and local services, it's projected that they'll collect $2.2 million with 1.8 million coming from private sewage. And ECLS's budget is made up of the 2.2 projected revenue with federal grants just under a million, reserve of 437, and then we have some carryover, state appropriations of 2.6 for a total of 9.6 million. ECLS's budget is 7.6 million, and ASD's projects is 2.0 million, and indirect costs is just a little over two million. ECLS's budget, 34 percent comes from state appropriations. Revolving funds is 52 percent, and then 11 percent is federal funds. If we compare ECLS from last year, it's three -- a little over $300,000 difference. They have lost an additional position this year due to the cuts. And that's where you'll see the differences.

The lab, we're projecting a total of 2.3 million in revenue for the lab for this year, with 1.3 coming from public water supply analysis, 2.3 coming from revolving funds, a little over a million in federal grants, state appropriations of 1.6 million. We have some reserve and some carryover that help support this division. A total funds of 8.3 million. Their budget is 6.8 with indirect 1.4. The lab receives 25 percent of their budget from state appropriations, 56 percent of their budget from revolving funds, and 19 percent from federal funds. If we compare the lab's budget from '17, it's also $396,000 less. They also lost an additional position, and reduced some travel, and other items in their budget.

Administrative services and IT, total funds from indirect cost of 11.7 million. We received 20,000 for doing the accounting for OSE&E, and some rent, projects with other divisions, and license tag grants, we get 10,000 penalty fees, about 584, and reserves of 754, with total funds of 13 million, and the budget is 13.4.

Administrative services doesn't receive any state appropriations. Seventy-seven percent of administrative services budget is from revolving funds with 23 percent from federal funds. The -- if we compare the budget, it is $7,000 more in comparison to last year. With administrative services, our building operations people have done a lot of work on trying to reduce energy, so that's where you're seeing a lot of our savings. The state, a few years ago, went into the 20% Energy Savings, and that was to save 20 percent by 2020. And DEQ has been the leader each time. So we changed our goal to 30 percent, we met that, and we're about 40 percent when compared to 2012. They have done a lot of things within our building to really decrease our operation cost. So that's where you're seeing a lot of savings on the administrative side.

MR. SCOTT THOMPSON: Kathy, I'd like to insert something here. Part of those savings are because we changed
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<td>our lighting to LED lighting and there’s a fast payback on that. Especially because our maintenance guys figured out how to rewire all these old-fashioned deals for the new LED bulbs and did it themselves. So, essentially, we got LED lighting all over the whole building, and that’s a huge part of our energy savings each month throughout the year. So -- and it’s a tremendous amount of money that we’ve saved. So I’d just like to applaud our folks for that.</td>
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<td>MS. KATHY AEBISCHER: So with all the pressure on the budget last couple of years, the Agency’s been kind of forced to look at things in a new way. So we’ve taken a new initiative called the Program Prioritization Initiative. And this is just reviewing every program that we do. The costs that are associated with it. We make them more efficient, but also come up with an evaluation tool to rank them with the highest priority on down, just to assist the directors and leaders of the Agency to make better decisions. So we just started this initiative. And we’re going to gather data. Like I said, looking at every program and the impact they have on the state. And the process, we’ve designed a structured process in able for us to get the best data. We’re involving everyone in the organization. We have two groups. We have a work group that’s made up of the level 3 managers that are going to gather the information from their stuff and recommendations, and pull it together, and we’ll be submitting that to the executive committee for decision. But it’s an Agency effort. It’s going to be a lot of work. But it’s going to give us a lot of information that we’ll be able to use to make the best decision we can for the state. The process, we’ve pulled together an initial list of all the Agency programs, which there’s a lot. We’re working on establishing the Agency priorities, what are the priorities. And we’re going to establish evaluation criteria, and then we’re going to take that evaluation criteria and our agency priorities and we’re going to score them and come up with a ranking system. We’re just now working on the Agency priorities. Hope to have those completed within a few months. Evaluation criteria hopefully be done by the end of the year, and then evaluating the programs are probably going to take several months. So it’s going to be a collaborative effort with everyone in our agency. But when we have the results from this process, we’ll be updating you at the Board meetings of where we are and the things that we’ve pulled together.</td>
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<td>MS. KATHY AEBISCHER: Yes. We have a lot of needs in the Agency. We know that our budget request probably won’t be approved, but we are responsible to outline the needs of the Agency. And so we are going to submit a budget request for additional dollars. This budget request -- we’re going to see that FY ‘18 Appropriations column of 5.6 is our current allocation, and we are asking additional dollars, ongoing basis of 476,000 and a one-time request of 130,000. Our total request is additional 626,000 for a total appropriated dollars for ‘19, 6,322,635. The lab is requesting almost 275,000, and that is for three FTEs, they, and ECLS, have cut their staffing to the point that it’s -- workload is really difficult. So they’re needing to request these FTEs just to keep up with the current workload and the future workload that’s coming down. ECLS has lost five positions, and they’re requesting three of those five back because they are also -- have a heavy workload. They have done some things operationally to reduce inspections where they can. And they’ve tried to reduce the workload in those areas that won’t affect the state as adversely in some other areas. So they have a model that they put their work into, and it’s three FTEs would help them keep up with the workload that they have today. Air is asking for a one-time allocation of 150,000. They have an admissions inventory system, Redbud, that’s outdated. It’s over ten years old, and it needs to be updated. This is the system that they communicate data to EPA. And they’re estimating it’ll be 150,000 to obtain the new software.</td>
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<td>MR. SCOTT THOMPSON: Kathy, one thing I’d like to add to this, is that while the numbers won’t change, I want to highlight the cost of doing business with OMES for IT services in our budget request. So we’re going to put that in as a line item and somehow highlight that and show the difference in the increase of cost from last year to this year, and the total cost after that. Because I think each year it creeps up. Some of our discussions with them this year, as we tried to negotiate our agreement, were that we can save 300,000 if we bought computers and kept them for five years, as opposed to leasing computers. And they were pushing everybody to go through a lease, which they just recently created. And so we went back and forth, and they agreed to give us the exemption to lease, to allow us to buy computers. And then I signed the agreement with that in it, sent it over, and they kicked it back and they said we had to have a form</td>
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filled out. A form didn’t exist. So there’s no such form.

So we pushed and we refused to budge on it until
they finally said that they would bless that and they gave us
an 18-month exemption. But then they told us we couldn’t make
the purchases ourselves. Now, here’s another statute that
went through that said agencies can’t make purchases without
going through OMES at — how much — 50,000 or 25,000 or
something.

MS. KATHY AEBISCHER: Something like that.

MR. SCOTT THOMPSON: So they took that offline, and
they also took the state contract prices offline. And we
didn’t realize those state contract prices were
having to purchase were more than we actually needed. I’m
sure they’ll argue that we had to have this for security
reasons. Well, the hardware’s, the hardware. If you can put
the software on, that’s where the security’s at. So the — so
if they add a charge to purchasing the computers for us, and
if those charges come in for the purchase is much higher than
what the state contract was, or what we could go to Sam’s and
buy the damn thing for, then we’re going to highlight that.

And we’re going to share that with everybody. And,
you know, I’m hoping other agencies do this as well and
should put this as a line item on their budget request every
year and I’ll start hitting home how much these people cost
us in that, you know, the inane things, like Secretary

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Teague’s office couldn’t get a computer workstation set up for
weeks and weeks. I mean, he had to talk to President
Doolittle to get it done. That’s the kind of service we’re
getting, and the cost is escalating and escalating. And they
will not disclose to us what their charges are based on, and
the contract, for supporting all these programs. They put
that they’re supporting all these programs, but it appears to
create how much their staff costs that are assigned to work
with them. So basically we’re paying the entire salary of the
staff, but when we say need some more programming done, any
kind of extra work done, then they want us to charge us 90 bucks
an hour or more for that work. So as part of our budget, we
set up a hundred thousand dollar estimate based on
discussions with them for excess — for trying to do some
program development work, software work for us, and the first
project out of the gate that we told them we needed to work
on, they wanted to charge us an extra 90,000 bucks just for
that one project. So while we’re being squeezed by the
legislature, OMES is gouging us. So, I mean, that’s just how
it is. And I just want to highlight that and make everybody
understand that we’re going to push back, and we’ll see how it
goes.

MS. KATHY AEBISCHER: This is the first year that
we’ve signed the agreement with OMES, so we still don’t know
how much it’s going to cost us. The way it works is you’ll

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get surprise invoices you don’t realize you were going to be
charged, those type of things. But after the first year, we
will really know what the actual cost is and how much it’s
been compared to last year.

With computers, they say we can’t purchase
ourselves, but we can request OMES to purchase them. So our
first request for 30 computers was done in May, and we just
got a purchase order. So they haven’t even — we haven’t even
received those. So, it is a very long process that we’ll see
how that piece works out, if we ever get what we ordered.

MR. SCOTT THOMPSON: Well, and we negotiated the
agreement, we signed it, I believe, and then they came back
and they wanted to increase the cost by $30,000 a month.
Again, with no explanation as to why.

So, you know, I may suggest that somebody write a
statute that have to disclose a basis for all their costs
for everything, but we’ll see.

Yes, sir.

MR. RON BOYER: If I could make a comment. You’re
not the only agency this is happening to. I’m also on the
Board of Health, and it’s happening over there, too. They’re
coming in as invoices after the date of service, which is
making it almost impossible for them to even get
appropriations because legally you can’t do that. You can’t
issue a PO after the point of service. You’re supposed to

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issue it prior to the point of service, so —

MR. RON BOYER: So my guess is they’re getting
squeezed at the top, and they’re going to make up their
deficiencies off the top of you guys.

MR. SCOTT THOMPSON: Yeah, they’re not getting it
done well. And there’s not really any savings that we’ve seen
at all.

MR. RON BOYER: And there’s no full disclosure at
all.

MR. SCOTT THOMPSON: Right.

MR. RON BOYER: You can’t get any line item — my
background, I am an IT engineer. There is no way in Sam Hill
they’re charging you guys the correct amount of money.

MR. SCOTT THOMPSON: Thank you.

MR. TIM MUNSON: Any other questions or discussions
from the Board?

Any questions or comments from the public?

We’d entertain a motion that we approve the DEQ
operational budget request as proposed.

MR. HOMER NICHLSON: Proof of approval.

MR. SHANNON FARRELL: Second.

MR. TIM MUNSON: Can we have a roll call?

MS. QUIANA FIELDS: Mr. Shannon Ferrell?

MR. SHANNON FERRELL: Yes.

MS. QUIANA FIELDS: Dr. Tracy Hammes?
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1. DR. TRACY HAMMON: Yes.
2. MS. QUIANA FIELDS: Mr. Kinder?
3. MR. JAMES KINDER: Yes.
4. MS. QUIANA FIELDS: Ms. Kunze?
5. MS. JAN KUNZE: Yes.
6. MS. QUIANA FIELDS: Mr. Nicholson?
7. MR. HOMER NICHOLSON: Yes.
8. MS. QUIANA FIELDS: Mr. Paque?
9. MR. MIKE PAQUE: Yes.
10. MR. FIELDS: Mr. Munson?
11. MR. TIM MUNSON: Yes.
12. MS. QUIANA FIELDS: Motion passed.
13. MR. TIM MUNSON: Thank you.
14. We'll move to agenda item number 8, Employees

Disclosures. The Environmental Quality Code requires certain DEQ employees involved in reviewing, issuing, or enforcing permits to disclose financial interests they hold in entities regulated by the DEQ. The DEQ is required to submit these disclosures to the Board and make them a part of the minute.

I would ask Martha to report.

MS. MARTHA PENISTEN: This year one employee submitted a new disclosure, and that is Kelly Dixon of Land Protection Division. She's a stockholder in General Electric.

And since Kelly is the division director for Land Protection, I've notified her directly that she should recuse herself from

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any permitting or enforced activities related to General Electric.

MR. TIM MUNSON: All right. Thank you very much.

Agenda item number 9 is the calendar year 2018 Board meeting. We have a proposed set of dates and locations that are part of the packet. I'd like you to consider:

Friday, February 16, in Oklahoma City; 12th in Oklahoma City; Tuesday, September 11th in Weatherford; and Friday, November 9th in Guthrie.

Anybody have any comments or discussion on those locations and dates?

MS. JAN KUNZE: I might ask, do any of the communities ever express concern that we're rotating to their area? I know the purpose of the rotation is to allow the public to attend. But it looks like we're jumping around and trying to hit all areas of the state. But I wondered if any community ever brought that up.

MR. SCOTT THOMPSON: I haven't had any comment in years on that kind of stuff.

MS. MARTHA PENISTEN: They don't necessarily know it until, you know, Quiana contacts them right before the meeting - or not right before, but several months before to, you know, select a venue and that kind of thing.

MR. SCOTT THOMPSON: But there's nobody clamoring for it, and you know, we don't have much attendance for the

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forum part anymore.

MS. JAN KUNZE: And I guess the reason why I asked that, my very first meeting was in Tulsa several years ago, and it was a packed house. So that's why I was asking.

DR. TRACY HAMMON: I just visually, we took a little more cluttered for next year in that same sort of central area of the state. I don't have a recommendation for a different location. But we don't seem as widespread as we typically do.

MS. JAN KUNZE: That was my thought, too.

MR. JIMMY KINDER: Well, the only concern that I have with the budgetary concerns with travel, I see it as more central located. As we all travel from one end of the state to the other, it can be an expense to the Department as we move around.

MR. TIM MUNSON: Any other comments or discussion about the proposed meeting dates for the next year?

Motion for approval.

MS. JAN KUNZE: I make a motion that we approve the proposed dates and locations.

MR. JIMMY KINDER: I'll second it.

MR. SCOTT THOMPSON: Quiana, roll call, please.

MS. QUIANA FIELDS: Mr. Shannon Ferrell.

MR. SHANNON FERRELL: Yes.

MS. QUIANA FIELDS: Dr. Tracy Hammon?

DR. TRACY HAMMON: Yes.

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MS. QUIANA FIELDS: Mr. Kinder?

MR. JAMES KINDER: Yes.

MS. QUIANA FIELDS: Ms. Kunze?

MS. JAN KUNZE: Yes.

MS. QUIANA FIELDS: Mr. Nicholson?

MR. HOMER NICHOLSON: Yes.

MS. QUIANA FIELDS: Mr. Paque?

MR. MIKE PAQUE: Yes.

MR. FIELDS: Mr. Munson?

MR. TIM MUNSON: Yes.

MS. QUIANA FIELDS: Motion passed.

MR. TIM MUNSON: Thank you.
MR. TIM MUNSON: You're correct.

MR. CLAYTON EURAUX: I just have one thing.

There's a Senate Bill 403 that makes changes to the Oklahoma Open Meetings Act that goes into effect November the 1st.

It's like I said, Senate Bill 403. We'll circulate — we probably should circulate changes, or that bill, so you guys — I don't think it makes too many substantive changes other than what's required in posting and whatnot. Just to be aware of that. That's all.

MR. TIM MUNSON: Thank you. Any other new business?

All right. Our next meeting will be November 7th in Tablequah.

And I would entertain a motion to adjourn if there is no other business to discuss.

MR. JIMMY KINDER: So moved.

MR. HOMER NICHOLSON: Second.

MR. TIM MUNSON: Motion and second.

Roll call, please.

MS. QUIANA FIELDS: Mr. Ferrell?

MR. SHANNON FERRELL: Yes.

MS. QUIANA FIELDS: Dr. Tracy Hammon?

MR. TRACY HAMMON: Yes.

MS. QUIANA FIELDS: Mr. Kinder?

MR. JAMES KINDER: Yes.

MS. QUIANA FIELDS: Ms. Kunze?

MS. JAN KUNZE: Yes.

MS. QUIANA FIELDS: Mr. Nicholson?

MR. HOMER NICHOLSON: Yes.

MS. QUIANA FIELDS: Mr. Paque?

MR. MIKE PAQUE: Yes.

MS. QUIANA FIELDS: Mr. Munson?

MR. TIM MUNSON: Yes.

MS. QUIANA FIELDS: Motion passed.

MR. TIM MUNSON: Thank you.

Do we have anybody that signed up?

Okay. All right. Thank you. At this point, we'll adjourn the meeting.

ADJOURNMENT - 10:45 A.M.
CERTIFICATE

THE STATE OF OKLAHOMA,

COUNTY OF BRYAN.

I, Shannon Duncan, Certified Shorthand Reporter in
and for the State of Oklahoma, do hereby certify that I
reported all of the foregoing meeting, and that I later
reduced it to typewritten form, as the same appears herein.

I further certify that the above and foregoing
typewritten pages contain a full, true, and correct transcript
of my stenographic notes so taken, during said meeting,

I further certify that I am not a relative of
nor an attorney for any of the parties in this matter, nor do
I have an interest in the event of same.

WITNESS MY OFFICIAL HAND this 27th day of
September, 2017.

Shannon Duncan, CSR

State of Oklahoma
Certified Shorthand Reporter
CSR #1984

My Certificate Expires 12/31/2017
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