

OKLAHOMA WATER RESOURCES BOARD
OFFICIAL MINUTES
May 10, 2011

1. Call to Order

The regular monthly meeting of the Oklahoma Water Resources Board was called to order by Chairman Rudy Herrmann at 9:35 a.m., on May 10, 2011, at the Oklahoma Water Resources Board, 3800 N. Classen Boulevard, Oklahoma City, 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. The agenda was posted on May 3, 2011 at 3:15 p.m. at the Oklahoma Water Resources Board's offices.

A. Invocation

Chairman Herrmann asked Mr. Ed Fite to provide the invocation.

B. Roll Call

Board Members Present

Rudy Herrmann, Chairman
Mark Nichols, Vice Chairman
Linda Lambert, Secretary
Ford Drummond
Marilyn Feaver
Ed Fite
Kenneth Knowles
Richard Sevenoaks
Joe Taron

Board Members Absent

None

Staff Members Present

J.D. Strong, Executive Director
Dean Couch, General Counsel
Joe Freeman, Chief, Financial Assistance Division
Julie Cunningham, Chief, Planning and Management Division
Derek Smithee, Chief, Water Quality Programs Division
Amanda Storck, Chief, Administrative Services Division

Kyle Arthur, Director of Planning
Josh McClintock, Director of Government and Public Affairs
Mary Schooley, Executive Secretary

Others Present

Robert Thompson, Logan County Rural Water District #1, Guthrie, OK
Rebecca Poole, Department of Environmental Quality, Oklahoma City, OK
Jim Rodriguez, Oklahoma Aggregates Association, Oklahoma City, OK
Charlie Swinton, BancFirst, Oklahoma City, OK
Steve Paris, Logan County Rural Water District #1, Guthrie, OK
Ken Senour, Guernsey, Inc., Oklahoma City, OK
Gary Froeming, Unimin, Roff, OK
Dave Taylor, Waurika Lake Master Conservancy District, OK
Jacob Bachelor, Centennial Law Group, Duncan, OK
Bob Kellog, Oklahoma City, OK
Amy Ford, Citizens for the Protection of Arbuckle Simpson Aquifer, Durant, OK

C. APPROVAL OF MINUTES

Chairman Herrmann stated the draft minutes of the April 12, 2011, meeting had been distributed. He said if the members had an opportunity to review the draft minutes he would accept a motion. There were no corrections, and Ms. Lambert moved to approve the minutes of the April 12, 2011, Regular Meeting, and Dr. Taron seconded.

AYE: Taron, Drummond, Knowles, Sevenoaks, Feaver, Fite, Lambert,
Herrmann
NAY: None
ABSTAIN: Nichols
ABSENT: None

D. EXECUTIVE DIRECTOR'S REPORT

Chairman Herrmann extended condolences to Mr. Strong for the loss of his father, and Mr. Strong thanked members, staff and others for their cards and responses.

Mr. J.D. Strong, Executive Director, asked Mr. Josh McClintock, Director of Government and Public Affairs, to provide the legislative update.

Mr. McClintock provided a written tracking report, and commented there is no written report for federal activity since there is not much action at this time, except budget discussions other than Congress has said it absolutely will not fund any individual projects this fiscal year. He said OWRB staff will then be working with the agencies to fund budget requests for implementation of certain aspects of the Water Plan. Regarding the State Legislature, Mr. McClintock stated that there are several bills on the list staff is still watching, and he highlighted those of particular interest: HB 1692 regarding floodplain board membership; HB 1943

regarding floodplain and oil and gas permitting; SB 248 regarding groundwater fee reduction bill (to \$25 and late fee to \$25); and SB 597 regarding pit water regulation. Mr. Sevenoaks asked about HB 1304 moving the IT functions to the Office of State Finance; Mr. McClintock said it could happen and it is not yet determined whether all IT staff would transfer to OSF, or if staff would remain at the agency but as employees of OSF. Mr. Sevenoaks expressed concerned about the effect on the agency's excellent website, and Mr. Strong added that the Legislature has talked of adjourning early and there are other consolidation measures still alive, but he felt the inhouse services would be affected. Ms. Lambert asked about the Congress not funding individual projects and the implications to the OCWP, and Mr. McClintock answered that much of the match money the OWRB has received the past five years for the water plan have been through the earmarks. Basically, if the line item projects are not funded in the appropriations bill, then the funding must be approached by a stronger push through the actual agency budget request. He said regarding the OCWP and the Corps of Engineers projects, he felt relatively confident staff can work with the COE and get that in their budget; he said the problem with that system is that the Tulsa COE may support it, but as it moves up the chain through headquarters and OMB, that's when projects get eliminated. He said members received letters from the Appropriations Chairmen not to ask for specific projects for their district, but could request programmatic increases, i.e., streamgaging funding, etc., but not funding for specific gages in Oklahoma, for example, which could have an impact. He said we need to look a couple of years down the road as the cycle is for two years, which is beneficial for the water plan.

Mr. Nichols said he had visited in Washington, D.C. and he had emphasized this to Congressmen Lucas and Cole, and Senator Inhofe and the idea was well received and supported, but getting it done may be different. He said Senator Inhofe supports earmarks (versus pet projects), so he will be pushing for that. Mr. Strong said theoretically it could work to the State's advantage regarding the Water Plan. In practice, they have not figured out how to fund projects without earmarks, and the members commented about that process.

Mr. Drummond asked about the state measure affecting legislative approval of agency rules. Mr. McClintock responded that measure has been signed into law which primarily regards fee increases, and would require legislative approval before becoming effective. Mr. Strong added the measure initially affected all rules, but now only pertains to fee increases and occupational licensing. He said that as part of the discussion on the groundwater fee and working with the legislative appropriations chairs and understanding the budget impact, there still is not an overall state budget, and staff had been successful in getting the committee to hold off reducing the fee until the agency's budget cut is known.

Mr. Strong continued his report stating that the pit water legislation has been an ongoing effort as he had told Senator Bingman and others the OWRB would work with CPASA and the Aggregate Association to work out a compromise on pit water which is currently excluded from groundwater regulation. He recognized Amy Ford (CPSASA) and Jim Rodriguez (OKAA) in attendance, and said he appreciated their effort to work out the issue, and are close to a compromise with only a handful of issues and they will be meeting with Senator Bingman, who has promised to "pass something" this session.

Mr. Strong said that at noon on Wednesday, staff will be talking to the House Rural Caucus about the water plan and what it means to rural Oklahoma. He has attended FIM meetings, and Mr. Arthur will update members on those activities. He said he had not been able

to attend the Western States Water Council meeting at Santa Fe, but participated via conference call, and new resolutions were passed regarding strengthening SRF funding, and reducing restrictions in streams that have been connected to that funding. He spoke to the ORWA annual meeting and was honored to receive the "Friends of Rural Water Award." The Red River Compact Commission was hosted by the OWRB, and while he wasn't able to attend, Julie Cunningham stood in for him; there were no controversies involved in that meeting. The Bond Oversight Commission saw an OWRB presentation on April 28, and the bond issues were approved. He and Joe Freeman, along with Dr. Taron, attended the Shawnee Ribbon cutting ceremony for a water line financed by the OWRB; financial disclosure statements are due May 16; Joe Freeman will be attending the Council on Infrastructure Financing Agencies annual meeting in Washington, D.C., and Mr. Strong would be speaking to the 24th Sovereignty Symposium on June 1, sponsored by the Supreme Court.

Mr. Strong concluded his report with the announcement that Mr. Mark Nichols' term will expire on May 14, and Mr. Tom Buchanan has been appointed by Governor Fallin to fill that position. Mr. Buchanan, Manager of the Lugert Altus Irrigation District at Altus, will attend the June 14 Board meeting. He thanked Mr. Nichols for his service and said there will be a proper send off at the next meeting. Chairman Herrmann thanked Mr. Nichols for his dedicated service, noting his balanced views regarding the issues that have come before the Board, that he had gone to bat for the agency in Washington, D.C., and a tireless supporter in the water plan funding effort. He thanked him for his service as Vice Chairman, and he extended well wishes. Mr. Nichols commented he enjoyed his time and had made good friends.

2. FINANCIAL ASSISTANCE DIVISION

A. Consideration of and Possible Action on a Proposed Order Approving Drinking Water Funding Application for Rural Water Sewer & Solid Waste Management District #1, Logan County. Recommended for Approval. Mr. Joe Freeman, Chief, Financial Assistance Division, stated to the members that this first item is a \$750,000.00 Drinking Water State Revolving Loan request by the Logan County Rural Water, Sewer and Solid Waste Management District No. 1. The District is requesting the loan to go along with \$210,000.00 of District funds to construct a new pump station, and approximately 15,200 linear feet of eight inch waterline to serve an additional area of the District east of I-35. Mr. Freeman noted provisions of the loan agreement and said the District's water and sewer connection had grown from 1,100 ten years ago to nearly 2300 today; additionally, the District's debt coverage ratio stands at a very strong 4.0-times. Staff recommended approval of the loan request.

Representing the District was Mr. Steve Paris, Vice President of the District, and Mr. Buddy Thompson, District Manager.

Ms. Lambert asked the source of local funds; Mr. Paris said the funding comes from the collections. Chairman Herrmann asked what has driven the growth, and Mr. Paris said they are located near Edmond and Oklahoma City and much of the growth has to do with people wanting to live rurally near the city areas.

Mr. Fite moved to approve the Drinking Water SRF loan to the Logan County RWSSWM #1, and Ms. Lambert seconded.

There were no other questions, and Chairman Herrmann called for the vote.

AYE: Nichols, Taron, Drummond, Knowles, Sevenoaks, Feaver, Fite, Lambert,
Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

B. Consideration of and Possible Action on a Proposed Resolution Selecting a Liquidity Facility in Connection with Existing Obligations Relating to the Board's State Loan Program. Recommended for Approval. Mr. Freeman said that this item is a resolution for the selection of a standby bond purchase buyer for the Board's series 1999, and 2003A Variable Rate State Loan Program Revenue Bonds. The current liquidity provider is the Bank of America. Based upon current market conditions, Mr. Freeman said staff felt bids should go out in order to compare to what the Board has paid. Requests for proposals were sent to 12 banks; four proposals were received from Bank of America, Chase, State Street Bank of Boston, and KDC Bank of Belgium. Mr. Freeman said the standby provider provides liquidity for these issues while the bonds are in a variable rate mode. Once the bonds are converted to fixed rate, or paid off, the amount of the bonds covered by the facility is reduced, and the Board's expenses are reduced. He said that KDC proposed only on a two-year and three-year commitment, while the other banks proposed a 1-, 2-, and 3-three year proposal. The proposals and bids were reviewed with the Board's financial advisors at First Southwest, have had discussions with BOSC the Board's remarketing agent for these bonds. The proposals have also been reviewed by the Board's Finance Committee. Therefore, staff recommended the selection of the three-year proposal of State Street Bank and Trust, at 42 basis points.

Mr. Drummond asked if that was an increase from the past, and Mr. Freeman stated the Board was paying the Bank of America 70 basis points. Mr. Sevenoaks asked if State Street was a wholly owned bank or a subsidiary, and Mr. Freeman answered it is a wholly owned bank, and serves as the Board's liquidity provider on other variable rate debt now. He added that the Board has liquidity fees as low as 10 basis points, and when he started 25 years ago it was 45 points with Fuji Bank. The market totally dried up about August 2008 and there weren't many options so Board stayed with Bank of America, and fees have gone up. He said the market has begun to loosen up, and so it was time to look and see what is available. He said the real review came down to State Street and Chase Bank; the terms are being worked through now and should be completed by Friday (May 13).

Chairman Herrmann asked if there were any further questions; staff recommended approval.

Mr. Nichols moved to approve the selection of State Street Bank and Trust Co. as the Board's liquidity facility, and Mr. Drummond seconded.

AYE: Nichols, Taron, Drummond, Knowles, Sevenoaks, Feaver, Fite, Lambert,
Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

C. Resolution Authorizing and Approving an Amendment to the General Bond Resolution of the Oklahoma Water Resources Board; Approving and Authorizing Execution of the Amendment; Directing the Bond Trustee to Transfer the Balance of the Board's State Loan Program Revenue Bonds Series 1989 and Series 1994A Debt Service Reserve Funds and the Balance of the Board's Series 1994B Custody Fund to the Newly Created Program Wide General Debt Service Reserve Fund, Authorizing Execution of Such Other and Further Instruments, Certificates, and Documents as may be Required for the Creation and Funding of the Program Wide General Debt Service Reserve Fund and Containing Other Provisions Relating thereto. Recommended for Approval. Mr. Freeman stated that this item is for the authorization of creation of a program wide general debt service reserve fund for the Board's State Loan Program Revenue Bonds, also known as the "FAP." Currently, the Board has 13 outstanding FAP bond issues, closing the 14th in June. He said each of the bond issues are of parity with each other as are the cash reserves for the bond issues of approximately \$19,961,000.00. Currently, he said the cash reserves are held in a Series 1989 reserve fund, a Series 1994A reserve fund, and a Series 1994B Custody fund. This resolution would move these funds to a new general debt service reserve fund which would add clarity when dealing with Standard and Poors, rating agency for the FAP bonds, and in discussions with investors. The resolution would in no way affect the actual investment funds, or the \$28.5 million of AMBAC surety policies associated with the FAP program. Staff recommended approval.

Mr. Sevenoaks asked, then, that all the different funds would be combined into one general debt fund, and would that benefit the Board in future issues. Mr. Freeman answered that is correct, it is easier to explain all the money is reserved for all of the bond issues. Mr. Sevenoaks asked if it is invested, and Mr. Freeman replied that the Board is aware it has been difficult to find investments at the level necessary according to the bond resolutions, and the funds are in long term investment with Agon, part of TransAmerica Life Insurance; about \$3.5 million with Agon matures in 2013 and earns 4.16% interest. The remaining funds were in guaranteed investment contracts and have matured, there were no providers to bid on them the past couple of years and so invested in 56 different banks in CDs which have matured and staff is now reviewing where that can be invested. He said the hope was that the market would return, and there could be more traditional investments that provide liquidity. Chairman Herrmann said this is clean up language to make it easier to interact with rating agencies and investors.

There were no other questions, and Chairman Herrmann asked for a motion.

Mr. Drummond moved to approve the resolution, and Mr. Knowles seconded.

AYE: Nichols, Taron, Drummond, Knowles, Sevenoaks, Feaver, Fite, Lambert, Herrmann

NAY: None

ABSTAIN: None

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, 2010, and 2009 Audts of

the CWSRF Administrative Fund and the Drinking Water Treatment Loan Administrative Fund as of June 30, 2010 and 2009. Mr. Freeman updated the members on the annual meeting of the Board's Audit and Compliance Committee which was held following the April Board meeting. He said that the Committee is composed of Mr. Drummond, Chair; Mr. Knowles, Dr. Taron and Mr. Sevenoaks. During the meeting, the Committee reviewed the following items: Auditor's management letter, EPA's annual evaluation of the agency's operation of the Clean Water SRF program, the Board's most recent arbitrage rebate reports, reports to be filed with the national repository for secondary market disclosure, the three bond rating agencies, and the standby bond purchasing agreement banks. The Committee also reviewed the loan documentation exception reports of the loans, the policy regarding and balances of the debt serve reserve fund, and reviewed the Board's current investment portfolio and standby bond purchase agreements. Mr. Freeman said it was reported to the Committee that of the 442 outstanding loans, only one is currently past due; 96% of the borrowers are meeting their debt service coverage ratio of 1.25-times; 19 borrowers, or 4%, are not meeting the Board's minimum requirements based upon their most recently audited financial statements, and 18 of the 19 have implemented corrective action. Mr. Freeman concluded the report.

Mr. Sevenoaks asked what entity missed a payment, and Mr. Freeman answered Delaware County Rural Water District #10, the loan that has been in default. Chairman Herrmann asked the amount of that loan, and Mr. Freeman answered about \$4.5 million. Mr. Drummond, Committee Chairman, commented they had been on the list for a long time; he added that it was a very good meeting with the auditors, a very thick binder with lots of good documentation, and we received a clean bill of health.

Prior to proceeding, Chairman Herrmann reminded the members that the annual election of officers will be scheduled for the June meeting and the exiting slate of officers is "termed-out." And, Mr. J.D. Strong introduced Mr. Tyler Powell, Director of the Office of the Secretary of Environment.

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.

Chairman Herrmann read the summary disposition agenda introduction, and asked if there were any questions about any items, or any items that needed to be separated from the agenda.

Ms. Julie Cunningham asked that item 3.E.2., temporary groundwater permit #2010-570, be withdrawn from the Board's consideration. Mr. Sevenoaks asked if the applicant is a chicken

grower of the Mung tribe in northeast Oklahoma; Ms. Cunningham confirmed.

There were no requests to transfer items from the Summary Disposition Agenda to the Special Consideration Agenda, and no other amendments to the Summary Disposition 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.

There being no further questions about items on the Summary Disposition Agenda, or amendments, Chairman Herrmann stated he would accept a motion to approve the Summary Disposition Agenda

Dr. Taron moved to approve the Summary Disposition Agenda as amended and Ms. Lambert seconded.

AYE: Nichols, Taron, Drummond, Knowles, Sevenoaks, Feaver, Fite, Lambert, Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

The following items were approved:

C. Financial Assistance Division Items:

1. Rural Economic Action Plan (REAP) Grant Applications:

<u>Item No.</u>	<u>Application No.</u>	<u>Entity Name</u>	<u>County</u>	<u>Amount Recommended</u>
None				

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

1. Lease Agreement with ELF Properties, LLC for renewal of OWRB McAlester office lease.
2. Amendment of Professional Services Contract with Records Solutions, Inc.
3. Amendment of Professional Services Contract with Sparks Write, Inc.
4. Lease Agreement with Mori White for renewal of OWRB Woodward office lease.
5. Consideration of Draft Contract with Embassy Suites Norman – Hotel and Conference Center for Accommodations and Services for 2011 Governor’s Water Conference and Water Research Symposium, and Resolution to Authorize Chairman or Vice-Chairman to Execute Final Document, Recommended for Approval.

- E. Applications for Temporary Permits to Use Groundwater:
1. Jamae Harp & Leroy Huff Revocable Living Trusts, Kingfisher County, #2010-555
 2. *Tong Nguyen, Delaware County, #2010-570 Item withdrawn*
 3. Lyle O. & Shirley J. Combs, Co-Trustees, Lyle O. & Shirley J. Combs Revocable Living Trust, Custer & Dewey Counties, #2011-503
 4. Harlan & Margie Myers, Dewey County, #2011-505
 5. Glen & Jane Harvey, Caddo County, #2011-516
 - 6. *S & D Farms, Inc., Jackson County, #2011-522 Item withdrawn*
 7. John Phillip & Esther Marie Page, Caddo County, #2011-526
- F. Applications to Amend Temporary Permits to Use Groundwater:
None
- G. Applications for Regular Permits to Use Groundwater:
1. Tucker & Stacey Cobb, Texas County, #2011-501
 2. McGuire Feed Yards, Inc., Beaver County, #2011-514
- H. Applications to Amend Regular Permits to Use Groundwater:
1. Franklin Stone & Mary Oren, Beckham County, #2005-508
- I. Applications for Regular Permits to Use Stream Water:
1. Brown Farms, L.L.C., Rogers County, #2011-007
- J. Applications to Amend Regular Permits to Use Stream Water:
None
- K. Applications for Term Permits to Use Stream Water:
1. Cimarex Energy Co., Canadian County, #2011-009
- L. Reductions/Cancellations of Stream Water Rights:
1. Defaults (Uncontested)
 - a. Kevin Nightengale, Washita County, #1989-036
 - b. Jean Nightengale, Washita County, #1980-129
 - c. Gary & Jennifer Lindsey, Washita County, #2000-016
 - d. Adella Kephart, Washita County, #1962-170
 - e. Robert C. Hardesty, Caddo County, #1969-247
 - f. Jack Carpenter, Caddo County, #1953-119
 - g. Darrel Bartel, Washita County, #1985-025
 - h. Mrs. Dewey Gray, Caddo County, #1985-015
 - i. Oleta Wallis, Caddo County, #1966-690
 - j. J. E. Finney, Caddo County, #1953-082
 - k. Dorsey Farms, Ltd., Caddo County, #1948-085
 - l. Fred McKinney, McCurtain County, #1948-077
 - m. Merlan Debolt, Pushmataha County, #1964-593

- n. Donald Leslie, Choctaw County, #1952-394
- o. Donald Leslie, Choctaw County, #1971-567
- p. Decker Revocable Trust, Pushmataha County, #1993-039
- 2. Corrections/Excuses Accepted
 - a. Williard Adams, Washita County, #1952-302
 - b. Martha Robnett, Caddo County, #1964-128
 - c. Shirley Pendleton, Washita County, #1972-153

M. Well Driller and Pump Installer Licensing:

- 1. New Licenses, Accompanying Operator Certificates and Activities:
 - a. Licensee: HRI Drilling and Pump DPC-0809
 - 1. Operator: Michael L. Harper OP-1818
 - Activities: Pump installation
 - Heat exchange wells
 - b. Licensee: Building & Earth Sciences, Inc. DPC-0817
 - 1. Operator: Roger Staton OP-1826
 - Activities: Monitoring wells and geotechnical borings
 - c. Licensee: L & N Pump, Inc. DPC-0811
 - 1. Operator: Rick Williamson OP-1819
 - Activities: Pump installation
 - d. Licensee: McDonald Electric, LLC DPC-0819
 - 1. Operator: Scot McDonald OP-1831
 - Activities: Pump installation
- 2. New Operators, Licensee Name Change, and/or Activities for Existing Licenses:
 - a. Licensee: Waddell Water Pump DPC-0217
 - 1. Operator: Kevin Waddell OP-1827
 - Activities: Pump installation
 - b. Licensee: Allen's Inc. DPC-0351
 - 1. Operator: Randall Coble OP-1828
 - Activities: Pump installation
 - 2. Operator: Haime Guirrero, II OP-1829
 - Activities: Pump installation
 - 3. Operator: Jared Wester OP-1830
 - Activities: Pump installation
 - c. Licensee: Citizen Potawatomi Nation DPC-0641
 - 1. Operator: Travis Canfield OP-1834
 - Activities: Groundwater wells, test holes and observation wells
 - Pump installation
 - Heat exchange wells
 - 2. Operator: J.D. Johnson OP-1833
 - Activities: Groundwater wells, test holes and observation wells
 - Pump installation
 - Heat exchange wells
 - d. 1. Licensee: Burgess Engineering and Testing DPC-0484

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| Operator: | Stephen Atkins | OP-1832 |
| Activities: | Monitoring wells and geotechnical borings | |
| e. 1. Licensee: | Stella Pump | DPC-0821 |
| Operator: | Mike Best | OP-1835 |
| Activities: | Pump installation | |

N. Dam and Reservoir Construction:

1. City of Norman, Cleveland County, #OK11090

O. Permit Applications for Proposed Development on State Owned or Operated Property within Floodplain Areas:

1. Oklahoma Department of Transportation, Cherokee County, #FP-11-15
2. Oklahoma Department of Transportation, Cherokee County, #FP-11-16
3. Oklahoma Department of Transportation, Mayes County, #FP-11-17
4. Oklahoma Department of Transportation, Pittsburg County, #FP-11-18

P. Applications for Accreditation of Floodplain Administrators:

Names of floodplain administrators to be accredited and their associated communities are individually set out in the May 10, 2011 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, began his report thanking Mr. Nichols for his work and participation specific to the water plan, trips to Washington, D.C. to obtain funding for the OCWP, and particularly recognized his leadership in the effort. He continued saying the 13 regional Feedback and Implementation meetings are ongoing and will conclude in Oklahoma City on May 27. The purpose of the meetings is to look for any final input that is out there prior to finalizing the draft plan, and to meet with the regional water providers to review their particular area and information discovered. He said he had been very pleased, but was disappointed with the attendance, but for the most part, people are showing up to share what was important to them, and criticisms are nearly nonexistent. Nine of the thirteen regional basin reports are now available on the website. He said there would be a Board Water Planning Committee following the meeting.

Ms. Lambert asked what had been learned -- common threads, etc. Mr. Arthur responded that positive feedback is that people have been impressed with the work the agency has done, are very supportive of what has been done, and few and far between in criticism -- except reasonable criticism on recreational interest -- but all-in-all good conversation on issues, and overall supportive of the regional approach and empowering the regions to assist in the planning.

Chairman Herrmann asked that Board members provide input to staff; and Mr. Arthur thanked those who had been able to attend so far, Mr. Nichols, Chairman Herrmann, Mr. Fite, Mr. Drummond and Mr. Sevenoaks. Mr. Nichols commented about the meeting in Altus and the

misunderstanding by citizens about proposed changes in permitting that prompted a large attendance. Chairman Herrmann stated the Board's Water Planning Committee will meet and discuss "where to go from here." The members made comments about how the Board would review and discuss the policy recommendations in the executive summary and particularly the regional issues; that conjunctive use is a delicate issue and there is concern by large users about reduction of rights as part of management of that use; the large use of the Ogallala Aquifer in the Panhandle as well as other states which overlie the aquifer (Oklahoma is only over 5%); there is much discussion in the agricultural community about what to do and the recommendation in the OCWP the High Plains states should reconvene and compact; groundwater in alluvial and terrace as well as bedrock aquifers as regards water planning from an analytical framework; and general comments about the planning process and proceeding with Board discussion.

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 Special Consideration 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. AGENCY BUDGET REPORT.

Ms. Amanda Storck addressed the members and stated the budget report had been provided, and she would address questions. She thanked the IT staff for their hard work on the water plan, as well as keeping the agency going every day. Also, she said that the accounting and financial management staff had been working four hours a day on the conversion to the PeopleSoft portion of the state system. Mr. Strong added that Governor Fallin had as a consolidation issue all agencies moving to shared accounting/payroll system, and the OWRB had

already been working to make that happen by July 1. Ms. Storck said the agency is one of the first five agencies to join the system.

Mr. Sevenoaks asked if there were further cuts in this year's budget, and is there enough funding to carry forward. Mr. Strong said there were no other cuts in this year's budget, and Ms. Storck the agency had budgeted conservatively the last year and anticipated a larger cut in the event that would happen. She said the agency had some FY2010 carryover that is being spent, and there is 32% of the FY2011 budget remaining. She anticipated the agency would spend the FY2010 carryover, and there are expenses anticipated at the end of July so the FY2011 should be spent down, but there should be a carryover into FY2012. Mr. Drummond asked the percentage cut for the 2012 budget, and Ms. Storck said she had heard numbers from 3%-10%, so all the OWRB divisions are feverishly working on their budgets planning for a 7.5-10%, and the agency is waiting on the final budget numbers. Mr. Sevenoaks asked if at 7.5% would the agency be looking to cut personnel, and Ms. Storck answered she would look to the divisions, but in Administration there are a couple of people retiring so those positions will be held open. Mr. Strong added that a 10% cut would affect personnel, and Water Quality has garnered additional grants that will keep people employed. He said that keeping positions open, not purchasing vehicles, etc. has kept things going the past couple of years; Mr. Smithee said they are beginning to have infrastructure problems, i.e., equipment and vehicles.

7. CONSIDERATION OF SUPPLEMENTAL AGENDA ITEMS, IF ANY

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

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. Sevenoaks asked about the meeting of the Board's Water Planning Committee. Chairman Herrmann stated there had been a request by Mr. Sevenoaks to hold the Committee meeting under the New Business item so that the full Board could participate in the discussions about the Water Plan. Mr. Sevenoaks explained he would like to attend the meetings to hear the discussion even though he is a nonmember and suggested the meetings be posted so the rest of the Board could sit in and see what direction the Board is heading. He said not posting the meeting could allow good high-level conversation, but he felt excluded from the high-level conversation so he asked the meeting be held under New Business. He asked the meeting be continued under New Business and those who are interested would be allowed to attend.

Chairman Herrmann responded that they had discussed the issue prior to the meeting, and he did have a concern about the Open Meeting process because it hadn't been posted as no one in the public would have an opportunity to participate. He said it has been open throughout the process, and there are likely representatives of interest groups that had they known there would

be broad discussion by the Board of the Comprehensive Water Plan, they very well might have attended. His concern was excluding the public from the process. He said he certainly wanted to have the opportunity for the full Board to have discussion, that is critical, and the committee meeting will "tee up" the discussion of critical issues; the Board had been encouraged to provide input to staff, and he reiterated his concern that holding the meeting would actually prevent members of the public from being able to be present. Ms. Lambert asked what would prevent Mr. Sevenoaks attending and Chairman Herrmann stated if there is a quorum of (Committee) members; all members (of the Board) could not attend. Chairman Herrmann said there would be no decisions made, and Mr. Sevenoaks said there would be a discussion of critical issues to be brought to the Board, and he asked for the courtesy to listen in.

Mr. Strong said there is an update on the Comprehensive Water Plan at every meeting, and if there is additional information the members want at that time he would asked for that input. Mr. Sevenoaks said there was a report about the meetings, but not a report about what the issues that were discussed at the meetings, so if there are critical issues being formulated and discussed, as a Board member he would like to be involved in that process. They discussed the points of whether the committee could meet under New Business, and Mr. Couch said the agenda item is authorized for matters not known or reasonably foreseen, and that is a statement of law about when a public agency can consider an item of New Business. He said clarification needed to be made, but it seemed the item that is being discussed is whether the committee can meet as part of the agenda of the full Board. He did not know if the committee had an agenda, and he did not understand that whatever those items are, are a matter of New Business for the full Board. He said it is simply that the Water Planning Committee meet as the full Board.

Mr. Strong proposed that the Water Planning Committee meet as planned, obtain input from this subset of the Board as to what it would like to focus on and discuss in future Board meetings. He said the committee's recommendation could be brought to the full Board at the June meeting through a robust presentation and discussion; the regional meetings will have been completed, staff can present what common themes have been heard, issues that have floated to the top as well as what issues on which the Board would like to have discussion. Mr. Sevenoaks said he would agree to that format that there be an agenda item for the next Board meeting, that the full Board have discussion about one or two issues from each region that was brought up either through research done or feedback received so there can be a presentation on the issues that seem to be important, and set aside time for the full Board to discuss. Chairman Herrmann stated that is the plan.

Chairman Herrmann again reminded the members about the election of officers at the June meeting.

9. ADJOURNMENT

There being no further business, Chairman Rudy Herrmann adjourned the meeting of the Oklahoma Water Resources Board at 11:02 a.m. on Tuesday, May 10, 2011.

OKLAHOMA WATER RESOURCES BOARD

_____/s/_____
Rudolf J. Herrmann, Chairman

_____/s/_____
F. Ford Drummond

_____/s/_____
Edward H. Fite

_____/s/_____
Kenneth K. Knowles

_____/s/_____
Marilyn Feaver

_____/s/_____
Richard Sevenoaks

_____/s/_____
Joseph E. Taron

_____/s/_____
Tom Buchanan

ATTEST:

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