

**OKLAHOMA WATER RESOURCES BOARD
OFFICIAL MINUTES**

August 9, 2005

1. Call to Order

The regular monthly meeting of the Oklahoma Water Resources Board was called to order by Chairman Rudy Herrmann at 1:30 p.m., on August 9, 2005, in the Caddo meeting room of the Quartz Mountain Resort, located at 22469 Lodge Road, Lone Wolf, Oklahoma.

The meeting was conducted pursuant to the Oklahoma Open Meeting Law with due and proper notice provided pursuant to Sections 303 and 311 thereof.

A. Invocation

Member Bill Secrest gave the invocation.

B. Roll Call

Board Members Present

Rudy Herrmann, Chairman
Mark Nichols, Vice Chairman
Bill Secrest, Secretary
Lonnie Farmer
Ed Fite
Kenneth Knowles
Richard Sevenoaks

Board Members Absent

Harry Currie
Jack Keeley

Staff Members Present

Duane A. Smith, Executive Director
Dean Couch, General Counsel
Joe Freeman, Financial Assistance Division
Jim Schuelein, Chief, Administrative Services Division
Mike Mathis, Chief, Planning and Management Division
Derek Smithee, Water Quality Programs Division
Mary Lane Schooley, Executive Secretary

Others Present

Tom Hubbell, Stroud, OK
Arvil Morgan, Wagoner County Rural Water District #5, Coweta, OK
Lori Lenhart, Wagoner County Rural Water District #5, Coweta, OK

Senator Bob and Mrs. Robbie Kerr, Oklahoma State Senate, Altus, OK
Charles Newton, Oppenheim, Oklahoma City, OK
Marvin Matthews, Goodwell, OK
Charlie Enyart, City of Vinita, OK
Levi Bickford, Town of Goodwell, OK
Dr. William Geiger, Piedmont, OK
William A. Geiger, Longdale, OK
Larry Hahn, Quartz Mountain Regional Water Authority, Granite, OK
E. J. Hahn, Quartz Mountain Regional Water Authority, Granite, OK
Robert E. Harris, Quartz Mountain Regional Water Authority, Altus, OK
Bodie and Megan Bachelor, Oklahoma City, OK
Senator Don Barrington, Oklahoma Senate, Lawton, OK
Robert B. Johnston, City of Frederick, OK
Myrna B. Geiger, Longdale, OK
Shelly Geiger, Edmond, OK
Jim Barnett, Kerr Irvine Rhodes Ables, Oklahoma City, OK
J.D. Strong, Office of the Secretary of Environment, Oklahoma City, OK

C. APPROVAL OF MINUTES

Chairman Herrmann stated the draft minutes of the July 12, 2005, Regular Meeting have been distributed. He said he would entertain a motion to approve the minutes unless there were changes.

Mr. Farmer moved to approve the minutes of the July 12, 2005 Regular Meeting, and Mr. Secrest seconded.

AYE: Farmer, Fite, Knowles, Nichols, Secrest, Sevenoaks
NAY: None
ABSTAIN: Herrmann
ABSENT: Currie, Keeley

D. EXECUTIVE DIRECTOR'S REPORT

Mr. Duane Smith, Executive Director, addressed the members and stated the Board and staff were enjoying the visit to Southwest Oklahoma. He recognized Tom Buchanan and the Board of Directors of the Lugert-Altus Irrigation District and thanked them for their hospitality and tour of the District this morning. Mr. Smith also recognized Senator Bob Kerr and Mrs. Robbie Kerr and expressed his appreciation to the Senator for his support of the Oklahoma Water Resources Board and thanked them for their attendance. Likewise, he recognized Senator Don Barrington of Lawton.

Mr. Smith noted two newsarticles in the Daily Oklahoman, one reporting about the federal Transportation Bill and language regarding tribal water issues and water quality standards. He said the Board staff has a long working history with the tribes regarding developing state water quality standards, as well as water supply permit issues, and financing rural water districts that serve Tribal citizens. This legislation means that there will only be one set of standards and the Board is committed to work with the tribes to make that the best set of standards we can have.

The other article Mr. Smith mentioned reported the results of a study conducted by the University of Oklahoma regarding arsenic contamination in water supplies of Central Oklahoma. He said that many communities in Central Oklahoma are experiencing arsenic problems, and Oklahoma City is now supplying water to those taps. He reminded the members that in the 1980 Comprehensive Water Plan it suggested water from southeast Oklahoma supply Central Oklahoma communities. Recently, the Board has helped many of these communities obtain water taps from Oklahoma City and while some of the Canadian County folks wanted to do something different i.e. go to the Arbuckle-Simpson, the future for Central Oklahoma is some mix of Oklahoma City supplying water to those communities either as a regular source or a peak source. He said he wished the article went further to state support of a Comprehensive Water Plan. He said there is a lot of press on the problem, and the fix is a good comprehensive water plan for central Oklahoma that is funded through the Board's financial assistance program. He said that as he visited with Representative Susan Winchester and Representative Don Armes. Representative Winchester is willing to take on that issue at the Capitol this next year as a champion in the House, along with Senator Ted Fisher of the Senate, to take the water plan and the financial assistance program and try to get some money to supplement the program. Statewide, over \$1.4 billion dollars of financing saved Oklahoma communities over \$435 million dollars. Its every corner of the state, its big cities and small cities, and it is critically important to get out the message.

Mr. Smith introduced to the Board the staff's 2005-2009 Strategic Plan highlighting the three High Priority Opportunities including the Statewide Comprehensive Water Plan, the Recapitalization of the Revolving Fund and the implementation piece of the water plan. He said this is a dynamic document that will continue to change as the weeks and months go by. These two programs are going to require a large amount of focus at the agency. The managers determined that one of the weaknesses during the legislative session this year is that we received support from the Governor, from the Senate and House leadership, from the Municipal League and Rural Water Association and we thought there would be money because there was support. But that didn't happen, and it wasn't because the state leaders didn't think it wasn't important, but as other priorities came into the mix as the session moved along, the focus on these programs fell through the cracks. This coming session, we want "champions" in both the House and Senate and plan to have meetings with budget committee chairmen with their communities that have borrowed from the Board, and demonstrate the savings so we know that message is getting across how critical the financial assistance is to the communities. Routine meetings with legislators are planned, and he mentioned the Chairman has appointed a Legislative ad hoc committee to assist with developing strategies so by the end of the 2006 session we will have made every attempt possible to obtain the funding.

The third High Priority Program is Special Water Resources Studies. Last year priority studies included the Arbuckle-Simpson, and this year the focus shifted somewhat but the focus is not necessarily the funding, but the process for obtaining the funding. Staff are meeting with communities about projects that need to be done such as the Lugert-Altus project in this area, to get the local legislators involved, local funding committed, and federal partners involved; that is a winning formula to address the important water resources needs that face Oklahomans. He summarized stating that these are the three High Priority Opportunities, and invited the Board members to provide their input. He will report to the Board on a regular basis on the progress of each program action plan.

Mr. Smith stated another issue that has been seen in the newspapers are P-card purchases by agencies. He said there have been some state agency employees that have used and abused P-Cards, or credit cards available for purchases. He wanted to assure the members that the OWRB has only 6 cards issued to employees, kept in a safe and under the watchful eye of the agency Comptroller, and the agency's rules for use are far more stringent

the state rules. He said it has been suggested that these types of policies be reviewed by the Board's Ad Hoc Audit Committee, which will be done in the future. He said when these types of incidences happen, it hurts all of state government, and he is watching very closely.

Mr. Smith announced the Arkansas-Oklahoma Arkansas River Compact Commission meets in Tahlequah on September 21-22. He said he spoke with the Senator's Representative yesterday about the monitoring and assessment for the Scenic Rivers. He said he has received good feedback from the Oklahoma and Arkansas delegations—it is something that Arkansas and Oklahoma actually agreed upon. The message is: "Don't fund a fight between the states, but fund an agreement that moves us forward positively." He said Senator Inhofe is in the best position to assist the states, and we are working closely with his office and hopefully the authorization and funding will be forthcoming. He mentioned the Board might conduct its October Board meeting there as well.

The Kansas-Oklahoma Arkansas River Compact Commission meets in October at the Port of Catoosa for a short barge tour of the navigation system, with the meeting held at the Port offices.

The Governor's Water Conference will be held November 1-2, 2005, at the Cox Business Center. Tuesday, November 1 begins the conference with a half-day symposium on groundwater with the full conference program on Wednesday, November 2. The November Board meeting may be moved to the morning of November 1.

Mr. Smith concluded his report with the introduction of Mr. Kent Wilkins, OWRB Employee of the Quarter.

Chairman Herrmann distributed the assignments for the Board's Ad Hoc committees. He asked the committee chairmen to interact with Duane and appropriate Division Chief within OWRB to determine the appropriate frequency for the committee to meet. He invited input from the members as well.

Chairman Herrmann proceeded with the remainder of the meeting agenda.

2. FINANCIAL ASSISTANCE DIVISION

A. Consideration of and Possible Action on a Proposed Order Approving Loan for Miami Special Utility Authority, Ottawa County. Recommended for Approval. Mr. Joe Freeman, Chief, Financial Assistance Division, stated to the members that the Miami Special Utility Authority of Ottawa County had requested a Clean Water SRF Refinancing Loan in the amount of \$591,000.00. He said the loan is for refinancing the remaining portion of an \$8,950,000 loan closed with the Board in 2001. The original construction loan was for a new 3.5 million-gallon-per-day state of the art wastewater treatment plant, for closing the north wastewater treatment plant, and for construction of three lift stations. The long-term refinancing loan bears a fixed interest rate of 2.6 percent, plus .5 percent administrative fee, with maturity in 20 years with a lien on Miami water sewer and electric system. He said Miami had been a good loan customer of the Board's for several years and currently have three other outstanding loans with the Board. Miami's debt-coverage ratio stands at 3.43-times. It is estimated that Miami will save approximately \$190,000.00 by borrowing from the Board. Staff recommended approval of the loan request.

Mr. Paul Hodge of Municipal Finance Services was present in support of the loan refinance application.

Mr. Farmer moved to approve the loan to the Miami Special Utility Authority, and Mr. Fite seconded.

AYE: Farmer, Fite, Knowles, Nichols, Secrest, Sevenoaks, Herrmann
NAY: None
ABSTAIN: None
ABSENT: Currie, Keeley

B. Consideration of and Possible Action on a Proposed Order Approving Loan for Stroud Utilities Authority, Lincoln County, Recommended for Approval. Mr. Freeman said that the Stroud Utilities Authority has requested a Clean Water SRF Construction Loan for improvements to its north wastewater treatment plant inclusive of two parshall flumes, a magnetic flow meter, along with additional treatment plant work. In addition, there will be construction of three lift stations, installing a force main, purchasing standby generators, and repair to the existing effluent lines. Mr. Freeman noted provisions of the loan agreement; stated that the Authority has no outstanding debt, and the debt-coverage ratio stands at approximately 6.6-times. It is estimated Stroud will save approximately \$600,000.00 by obtaining their financing through the Board. Staff recommended approval of the loan application.

Mr. Tom Huddle, Acting City Manager, was present in support of the request.

Mr. Nichols moved to approve the Clean Water SRF loan to the Stroud Utilities Authority, and Mr. Sevenoaks seconded.

AYE: Farmer, Fite, Knowles, Nichols, Secrest, Sevenoaks, Herrmann
NAY: None
ABSTAIN: None
ABSENT: Currie, Keeley

C. Consideration of and Possible Action on a Proposed Order Approving Loan for Rural Water District #5, Wagoner County. Recommended for Approval. Mr. Freeman stated this item is for the consideration of a \$3.7 million Drinking Water SRF loan request from Wagoner County Rural Water District #5. He said the District is requesting the loan to construct new clarifiers, install new multimedia filters, a raw water pre-oxidant feed system, a raw water flow control structure, high service pumps, a 210,000 gallon clearwell, sludge/backwash lagoons, decant return pump station, new laboratory and chemical feed system. Mr. Freeman noted provisions of the loan agreement. He said that in the past 15 years the District has grown over 95% with connections in excess of 2,600, and in addition, the District serves the towns of Porter and Redbird. The District has been a good customer of the Board for the last several years and has two outstanding loans with the Board. The debt-coverage ratio stands at approximately 1.3-times, and it is estimated the District will save over \$1.3 million dollars on their loan with the Board. Staff recommended approval.

Mr. Orville Morgan, District Manager, and Ms. Laurie Linhart, Office Manager, were present in support of the loan application.

Mr. Sevenoaks moved to approve the Drinking Water SRF loan to the Wagoner County RWD #5, and Mr. Fite seconded.

AYE: Farmer, Fite, Knowles, Nichols, Sevenoaks, Herrmann
NAY: None
ABSTAIN: Secrest
ABSENT: Currie, Keeley

D. Consideration of and Possible Action on a Proposed Order Approving Extension of Time for Obligation of Funds for Vinita Utilities Authority, Craig County. Recommended for Approval. Mr. Freeman said the Vinita Utilities Authority had requested a 6-month extension in the time to close its \$1,041,000.00 Drinking Water SRF loan. The Authority is requesting the extension to

coordinate closing the loan in conjunction with its wastewater project loan, which is the next item on the Board's agenda today.

Mr. Freeman stated the loan would be used to install gate valves, replace a 12" water line, and to install flow meters. He noted provisions of the loan agreement; the debt-coverage stands at 1.4-times, and staff recommended approval.

Mr. Charlie Enyart, City Administrator, was present in support of the request for extension.

Mr. Farmer moved to approve the extension of time for the obligation of funds, and Mr. Fite seconded.

AYE: Farmer, Fite, Knowles, Nichols, Secrest, Sevenoaks, Herrmann

NAY: None

ABSTAIN:

ABSENT: Currie, Keeley

E. Consideration of and Possible Action on a Proposed Order Approving Extension of Time and an Increase in Obligation of Funds for Vinita Utilities Authority, Craig County.

Recommended for Approval. Mr. Freeman explained this request by the Vinita Utilities Authority is for a \$280,000.00 increase in its Clean Water SRF loan that the Board approved in September 2004. The increase would make the total principal loan in the amount of \$1,449,000.00 and an additional 6-months extension of time to close the loan. The increases are a result of bids received on the wastewater project that were higher than the engineer's estimate. Mr. Freeman noted provisions of the loan agreement, and said that staff recommended approval.

Mr. Charlie Enyart, City Administrator, was present in support of the request for extension.

Mr. Nichols moved to approve the request for an extension of time and increase in obligation of funds to the Vinita Utilities Authority, and Mr. Sevenoaks seconded.

AYE: Farmer, Fite, Knowles, Nichols, Secrest, Sevenoaks, Herrmann

NAY: None

ABSTAIN: None

ABSENT: Currie, Keeley

F. Consideration of and Possible Action on Proposed Resolution Authorizing Certain Individuals to Sign and Act on Behalf of the Board Regarding the Board's Financial Assistance Program, State Revolving Fund Programs, and Issues of Indebtedness, and Authorizing Members to Act as Assistant Secretary. Recommended for Approval.

Mr. Freeman stated this resolution authorizes certain individuals to act and sign on behalf of the Board regarding the Board's financial assistance programs, names each Board member—except the Chairman—as assistant secretary in the absence of the secretary, allows the Board's trustee to know the Board's composition and to have signatures on file for verification. The form of the resolution is the same as approved by the Board in the past. Staff recommended approval.

Mr. Secrest moved to approve the resolution authorizing individuals to act on behalf of the Board and to act as Assistant Secretary, and Mr. Farmer seconded.

AYE: Farmer, Fite, Knowles, Nichols, Secrest, Sevenoaks, Herrmann

NAY: None

ABSTAIN: None

ABSENT: Currie, Keeley

G. Report of Borrowers with Insufficient Debt Coverage Ratio. Mr. Freeman said this item is to inform the Board of borrowers with debt coverage deemed insufficient, or less than 1-times.

He said the Board's loan agreements require borrowers to maintain minimum coverage requirements of 1.25-times. If the borrower is not meeting the requirement coverage based in audited financials, they are notified that in accordance with the loan agreement they must adjust rates, reduce expenses, or pledge additional revenues within 90 days of being notified.

Mr. Freeman said at this time, there are no loans with past due payment and all loans are current. In addition, over 96% of the Board's loans are meeting debt coverage requirements with most in very good conditions.

Mr. Freeman did inform the Board of the 3.5% whose coverage is less than 1-times at the last audit. The Town of Wayne's debt coverage stood at .41-times as of last audit. The town raised rates and based on the un-audited monthly income expense statements their coverage stands at 1.37-times. Bromide's debt coverage was .38-times at the last audit and .11-times as of May 31st. In addition, Bromide has not completed an audit of their financials since June 30, 2002, and the State Auditor's office has been notified. Grace's coverage is -1.08, and an audit has not been conducted since 2002, and the State Auditor's office has also been notified of this matter. Lone Wolf's coverage stood at .44-times but as a result of action by the Authority, as of May 31, the debt coverage ratio has dramatically improved to over a 4-times coverage. Red Rock had a -1.37-times coverage and after working with the Board staff and a rate increase was implemented; at the end of May the debt coverage had been increased to an excess of 5-times. Cherokee County Rural Water District #13 debt coverage is .71-times as of the last audit; rates were increased and it is projected their improved coverage will be 1.8-times. Haileyville's audit showed a debt-coverage of .12-times, then implemented a rate increase however they did not collect it—after contact by the OWRB staff, they begun to collect the increase, but have not completed an audit since 2003, but should very soon. Pocola's audit showed coverage of .49-times and is currently conducting a rate increase study to correct the situation. Geronimo's coverage stood at .67-times, but has been progressively improving and now stands at 1.06. Morrison's coverage is at .71 and has improved to 1.16-times. Coyle's coverage stood at .53-times after the last audit and has raised rates and it has improved to .91-times, but is still falling short. Okay Public Works Authority's coverage was a .53-times and after implementing a rate increase, and based on year-to-date un-audited financials, the coverage has increased to 2.9-times. The Commerce Development Authority stood at .24-times and continues to climb to 1.38-times; the matter is on the agenda for the town's council meeting.

Mr. Freeman concluded his report detailing the situation with Delaware County RWD #10. He said the Board holds a parity lien position on the District's water and gas revenues on private placement that was for construction of the District's gas system. Private placement was with BankOne—now Chase—and the Trustee is JP Morgan—and the last audit showed the coverage to be .36. Mr. Freeman said he has visited with the District in person, as well as conducting meetings with the District Chairman and officer manager. They have agreed to implement a rate increase and collect on past due accounts, including going to small claims court if necessary. These measures will assist in solving the problem, but may not completely solve the problem. Mr. Freeman said he had also expressed that compared to like-sized entities; their operating expenses are very high. The District is currently in payment default on the bank placement that was for the gas system, and staff is working closely with their attorney and their trustee. He will keep the Board informed of any developments. Mr. Freeman said that 96% of the loans are in very good condition and staff is working with those that are not to bring them into compliance.

Chairman Herrmann asked the dollar value of the 3.5%, and Mr. Freeman estimated about \$6-7 million dollars, most of which is one loan, and some of the others are \$50-60,000.00 each. He said that on the State Revolving Fund loans, anytime a borrower falls below the 1.25-times debt coverage on a quarterly basis the OWRB staff provides two principle payments into the reserve that is the equivalent of one year. Mr. Sevenoaks asked if staff anticipated any of

the loans becoming “bad debt;” Mr. Freeman responded perhaps the loan with Delaware RWD #10.

3. SUMMARY DISPOSITION AGENDA

Chairman Herrmann stated that any item listed under this Summary Disposition Agenda may, at the request of any member of the Board, the Board’s staff, or any other person attending this meeting, be transferred to the Special Consideration Agenda. Under the Special Consideration Agenda, separate discussion and vote or other action may be taken on any items already listed under that agenda or items transferred to that agenda from this Summary Disposition Agenda.

A. Requests to Transfer Items from Summary Disposition Agenda to the Special Consideration Agenda, and Action on Whether to Transfer Such Items.

There were no requests to transfer items to the Special Consideration Agenda.

B. Discussion, Questions, and Responses Pertaining to Any Items Remaining on Summary Disposition Agenda and Action on Items and Approval of Items 3.C. through 3.O.

Mr. Sevenoaks asked about Summary Disposition Agenda item 3.D.1., subagreement with OU Department of Engineering for work on the Arbuckle-Simpson Study. He also asked about the process for administrative cancellations of water rights under item 3.K. Mr. Mathis explained the stream water law provides for cancellations and reductions based upon the 7-year “use or lose” provision, mostly involving irrigators; and, there is also a “schedule of use” permit that is typically utilized by water suppliers or industrial users. In reviewing the more fully-appropriated stream systems, permits that are targeted for administrative action are reviewed along with water use reports; the permit holder is notified and asked to review the record for accurate reporting; personal contact is made, and hearings are scheduled allowing personal appearance. The permits holders subject to action today have been notified and did not show up for the hearing or otherwise contact the Board so the permit is default and brought to the Board for final administrative order.

There being no other requests regarding Summary Disposition items, Mr. Nichols moved to approve the Summary Disposition Agenda, and Mr. Knowles seconded.

AYE: Farmer, Fite, Knowles, Nichols, Secrest, Sevenoaks, Herrmann
NAY: None
ABSTAIN: None
ABSENT: Currie, Keeley

Mr. Smith stated that the Board just approved under the Summary Disposition Agenda, 3.C.3, REAP grant to Quartz Mountain Regional Water Authority. He introduced Senator Robert Kerr, Representative Ryan McMullen, Larry Hahn, Chairman, and Gene Hahn, member, and Robert Harris, member. He said the Authority operates a water system that provides wholesale water to the communities of Martha, Lone Wolfe, Granite, the Oklahoma State Reformatory, Quartz Mountain State Park, North Fork Cabin Water Association, Hester Rural Water Association, and Kiowa County Rural Water District #1.

The following items were approved:

C. Consideration of Approval of the Following Applications for REAP Grants in Accordance with the Proposed Orders Approving the Grants:

<u>REAP Item No.</u>	<u>Application No.</u>	<u>Entity Name</u>	<u>County</u>	<u>Amount Recommended</u>
ACOG				
1.	FAP-04-0054-R	Town of Marshall	Logan	\$34,000.00
GGEDA				
2.	FAP-04-0075-R	Welch Public Works Authority	Craig	99,900.00
SWODA				
3.	FAP-04-0016-R	The Quartz Mountain Regional Water Authority	Kiowa	150,000.00

D. Consideration of and Possible Action on Contracts and Agreements Recommended for Approval:

1. Consideration of Subagreement with the University of Oklahoma Department of Engineering for Work Related to the Arbuckle-Simpson Aquifer Study.
2. Consideration of Interagency Agreement with the Oklahoma Department of Environmental Quality for Laboratory Analyses.
3. Consideration of Interagency Agreement with the Oklahoma Department of Agriculture, Food and Forestry for Monitoring of Groundwater Near Licensed Managed Feeding Operations.
4. Consideration of Interagency Agreement with the Office of the Secretary of Environment for Work Related to the Triennial Revision of the State Water Quality Standards.
5. Consideration of Interagency Agreement with the Kiamichi Economic Development District of Oklahoma for Water Resources Infrastructure Improvements.
6. Consideration of Easement and Agreement with Richard and Melissa Wilkerson for Construction of a Groundwater Observation Well and Water Monitoring to Support the Arbuckle-Simpson Aquifer Study.
7. Consideration of Interagency Agreement with the Oklahoma Department of Wildlife Conservation for Work Related to Revegetation at Grand Lake o' the Cherokees.

E. Applications for Temporary Permits to Use Groundwater:

1. Philip W. & Bridget Haugen, Custer County, #2005-512
2. Don & Jerrell Nightingale and Villa Nightingale Schmidt, Major County, #2005-531
3. Timber Lake Development, LLC, Grady County, #2005-535

F. Applications to Amend Temporary Permits to Use Groundwater:

1. Robert J. Hays Family Limited Partnership, Custer County, #1974-150

- G. Applications for Regular Permits to Use Groundwater:
1. Terry M. & Kathleen M. Hoffman, Tillman County, #2002-547
 2. Milton & Bebeanne Messner, Beaver County, #2005-534
- H. Applications to Amend Regular Permits to Use Groundwater:
None
- I. Applications to Amend Prior Rights to Use Groundwater:
None
- J. Applications for Regular Permits to Use Stream Water:
None
- K. Proposed Order for Informal Disposition by Default for Administrative Cancellations of Rights to Use Stream Water:
1. Edward Bose, Jr., Washita County, #1965-295
 2. Howard Carpenter, Custer County, #1964-365
 3. William R. Essary, Custer County, #1956-942
 4. J. E. Finney, Caddo County, #1953-081
 5. B. W. Hammert, III, Caddo County, #1966-616
 6. B. W. Hammert, III, Caddo County, #1967-665
 7. Wallace Hoelscher, Caddo County, #1963-143
 8. Floyd J. Horn, Jr., Caddo County, #1948-034
 9. J. Marvin Jackson, Jr., Caddo County, #1954-1281
 10. J. Marvin Jackson, Jr., Caddo County, #1953-039
 11. Recker & Kelley, Inc., Caddo County, #1964-891
 12. Adella Kephart, Washita County, #1968-283
 13. John C. Kusel, III, Caddo County, #1963-171
 14. Johnnie Mace, Washita County, #1953-346
 15. Edward F. Mechek, Washita County, #1964-762
 16. Pearl Nixon, Caddo County, #1954-1244
 17. Ralph S. Phelan, Washita County, #1958-088
 18. Ralph S. Phelan, Washita County, #1964-973
 19. Ralph W. Roll, Custer County, #1953-238
 20. Ralph W. Roll, Custer County, #1964-437
 21. Harvey Schmidt, Kiowa County, #1964-946
 22. George R. Shephard, Custer County, #1963-227A
 23. Earl G. Smith, Custer County, #1954-400
 24. Bill Troub, Kiowa County, #1957-356
- L. Well Driller and Pump Installer Licensing:
1. New Licenses, Accompanying Operator Certificates and Activities:
 - a. Licensee: Midwest Engineering & Testing Corp. DPC-0647
 Operators: Nasir Marakah OP-1450
 Activities: Monitoring wells and geo-technical borings
 - b. Licensee: C M Drilling DPC-0649
 Operators: Michael M. Moore OP-1451
 Richard Moore OP-1454
 Activities: Heat exchange wells
 - c. Licensee: Monte Moore Drilling DPC-0651

- Operators: Monte Moore OP-1452
- Pete Neufeld OP-1453
- Activities: Heat exchange wells
- 2. New Operators and/or Activities for Existing Licenses:
- a. Licensee: Davis Environmental Drilling DPC-0197
- Operators: Mark L. Hensley OP-1456
- John Stremlow OP-0981 corrected
- Activities: Groundwater wells, groundwater test holes and observation wells
- Monitoring wells and geotechnical borings
- Pump installation
- Heat exchange wells

M. Dam and Reservoir Plans and Specifications:

- 1. USDA – NRCS Upper Redrock Creek Watershed, Site 52, Noble County.

N. Permit Application for Proposed Development on State Owned or Operated Property within Floodplain Areas:

None

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

A. Presentation and Discussion Regarding Activities Relating to the North Fork of the Red River Study, U.S. Bureau of Reclamation’s Water 2035 Challenge Grant Program, and other Items of interest of the Planning and Management Division Program.

Mr. Mike Mathis, Chief, Planning and Management Division, shared with the members the details of the studies which have been conducted by the Board with federal and state partners in the southwest part of the state over the past few years. He also provided illustrated data of general water statistics of the area including permitted water use for the North Fork of the Red River and the Salt Fork of the Red River Drainage Basins: permitted water use of the watershed above the Lugert-Altus Reservoir includes 338 groundwater permits, 16 stream water permits for a total of 87,541 acre-feet of water, and below the Lugert-Altus Reservoir includes 467 groundwater permits and 49 streamwater permits for a total of 82,638 acre-feet of water. There are two reservoir permits, the City of Altus for 4,800 acre-feet for municipal use, and LAID permit for 85,630 acre-feet for irrigation.

Regarding the southwest Oklahoma water supply studies Mr. Mathis said the Board has done work with the Lugert-Altus Irrigation District on determining amount of water discharged to the Salt Fork and North Fork of the Red River and review of the water budget to evaluate water losses resulted in recommended reduction in seepage and evaporation from the system, and education of farmers about on-farm conservation practices, as well as implement DRISS. The W.C. Austin Project identified areas of mineralized groundwater, estimating effects of groundwater depletion on stream flows and results identified gaining and losing portions of the river, determined that base flows of the river had increased and run-off had declined over the past 20 years, and that groundwater withdrawals have not had an impact on stream flows. The North Fork of the Red River Study objectives are to assess water quality, quantity, and base flow hydrology on Sweetwater Creek and NFRR watershed and options for the District for conservation and augmentation were recommended, including the feasibility of chloride control

on the Elm Fork. The OWRB has also evaluated the viability of the Red River Chloride Control Project to augment water supplies in southwestern Oklahoma. The proposed project would be to construct a 115-acre detention reservoir to collect diverted brine water removing about 80 percent of the estimated chloride load. Governor Brad Henry had voiced support and the U.S. Army Corps of Engineers has indicated that the funds were provided in the FY05 Omnibus Appropriations Act, but were specifically earmarked for the Wichita Basin portion of the project.

Work on the proposed Mangum Reservoir Project included identifying two proposed sites two miles southwest of Mangum, and recommended conservation and storage pool levels. The last project Mr. Mathis reported on the Board's application for a LAID Water 2025 Grant Project for a one-year study proposed to develop water resource management tools and processes for administering water rights in southwest Oklahoma by developing digital water resources management model of the NFRR, utilizing the model to evaluate stream water applications within the basin, and to identify potential alternative water resource management options.

Mr. Mathis concluded his presentation providing general drought and precipitation data for the region.

Mr. Tom Buchanan, director of the Lugert-Altus Irrigation District, made a few comments regarding timing on the Chloride Control feasibility project, and funding for the Water 2025 grant. The information presented, and there was brief questions and discussion by the Board members.

5. SPECIAL CONSIDERATION

For INDIVIDUAL PROCEEDINGS, a majority of a quorum of Board members, in a recorded vote, may call for closed deliberations for the purpose of engaging in formal deliberations leading to an intermediate or final decision in an individual proceeding under the legal authority of the Oklahoma Open Meeting Act, 25 O.S. 2001, Section 307 (B)(8) and the Administrative Procedures Act, 75 O.S. 2001, Section 309 and following.

A majority vote of a quorum of Board members present, in a recorded vote, may authorize an executive session for the purposes of CONFIDENTIAL COMMUNICATIONS between the public body and its attorney concerning a pending investigation, claim, or action if the public body, with the advice of its attorney, determines that disclosure will seriously impair the ability of the public body to process the claim or conduct the pending investigation, litigation, or proceeding in the public interest, under the legal authority of the Oklahoma Open Meetings Act, 25 O.S. 2001, Section 307(B)(4).

A. Motion to Reconsider Application of the Town of Longdale for Permit No. 2002-552 to Use Groundwater.

Mr. Mathis explained that at the June 14, 2005 Board meeting, the Board approved the order issuing a regular permit to the Town of Longdale located in Blaine County, and authorizes 60.9 acre-feet of groundwater per year from two wells located in the North Canadian Alluvium Terrace deposits Groundwater Basin.

A motion to reconsider was filed by the attorney for protestants William and Myrna Geiger and the motion contained a reference to the summary information from the hydrologic study utilized by the Board in 1983 to establish the maximum annual yield. The hydrologic study was submitted into evidence at the hearing, therefore, is not new information. There were no other grounds for reconsideration supported by the Motion.

On July 11, the attorney for the Geigers filed an amended motion for reconsideration and added a new allegation the applicant's withdrawal of groundwater would constitute taking of property without compensation.

Mr. Mathis stated that staff recommended that the Motion to Reconsider be denied. Mr. Mathis added that later Monday (August 8) additional filings were received.

Chairman Herrmann asked the Board's General Counsel to set out what motions are before the Board. Mr. Couch explained that on August 5, the Geiger's counsel Mr. Dan Nelson, made telephone contact with staff attorney Jerry Barnett inquiring about trying to continue the matter that it was inconvenient to all parties and he saw no rush or reason to finalize the permit. Mr. Couch reminded the Board it has already approved the permit; this is simply a request authorized to be made under the Administrative Procedures Act to reconsider the final decision. The response was the executive director would review the request. On Monday, August 8, a Motion to Continue Hearing and a Motion to Vacate Order and Dismiss Application were filed by Mr. Nelson on behalf of the Geigers. Mr. Couch said he was not aware whether Mr. Barnett, the Town's counsel had received notification.

Mr. Couch said the motion to reconsider had been tabled, and now the new motions are before the Board.

Chairman Herrmann suggested the Geiger's address the Board and allow Mr. Barnett to respond. He asked each to contain comments to five minutes.

1. Discussion and Presentation by Parties. Dr. William Geiger, stated to the members that Mr. Nelson had a conflict and was unable to attend and he would represent his parents and himself in this matter. He said he appreciated the opportunity to address the Board. Dr. Geiger said he had reviewed the requirements for granting an application, and the most important being that the lands are owned or leased by the applicant. He disputed that the Town of Longdale had obtained proper ownership of the lease for the land to operate the wells because there was not appropriate signatures by all owners, and therefore the permit is invalid. He also disputed prior use of water based on Department of Environmental Quality records, and a location exception had been granted without a hearing or notification to landowners. Dr. Geiger also talked about the inaccuracy of the hydrological information in the report presented in hearing; there may not be enough water for Longdale's needs, as well as the chemical changes in the water quality. He asked that the application be dismissed.

Mr. Jim Barnett, representing the applicant, stated to the members that this matter has been before the Board for two months. He said the Board should only consider the Motion to Reconsider and all other motions should go away. He said he did not have any contact from Mr. Nelson, but at his own request, OWRB had provided the information about the additional motions filed on Monday. Mr. Barnett said that the administrative appeal is on the record; no new evidence can be presented. Whatever new evidence Dr. Geiger has found at the courthouse is irrelevant and not appropriate for consideration. As regards the lease, Mr. Barnett said the lease by the Town of Longdale is an appropriate lease and a valid right to use the water. The Board's practice and rule is to accept what had been presented at the hearing on face value. He said even if this isn't enough water to meet Longdale's future needs, it will go a long way in assisting that, and if it isn't the Town will seek additional water, but that is no reason to deny to a permit. Regarding the well location variance, there is no requirement for a separate hearing. Mr. Barnett closed his remarks stating the Town of Longdale has about 300 people, he doesn't work for free and this is the third time that he has had to appear before the Board on this subject; the town needs to move on and there is no need for the attorney on the other side to be filings these types of documents at the last minute with frivolous complaints.

2. Possible Executive Session. The Board did not vote to enter executive session.

3. Vote on whether to approve the motion as presented or as may be amended or vote on any other action or decision relating to the motion.

Chairman Herrmann summarized the matter stating there is an approved permit, there is a Motion to Reconsider that has been tabled, but there is nothing before the Board now. After some discussion for clarification, Mr. Couch said there was a motion to reconsider and an amended motion to reconsider at the July Board meeting; however, no action was taken because of the indication of last minute notification of the matter being before the Board. Mr. Fite said the motion was tabled because the attorney said he only learned of the meeting that morning and he had tabled the matter for the attorney's benefit, and today the attorney is unable to attend.

Mr. Sevenoaks moved to remove the Motion to Reconsider from the table, and Mr. Fite seconded.

There was no discussion.

AYE:	Farmer, Fite, Knowles, Nichols, Secrest, Sevenoaks, Herrmann
NAY:	None
ABSTAIN:	None
ABSENT:	Currie, Keeley

Chairman Herrmann said the Motion to Reconsider can be considered. He asked Mr. Mathis to comment on the issues presented by Dr. Geiger and Mr. Barnett. Mr. Mathis stated the hearing examiner has heard a lot of evidence on this matter. He said that has been weighed carefully, it is a valid order. Mr. Couch said that the Motion for Reconsideration can only be considered for limited purposes, for instance, after the hearing and approval of findings and conclusions which the Board acted upon in June, if there is newly discovered evidence that no one knew about prior to the hearing or at the hearing or before the Board acted, the Administrative Procedures Act authorizes a reconsideration of the final decision, if a Motion for Reconsideration is filed as required. He said there is reference to information specifically presented and discussed at the hearing and is not newly discovered so from a limited perspective of a Motion to Reconsider staff recommends that motion be denied. The separate motions filed more recently appears to contain information from the public record which evidence existed long before the hearing, and regarding a motion to dismiss because of ownership, this Board does not have authority to determine legal ownership and titles, etc. Mr. Couch recommended denial of the Motion to Reconsider and that the subsequent motions are moot.

Mr. Farmer moved to deny the motion to reconsider as presented, and Mr. Sevenoaks seconded. Chairman Herrmann stated if the motion is approved, the original order approved at the June meeting would stand. Mr. Couch stated that is correct, and any appeal time would then begin. Mr. Fite commented he was disappointed the attorney was not able to attend on the Geiger's behalf. There was no further discussion.

AYE:	Farmer, Fite, Knowles, Nichols, Secrest, Sevenoaks, Herrmann
NAY:	None
ABSTAIN:	None
ABSENT:	Currie, Keeley

Mr. Smith commented that when these matter occur, staff has reviewed the situation and if there is additional testimony that is relevant that is relevant and newly discovered, staff wants it reconsidered; that evidence needs to be in the record. In cases of these leases, and this isn't the first time this issue has come up, the Board developed a rule that on its face that lease is valid. If the protestant wants to challenge that lease, there is a legal methodology in court, and if they come back to the Board with a court order that says the original applicant doesn't own the

land then the Board will change the permit. Many times the ability for reconsideration is used as an opportunity to re-argue the same points that were argued before and the reconsideration is for newly discovered evidence, and in this particular case, that evidence was complete, and that is why staff saw no need to approve the application or seek additional information.

Mr. Sevenoaks added the Board wanted to assure the Geigers had fair representation before the Board, and Chairman Herrmann stated there is still a remedy that can be pursued.

B. Application to Amend Regular Permit to Use Groundwater No. 1981-534, Town of Goodwell, Texas County.

1. Summary – Mr. Mathis explained that the application is to amend regular groundwater permit for the Town of Goodwell. The existing regular permit authorizes the use of 583 acre-feet of groundwater per year for municipal and industrial use. The water is to be taken from three wells located on 583 acres of dedicated land overlying the Ogallala Panhandle Regional Groundwater Basin in Texas County. He said the amendment is to add one well; one of the two current wells is damaged and not operational, the remaining well is not sufficient alone to keep up with the town's supply and emergency supply to the Panhandle State University.

Mr. Mathis stated the primary issue in this case was a well spacing issue between the new well and the protestant's domestic well. An investigation of the GPS location was conducted to determine the distance between the wells and it is approximately 1310 feet, very close to the Board's well spacing minimum. The contractor drilled four test holes on the dedicated land but none of them produced sufficient water for their production needs. But the fifth test hole, the one that is proposed for approval today, is a productive well. The record indicated the permittee would withdraw water from wells that are outside of the 1320 well-spacing requirement and a location exception would be granted whereby the permittee will only pump from the additional well when the other well is insufficient to satisfy the Town's water demands. The permit will be conditioned to that effect.

Staff recommended approval of the proposed findings of fact, conclusions of law, and Board order.

2. Discussion and presentation by parties. Mr. Marvin Mathis, stated he is a landowner adjacent to the Town of Goodwell. He said the town had used water without authorization and when it was brought to the town's attention, they asked him to sign a release. but he asked for a reciprocal agreement that if he needed a well within 1320 feet the town wouldn't protest, but the town would not. He said the static level in his well has decreased over time, and just 6 feet since June. He talked about how deep the well is cased at 353, how many gallons per minutes are pumped, and he asked the town about its velocity test, and no one had answers. He thought the matter should be looked into.

Mr. Levi Bickford representing the Town of Goodwell stated he was in attendance to hear the Board's decision; he was aware of Mr. Mathis's concern but had no further information.

Mr. Mike Mathis said that evaluating the well logs and information provided the permit application is in good shape. Mr. Smith referred to the proposed order where there is a condition stated that the pump cannot pump more that 290 gallons per minute for more than 12 hours a day. There is a discussion of the well location in the findings of fact and conclusions (page 5015-17) and that is there must be a well location exception because it is located less that 1320 feet, and the question is whether there is a substantial drawdown to the protestant. He said pumping at the rate would cause a drawdown of 18 feet ...based on the total depth of the protestant's well and the drawdown of the applicant's well the hearing examiner concluded that a location exception would be appropriate and approved with the restriction of 290 gallons per minute. The hearing examiner heard the protestant's argument that the domestic well will

be impaired and evidence in the record was taken on that, and the decision to approve was made. He said staff believed that with the condition the protestant's concerns were addressed.

3. Possible Executive Session. The Board did not vote to enter executive session.

4. Vote on whether to approve the motions presented or as may be amended, or vote on any other action or decision relating to the motion.

Mr. Sevenoaks moved to approve the findings of fact, conclusions of law and Board order, and Mr. Nichols seconded.

AYE: Farmer, Fite, Knowles, Nichols, Secrest, Sevenoaks, Herrmann

NAY: None

ABSTIN: None

ABSENT: Currie, Keeley

C. Consideration of items transferred from the Summary Disposition Agenda, if any.

There were no items transferred from the Summary Disposition agenda.

6. PRESENTATION OF AGENCY BUDGET REPORT.

Mr. Jim Schuelein, Chief, Administrative Services Division, stated to the members the staff is still working with the Office of State Finance to get the agency budget approved. He said the budget-to-actual report is provided and overall the budget is \$154,000.00 less than the previous year. The budget does include \$140,000 for personnel benefits and is \$500,000 less for professional services; \$113,000 more in appropriations and about \$500,000 less in federal funds; the remainder is about the same as the previous year.

7. CONSIDERATION OF SUPPLEMENTAL AGENDA, IF ANY.

There were Supplemental Agenda items for the Board consideration.

A. Consideration of Extramural Agreement with the U.S. Department of Agriculture, Agricultural Research Service, for Monitoring and Evaluating Streamflow in the Little Washita River Experimental Watershed. Mr. Schuelein explained this agreement is a pass-through item that the Board has been involved in for the past several years along with the US Geological Survey in establishing research in western Oklahoma in the Little Washita River watershed.

Mr. Fite moved to approve the agreement, and Mr. Farmer seconded.

AYE: Farmer, Fite, Knowles, Nichols, Secrest, Sevenoaks, Herrmann

NAY: None

ABSTIN: None

ABSENT: Currie, Keeley

8. NEW BUSINESS

Under the Open Meeting Act, this agenda item is authorized only for matters not known about or which could not have been reasonably foreseen prior to the time of posting the agenda or any revised agenda.

Mr. Farmer stated he would like to propose that the Board prepare and present a resolution to Mr. Tom Buchanan and the Lugert-Altus Irrigation District to express the Board's appreciation for their hosting of the meal on Monday night and the tour on Tuesday morning. He said the results taught the Board about the good money that comes into the community and educated the Board about cotton.

Mr. Fite seconded the motion.

AYE: Farmer, Fite, Knowles, Nichols, Secrest, Sevenoaks, Herrmann

NAY: None

ABSTIN: None

ABSENT: Currie, Keeley

Mr. Secrest commended the Chairman for forming a Legislative Committee of Board members and suggested the Chairman serve as chair of the committee. He also referenced the earlier discussion on the permit and stated that is another good example of not being able to meter wells. Chairman Herrmann answered all Board members will be called into action on different issues.

Chairman Herrmann mentioned the Board may meet in October in the northeast part of the State, and he asked for other special topics that the Board is interested in learning about in the future, i.e., the Tulsa wastewater system, as well as exposure to smaller communities. Mr. Sevenoaks stated he would like to see every meeting present an informative topic.

9. ADJOURNMENT

There being no further business, Chairman Herrmann adjourned the regular meeting of the Oklahoma Water Resources Board at 3:40 p.m. on Tuesday, August 9, 2005.

OKLAHOMA WATER RESOURCES BOARD

_____/s/_____
Rudolf J. Herrmann, Chairman

_____/s/_____
Jess Mark Nichols, Vice Chairman

_____/s/_____
Lonnie Farmer

_____/s/_____
Jack W. Keeley

_____/s/_____
Harry Currie

_____/s/_____
Richard Sevenoaks

_____/s/_____
Edward H. Fite

_____/s/_____
Kenneth K. Knowles

ATTEST:

_____/s/_____
Bill Secrest, Secretary

(SEAL)