

OKLAHOMA WATER RESOURCES BOARD

OFFICIAL MINUTES

March 10, 2009

1. Call to Order

The regular monthly meeting of the Oklahoma Water Resources Board was called to order by Chairman Mark Nichols at 1:30 p.m., on March 10, 2009, in the Board Room of the Oklahoma Water Resources Board, 3800 N. Classen Boulevard, Oklahoma City, Oklahoma.

The March meeting was conducted pursuant to the Oklahoma Open Meeting Law with due and proper notice provided pursuant to Sections 303 and 311 thereof. The agenda was posted on March 4, 2009, at 2:30 p.m. at the Oklahoma Water Resources Board's offices.

A. Invocation

Chairman Mark Nichols asked Mr. Ed Fite to provide the invocation.

B. Roll Call

Board Members Present

Mark Nichols, Chairman
Rudy Herrmann, Vice Chairman
Linda Lambert, Secretary
Ford Drummond
Lonnie Farmer
Ed Fite
Jack Keeley
Kenneth Knowles
Richard Sevenoaks

Board Members Absent

None

Staff Members Present

Duane A. Smith, Executive Director
Dean Couch, General Counsel
Joe Freeman, Chief, Financial Assistance Division
Monte Boyce, Comptroller
Julie Cunningham, Chief, Planning and Management Division
Derek Smithee, Chief, Water Quality Programs Division
Mary Lane Schooley, Executive Secretary
Kyle Arthur, Director of Planning

Mike Melton, Executive Administration Division

Others Present

Annie Hart, Town of Cole, Blanchard, OK
Kelly Schwarz, Arledge & Associates, PC, Edmond, OK
Steven Jolly, Arbuckle Master Conservancy District, Davis, OK
Randy Warden, Central Oklahoma Master Conservancy District, Norman, OK
Randy Archer, Mountain Park Master Conservancy District, Mountain Park, OK
Robert Shelton, Tulsa Metropolitan Utilities Authority/City of Tulsa, OK
Josh McClintock, McClintock Associates, Oklahoma City, OK
Tom Liu, Bank of America, New York City, NY
Mike Mathis, Chesapeake, Oklahoma City, OK
Cheryl Dorrance, Oklahoma Municipal League/Oklahoma Municipal Utilities Power,
Oklahoma City, OK
Buck Ray, Oklahoma Department of Wildlife Conservation, Oklahoma City, OK
Angie Burckhalter, Oklahoma Independent Petroleum Association, Oklahoma City, OK
Marilyn Baldwin, Tulsa Metropolitan Utilities Authority/City of Tulsa, OK
Matt Cooper, Tulsa Metropolitan Utilities Authority/City of Tulsa, OK
Bob Shelton, Oklahoma Independent Petroleum Association, Oklahoma City, OK
Mike Wofford, Doerner Saunders Daniel & Anderson, Oklahoma City, OK

C. APPROVAL OF MINUTES

Chairman Nichols stated the draft minutes of the February 10, 2009, Regular Meeting had been distributed. He stated he would accept a motion to approve the minutes. Ms. Lambert moved to approve the minutes, and Mr. Drummond seconded.

AYE: Lambert, Herrmann, Fite, Farmer, Drummond, Keeley, Knowles
NAY: None
ABSTAIN: Nichols
ABSENT: Sevenoaks

(Mr. Sevenoaks joined the meeting at 1:37 p.m.)

D. EXECUTIVE DIRECTOR'S REPORT

Mr. Duane A. Smith, Executive Director, addressed the members and stated OWRB staff is working with the Governor's Office, the House and the Senate on the exact structure of the Stimulus Package, and appears we are targeting 70% loans and 30% grant and there are a number of communities on the priority list. The priority list, he said, can change and as communities get "shovel ready," or, as they are ready to proceed and once the engineering and legal work is completed that is necessary to approve a loan. Rural Development is also receiving \$70 million dollars targeted for communities of 10,000 people or less. He said there are a number of communities that would qualify for a Drinking Water or Clean Water loan through the

OWRB, but we may refer to Rural Development in order to utilize those funds, so the OWRB is working to get its \$62 million "out the door" but also to assist RD in getting theirs out the door, so that all of the money stays in Oklahoma; there is a fear that it could be lost if not used within the time frame.

Mr. Smith announced the FACT Conference at the Clarion Conference Center, sponsored by the FACT agencies. The purpose of the conference is to review the various federal and state funding programs with communities and other eligible entities.

Mr. Smith said that Mr. Kyle Arthur and Mr. John Rehring, CDM, have prepared a comprehensive update of the OWCP activities. He noted the "2009 Update" published report that had been distributed. He mentioned that as he had attended the regional Corps of Engineer workshops and discussed Oklahoma's water planning efforts, the OWRB's process -- technical review and robust public participation model-- is being talked about across the nation as something special, and is being used by the COE stress the need for states to do comprehensive water plans. The COE is compiling a summary of all the plans of all the states.

Mr. Smith said he had traveled to Washington DC to meet with Oklahoma's Congressional Delegation (report to be presented by Josh McClintock); and he spoke also to the National Institute for Water Resources--water resources institutes at various states--with the focus being the collaborative effort that the OWRB and the OWRRI have, and working on the OCWP and using their public participation work and their technical work they perform matching dollars from the USGS and local participants in conducting research. He said the presentation of working with Institutes for water planning was very well received.

Mr. Smith invited Mr. Josh McClintock to brief the Board on the Congressional Briefing document which includes a number of OWRB priorities, and was presented to the Oklahoma Congressional Delegation. He highlighted the priorities and informed the members of the funding opportunities available through federal agencies. He said he would continue working with the Congressional Staff in changing ways the projects are funded, and more efficiently, to match state dollars. He said he believed the Senate was completing the Omnibus bill that day, and it should be signed and movement should begin soon. Next, Congress will begin work on the FY 2010 budget process as well, no one knows what that will look like in light of the Stimulus bill, and work on the next WRDA bill has begun. He said the House Transportation Committee and the Senate Environment and Public Works Committee will start work on that bill soon, and Senator Inhofe is the ranking Republican and Mary Fallin is on the committee in the House; he will be working with their staff on the water plan related and other projects. Mr. Smith directed the members' attention to page 15 of the briefing document regarding the Oklahoma Scenic Rivers and the monitoring plan the Compact Commission agreed to and the renewed effort to obtain funding. Congressman Sullivan was interested in pushing that project forward. Mr. Smith said the briefing document can change as projects change and new ideas come and other projects get funded and get off the list. He invited the members' input on the document.

Mr. Smith said the Canadian River Compact Commission met on March 3, however, New Mexico did not show up and there was no quorum and that meeting will be rescheduled.

The last update is the state legislative and budget overview -- Mr. Smith said the Governor proposed increasing fees and reducing state appropriated dollars by 25% but talks with the legislature indicate it will be difficult to quadruple the OWRB fees, so he is working with them on the budget and anticipating a less than or more than 25% cut in order to be prepared. He

said that the areas that are critically impacted by budget cuts are the data programs--stream gaging, sampling and travel that support the monitoring program, which in turn hinders the agency's ability to make science-based decisions. He discussed with the members the possibility of fee increases next year.

Mr. Mike Melton reviewed the agency state legislative tracking report with the members. He said Thursday, March 12 is the deadline for House bills out of the House and to the Senate, and Senate bills to the House. He expected committee meeting work to begin again next week and work will begin on the appropriations bills. Originally, there were 35 bills introduced that pertained to water, there are now 7 remaining. Mr. Smith commented about bills regarding the House leadership bill HB 1483; it does not deal with the Arbuckle-Simpson as originally, but now contains the "New Mexico" language (protecting New Mexico from out of state use and permits from Texas), acquisition of rural water districts by municipalities, and a bill to establish a Water Law Advisory Council to help formulate policy and submit a report in the OCWP.

Mr. Smith concluded his report.

E. Discussion of 2009 Stimulus Act (American Recovery and Reinvestment Act of 2009).
In light of previous comments, Chairman Nichols stated no further discussion was necessary.

2. FINANCIAL ASSISTANCE DIVISION

B. Consideration of and Possible Action on a Proposed Order Approving Funding Application for Tulsa Metropolitan Utility Authority, Tulsa County. Recommended for Approval. Mr. Freeman, Chief, Financial Assistance Division, stated to the members that this item is for the consideration of a request by the Tulsa Metropolitan Utility Authority for an \$11,320,000.00 loan for engineering and construction for five projects, and engineering for 14 other projects. The construction includes work on TMUA's Northside and Haikey Creek wastewater treatment plants, as well as additional system-wide sewer and treatment rehabilitation. The loan will be funded through the Clean Water State Revolving Fund program, at a fixed interest rate of 2.72% plus .5% administrative fee, and will mature within 20 years of the completion of construction. Mr. Freeman noted other provisions of the loan agreement. He said that Tulsa obtained the Board's first CWA loan 19 years ago, and has been an excellent customer of the Board's; 17 loans are outstanding with the Board with a current principal balance of approximately \$103 million dollars. The TMUA debt coverage ratio stands in excess of 1.4-times. Staff recommended approval.

Ms. Marilyn Baldwin, financial services manager; Matt Cooper, treasury analyst; and Bob Shelton, engineer, were present in support of the loan request.

Mr. Herrmann moved to approve the Clean Water SRF loan to the Tulsa Metropolitan Utility Authority, and Ms. Lambert seconded.

AYE: Knowles, Fite, Keeley, Lambert, Farmer, Herrmann, Drummond, Nichols
NAY: None
ABSTAIN: Sevenoaks
ABSENT: None

D. Report by Board Audit Committee and Report of and Possible Action on Audits of Oklahoma Water Resources Board State Loan Program Revenue Bonds and Clean Water State Revolving Fund Program (CWSRF) Financial Statements as of June 30, 2008 and 2007 Audits of the CWSRF Administrative Fund and the Drinking Water Treatment Loan Administrative Fund as of June 30, 2008-2007. Mr. Freeman explained this item is for the reporting of the annual Board's Audit and Compliance Committee meeting, held following the February meeting. He said the Committee is composed of Mr. Lonnie Farmer, Mr. Kenny Knowles, Mr. Ford Drummond, and Ms. Linda Lambert. During the meeting, the Committee reviewed the following items: auditor's management letter as well as EPA's annual evaluation of the Board's operation of the Clean Water SRF program; the Board's most recent arbitrage rebate reports; the reports required to be filed with the National Repositories, three bond rating agencies, and standby bond purchase banks--Bank of America and State Street Bank; the loan documentation exception reports; policies regarding and balances of the Board's debt service reserve funds; the Board's current investment portfolio; and, finally the results of the agency's purchasing audit. He said that it was reported that of the 389 outstanding loans, one loan is currently past due. Currently, 90% of borrowers are meeting their debt coverage ratio requirements of 1.25-times; 16 borrowers--or 7%--are not meeting the Board's minimum requirements based on their most recent audited financial statements, but staff is working with those entities to get them into compliance. Mr. Freeman said the Committee requested that Mr. Kelly Schwarz of John M. Arledge & Associates review last year's audit.

Mr. Schwarz distributed to the members the report, "OWRB Audit Results Summary June 30, 2008", and stated he met with the Audit Committee and reviewed the results of the audit for the fiscal year ending June 30, 2008. The report recaps the results of those engagements, and he highlighted the components of the report. The coverage of the engagement addresses the bond series audits, Clean Water State Revolving Fund, and the Administrative funds that are associated with the CWSRF and DRWSRF programs. Regarding changes in reporting requirements, no such changes were required by the Accounting Standards Board applicable to the OWRB's reports. Mr. Schwarz reviewed in detail the 13 bond issue audit reports; all received an unqualified auditor's opinion, the compliance report noted no issues on law or regulations or internal control violations, and the combining schedule is included at the conclusion of each report that consolidate all programs together into one set of numbers. He noted the total combined activity for all 13 bond issues; for 2008 the year closed with \$258 million in assets, liabilities of \$237 million, and net assets or equity remaining at approximately \$20 million compared to \$280 million in assets for 2007 and liabilities at \$260 million. On the operating side for 2008, Mr. Schwarz said the bond issue program collected interest income of \$11 million, paid interest expense of \$9.5 million, paid operating expenses of \$752,000, and transferred interest earnings to the OWRB of \$579,000, resulting in \$560,000 increase in net assets for the year. Basically, he said, the changes in interest income and interest expense declining between years is driven by interest rate changes and a number of outstanding notes that were subject to interest, as well as a decrease in outstanding bonds that were paid.

Mr. Schwarz continued that the State Revolving Fund received an unqualified opinion on the financial statements, compliance reporting noted no issues regarding laws or regulations, and no internal control violations; the summary for the financial activity for the Clean Water Program was closing the year with \$377 million in assets, liabilities of \$118 million, and net assets of \$259,000; compared to \$365 million in assets, \$124 million in liabilities, and \$241

million of net assets at the end of 2007. The income statement reflects interest income of \$10 million, withdrew \$12 million on the available EPA CAP grant dollars, interest expense of \$5 million for the year, and operating expense of \$76,000 resulting in an increase of \$17 million in net assets for the year. Continuing, the two Administrative fund programs as mentioned in the loan application by Tulsa, the .5% administrative fee--those dollars are set aside into the loan administrative funds, and both entities received unqualified opinions on the financials, no law or regulations, or compliance issues. The CWSRF at the end of 2008 was \$1.3 million in assets, liabilities of \$385,000 and net assets at \$924,000, which is comparable to the end of 2007. The 2008 income statement activity noted \$931,000 of income, from administrative fees an interest income of \$33,000, operating expenses of \$964,000, transfer fees of \$11,000; a net change decrease of about \$9,000, and comparable regarding income to the prior year, with additional operating expenses being paid in 2008 as compared to 2007. The DWSRF administrative fund closed the year with net assets of \$1.7 million compared to \$1.2 in 2007, total liabilities of \$16,000; total administrative fund revenue of \$948,000 compared to \$731,000 in 2007, basically reflective of the increase in the number of loans being made on the drinking water program; operating expenses of \$452,000 and transfer to the DWSRF program to cover trustee fees of \$19,000, resulting in a net increase in the program of \$509,000 for FY2008.

Mr. Sevenoaks asked why the operating expenses of both funds increased \$100,000. Mr. Freeman answered certain personnel costs associated with the old state loan program are now spending more time on operating the SRF program.

Mr. Schwarz stated that items of communications, primarily regarding issues or concerns with management during the performance of the audit, there were none; changes in accounting policies which have already been mentioned and there were no changes; whether the firm provides any other services to the OWRB that may appear or have an appearance of the lack of independence--no other services are provided; and the estimates that are imbedded in the financial statements continuing with the allowance estimate as well as the estimate on arbitrage each year. Mr. Sevenoaks asked about the required communications letter; Mr. Schwarz answered the letter is a separate document, and Mr. Freeman said it was in the book of information reviewed by the Audit Committee.

In conclusion, Mr. Schwarz said they were clean opinions and no issues were noted on compliance or other law and regulations for the year ending June 30, 2008.

There were no further questions or discussion by the Board members. However, Mr. Smith commented that Mr. Freeman had met with the State Auditor Steve Burrage about some of the OWRB cities that as we write letters regarding audits and he has followed up to that with letters to the communities. Mr. Smith said he appreciated the State Auditor's effort in assisting the OWRB in ensuring that the management side of the financial assistance program is well maintained so that the agency can keep its AAA rating and not have "hiccups" on the record when reviewed by rating agencies.

3. SUMMARY DISPOSITION AGENDA ITEMS

Any item listed under this Summary Disposition Agenda may, at the requested of any member of the Board, the Board's staff, or any other person attending this meeting, may 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 from the Summary Disposition Agenda to the Special Consideration Agenda.

However, Ms. Cunningham asked that two items be withdrawn from the Board's consideration: item L.1.A., and item L.2. A.1., deleting activity for groundwater wells, test holes, observation wells and pump installation; leaving licensing of monitoring wells in effect. Mr. Herrmann asked if item I. remained withdrawn, and Ms. Cunningham responded it did.

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.

There being no further questions or discussion regarding items on the Summary Disposition Agenda, Chairman Nichols asked for a motion.

Mr. Drummond moved to approve the Summary Disposition Agenda as amended, and Mr. Herrmann seconded.

AYE: Knowles, Fite, Keeley, Sevenoaks, Lambert, Farmer, Herrmann,
Drummond, Nichols

NAY: None

ABSTAIN: None

ABSENT: None

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:

REAP				Amount
<u>Item No.</u>	<u>Application No.</u>	<u>Entity Name</u>	<u>County</u>	<u>Recommended</u>
ASCOG				
1.	FAP-07-0002-R	Cole Public Works Authority	McClain	\$76,276.00
OEDA				
2.	FAP-06-0014-R	Rural Water District #2	Dewey	88,900.00

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

1. Extension and Amendment to the Standby Bond Purchase Agreement with Bank of America related to the Board's State Loan Program Revenue Bond Series 1999.
2. Extension and Amendment to the Standby Bond Purchase Agreement with Bank of America related to the Board's State Loan Program Revenue Bond Series 2003A.
3. Memorandum of Agreement between United States of America Department of the Interior Bureau of Reclamation and OWRB.

- E. Applications for Temporary Permits to Use Groundwater:
 1. D. H. Entz Living Trust, Caddo County, #2008-565
 2. James Austin Warfield, Major County, #2008-580
 3. Lloyd Lynn & Gayle Elaine Bates, Canadian County #2008-581
 4. Lloyd Lynn & Gayle Elaine Bates, Caddo County, #2008-582
 5. Lloyd Lynn & Gayle Elaine Bates, Caddo County, #2008-583

- F. Applications to Amend Temporary Permits to Use Groundwater:
None

- G. Applications for Regular Permits to Use Groundwater:
 1. The Ethel B. Brown Living Trust, Cimarron County, #2008-570

- H. Applications to Amend Regular Permits to Use Groundwater:
None

- I. Applications for Regular Permits to Use Stream Water:
 - 1. *Lafarge North America, Inc., Tulsa County, #2008-031 (Item withdrawn)*

- J. Applications for Term Permits to Use Stream Water:
 1. Big Mac Tank Trucks, L.L.C., Atoka County, #2008-036

- K. Forfeitures of Stream Water rights Due to Nonuse Recommended for Informal-Default Disposition:
 1. Billy Helms, Grady County, #1951-070
 2. Billy Helms, Grady County, #1969-129
 3. Chester Tracey, Garvin County, #1952-155
 4. Chester Tracey, Garvin County, #1978-139
 5. Chester Tracey, Garvin County, #1980-069
 6. Carl Dunn, Grady County, #1952-444
 7. Carl Dunn, Grady County, #1971-301
 8. Mrs. Robert Wilmot, Garvin County, #1953-503
 9. Donald Gillham & Garland Bratcher, Garvin County, #1953-538
 10. M. E. Brown, Grady County, #1955-1168
 11. Elliott Cattle Co., Grady County, #1963-072
 12. Elliott Cattle Co., Grady County, #1964-201
 13. Kelly Longacre, Grady County, #1964-023
 14. Harold Rogers, Garvin County, #1966-439
 15. Max. Scarce, Garvin County, #1966-444
 16. Ellis Rogers, Garvin County, #1968-089
 17. Darrell Barry, McClain County, #1969-368
 18. Billy H. Bacon, McClain County, #1969-450
 19. Bob Baumann, Grady County, #1970-085
 20. F. D. Boyer, Garvin County, #1974-058
 21. Larkin or Elaine Hart, Grady County, #1976-082

22. Earl Myers, Caddo County, #1977-035
23. Jeff McVey, Caddo County, #1980-093
24. Roy or Cecil Bearden, Grady County, #1988-035
25. William Whitehead, McClain County, #1997-007

L. Well Driller and Pump Installer Licensing:

1. New Licenses, Accompanying Operator Certificates and Activities:

- a. Licensee: Sesco DPC-0751
 1. Operator: Larry Kelly OP-1678

Activities: Groundwater wells, test holes and observation wells--item withdrawn
- b. Licensee: Matthew A. Toews DPC-0743
 1. Operator: Matthew A. Toews OP-1671

Activities: Groundwater wells, test holes and observation wells
Pump installation
Heat exchange wells
- c. Licensee: Fred's Rat Hole Service DPC-0753
 1. Operator: Michael R. Davis, Sr. OP-1679

Activities: Groundwater wells, test holes and observation wells
 2. Operator: Michael R. Davis, Jr. OP-1680

Activities: Groundwater wells, test holes and observation wells
 3. Operator: Keven Randol OP-1681

Activities: Groundwater wells, test holes and observation wells
Pump installation
 4. Operator: Jeremy Caldwell OP-1682

Activities: Groundwater wells, test holes and observation wells
Pump installation
- d. Licensee: Diamond M Water Well Service DPC-0749
 1. Operator: Benny H. McCullough OP-1676

Activities: Pump installation
 2. Operator: Benny "Jake" McCullough OP-1677

Activities: Pump installation

2. New Operators for Existing Licenses:

- a. Licensee: Standard Testing & Engineering DPC-0244
 1. Operator: Thomas William McMullen OP-1675

Activities: Groundwater wells, test holes and observation wells-- activities withdrawn
Monitoring wells and geotechnical borings
Pump installation -- activity withdrawn
- b. Licensee: King's Water Well Drilling DPC-0117
 1. Operator: Nathan Queen OP-1674

Activities: Groundwater wells, test holes and observation wells
Pump installation

- M. Dam and Reservoir Construction:
None
- N. Permit Applications for Proposed Development on State Owned or Operated Property within Floodplain Areas:
 - 1. Oklahoma Department of Transportation, Grant County, FP-09-02
- O. Applications for Accreditation of Floodplain Administrators:
Names of floodplain administrators to be accredited and their associated communities are individually set out in the March 10, 2009 packet of Board materials

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

- A. Update Report on Oklahoma Comprehensive Water Plan Activities. Mr. Kyle Arthur, Director of Planning, stated to the members that the agency published a 2009 report on the status of the Water Plan which had been distributed as part of the Water Day at the Capitol activities; the report was provided to each member. He said he had invited Mr. John Rehring, CDM project manager for the OCWP and Brian Mitchell, CDM assistant project manager, and Mike Langston and Jeri Fleming to update the members on those aspects they are involved in in regard to the update of the plan. Mr. Arthur, from a broad perspective, spoke to the members about where we've been, where we're going, and what in particular is unique about this year's activities. He reviewed the goals of the OCWP, which is to characterize demand by water use sector, identify reliable supplies to meet more capped demand, perform technical studies in support of ensuring that we have reliable supplies -- such things discussed at the work groups as recharge potential across the state to augment groundwater supplies, opportunities to utilize marginal quality waters for others uses in Oklahoma, and such things as looking at water quality trends -- all these factors are important in ensuring a reliable supply whether it is to augment supplies, or invite new supplies. He said that Oklahoma is interested in the right plan, not just simply a good plan. He said the planning workshops are coming up and staff is going to be exposing to an even greater extent those involved in the public input side about the work CDM has done and about basic water science in general by conducting a Water Science Workshop on May 14-15. He said this is about plugging technical evaluations into the discussions that occur at the workshops--there must be reliable data for informed decision making and technical analysis and public policy content.

Mr. Arthur said Mr. John Rehring will make a presentation to the members about recently completed activities concerning the provisional demand projections for all the major use sectors, the development of a physical supply availability tool -- demonstrated at Water Day at the Capitol -- ongoing activities with the demand workgroups obtaining input from the various water use sectors in order to inform the process, and demand projections to make certain everything has been accounted for and that the methodologies are sound. He said the presentation will also include physical supply, legal infrastructure and water quality, how those issues are being addressed, the legislative workgroups of recharge and marginal water

quality, environmental flow analysis, water allocation modeling and its role in the water plan and technical support through the public input and public policy process, and conclude with upcoming activities. He said the programmatic work plan is the guidebook for the technical studies side (available on the OWRB website), and the major technical work elements for the year will focus on supply availability and gap demand and development of evaluation of supply alternative or, how do we address those areas where supply does not meet demand.

Mr. John Rehring spoke to the members in detail about the technical work that has been done to date, in particular the demand forecasting to the year 2060 in 10-year increments, analyzing the supply sectors and meeting the needs of the water use sectors, interbasin transfers, and division of the state into subbasins based upon the demand and use on a statewide basis and then more specific detailed analyses. He presented the results of the Public Water Supplier Survey, and provisional projections for metro areas and agricultural demands. Mr. Rehring said that this part of the process is identifying the problem--on a basin-by-basin basis--including supply and infrastructure needs, and the next step is to propose solutions while interacting with provider-level input. He concluded his presentation by updating the members on the legislative workgroup activities, environmental flow workgroup water allocation modeling being developed on specific stream basins, and the water science seminar, and upcoming activities. Next steps are synthesis of supply and demand and solutions, and public water supply summaries and plans.

Questions and discussion with Board members included completeness and quality of the data set, inclusion in the plan of estimated costs of recommended solutions, assumptions made to achieve resolution on basin needs, and the need for better information of the depth of water use by different sectors.

Mr. Mike Langston and Ms. Jeri Fleming then spoke to the members about the activities involving the public input process, the Regional Input Final report, scheduled activities for the upcoming year including three workshops during June, August and October, and the Science Workshop scheduled in May in order to make decisions about how to deal with the issues that come up through the RIM process. The OWRRI group has identified 54 issues ranked into 10 themes for the workshops; 200 people have committed to participating. The applicants were asked to rank their top 5, issues and provide a management strategy for the top two themes they wanted to be involved in.

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. There were no items for the Board's consideration.

B. Items transferred from Summary Disposition Agenda, if any. There were no items transferred from the Summary Disposition Agenda for further consideration.

6. PRESENTATION OF AGENCY BUDGET REPORT.

Mr. Monte Boyce, OWRB Comptroller, said the budget report is the budget-to-actual report for the month ending February 28, 2009. He said that the agency has completed 67% of the fiscal year; expended and obligated 80% of the budget and collected 68% of the budget. He noted the Environmental Remediation Fund encumbrance which is the Department of Environmental Quality site investigation and this is the first activity on this funding. There were no other questions or discussion.

7. CONSIDERATION OF SUPPLEMENTAL AGENDA ITEMS, IF ANY

There were no Supplemental Agenda items for the Board's consideration.

8. PRESENTATION OF FINAL PROPOSED AMENDMENTS TO PERMANENT RULES

A. Proposed Amendments to Chapter 55 – Development on State Owned or Operated Property Within Floodplains.

1. Summary of final draft proposed rules - Julie Cunningham stated to the members that discussions continued during the past month regarding the development of rules for floodplain activities and the oil and gas industry. However; no final resolution has been reached, and she recommended the matter be withdrawn from today's consideration, and continued until the 2010 rule making process.

2. Questions and Discussion by Board Members - there were no questions nor discussions.

3. Comments by Public - there were no comments by the public.

4. Vote on whether to approve proposed amendments as presented or as may be revised after discussion and comment. No action was taken by the Board.

9. PROPOSED EXECUTIVE SESSION

Chairman Nichols

As authorized by the Oklahoma Open Meeting Act in Section 307(B)(4) of Title 25 of the Oklahoma Statutes, an executive session may be held for the purpose of confidential communications between a 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 a pending investigation, litigation or proceeding in the public interest.

Pursuant to this provision, the Board proposes to hold an executive session for the purpose of discussing United States v. State of Oklahoma and OWRB, and discussing Tarrant Regional Water District v. Herrmann

A. Vote on whether to hold Executive Session - before it can be held, the Executive Session must be authorized by a majority vote of a quorum of members present and such vote must be recorded.

Mr. Fite moved to enter executive session, and Mr. Drummond seconded. Chairman Nichols asked for the vote.

AYE: Knowles, Fite, Keeley, Sevenoaks, Lambert, Farmer, Herrmann,
Drummond, Nichols

NAY: None

ABSTAIN: None

ABSENT: None

B. Designation of person to keep written minutes of Executive Session, if authorized.

Chairman Nichols asked Executive Secretary Mary Schooley to keep written minutes of the executive session.

C. Executive Session, if authorized. The Board entered executive session at 3:20 p.m.

D. VOTE(S) ON POSSIBLE ACTION(S), IF ANY, RELATING TO MATTERS DISCUSSED IN EXECUTIVE SESSION IF AUTHORIZED

Return to open meeting and possible vote or action on any matter discussed in the Executive Session.

Upon motion by Mr. Sevenoaks to enter regular session, and seconded by Ms. Lambert, the members unanimously voted to return to open session:

AYE: Knowles, Fite, Keeley, Sevenoaks, Lambert, Farmer, Herrmann,
Drummond, Nichols

NAY: None

ABSTAIN: None

ABSENT: None

The Board did not vote on any matter or take any action as a result of the executive session.

Chairman Nichols stated that while in executive session, the Board discussed the three matters of litigation involving the OWRB, federal government, Tarrant County, Texas, and City of Hugo, Oklahoma.

Chairman Nichols and Mike Langston announced a meeting in conjunction with the next Board meeting for the Water Planning Committee to review the list of workshop participant applicants.

9. 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.

There were no New Business items for the Board's consideration.

10. ADJOURNMENT

Mr. Sevenoaks moved to adjourn the meeting, and Mr. Keeley seconded. The members unanimously voted to adjourn the meeting of the Oklahoma Water Resources Board at 4:05 p.m. on Tuesday, March 10, 2009.

OKLAHOMA WATER RESOURCES BOARD

_____/s/_____
Jess Mark Nichols, Chairman

_____/s/_____
Rudolf J. Herrmann, Vice Chairman

_____/s/_____
Lonnie Farmer

_____/s/_____
Edward H. Fite

_____/s/_____
Jack W. Keeley

_____/s/_____
Kenneth K. Knowles

_____/s/_____
Richard Sevenoaks

_____/s/_____
F. Ford Drummond

ATTEST:

_____/s/_____
Linda P. Lambert, Secretary
(SEAL)