

OKLAHOMA WATER RESOURCES BOARD
OFFICIAL MINUTES

March 11, 2008

1. Call to Order

The regular monthly meeting of the Oklahoma Water Resources Board was called to order by Chairman Mark Nichols at 9:30 a.m., on March 11, 2008, in the meeting room of the Oklahoma Water Resources Board, at 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, 2008, at 4:00 p.m. at the Oklahoma Water Resources Board's offices.

A. Invocation

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

B. Roll Call

Board Members Present

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

Board Members Absent

None

Staff Members Present

Duane A. Smith, Executive Director
Dean Couch, General Counsel
Mike Melton, Chief, Administrative Services Division
Joe Freeman, Chief, Financial Assistance Division
Monte Boyce, Comptroller
David Dillon, Interim Chief, Planning and Management Division
Derek Smithee, Chief, Water Quality Programs Division
Mary Lane Schooley, Executive Secretary

Others Present

Bryan Smith, ECapitol News, Oklahoma City, OK
Cheryl Dorrance, Oklahoma Municipal League/Oklahoma Municipal Utility Providers,
Oklahoma City, OK
Kelly Schwarz, Arledge & Associates, Edmond, OK
Jerry A. Taylor, Tuttle, OK
Randon Rieger, Tinker Air Force Base, Midwest City, OK
Mel McFarland, Tinker Air Force Base, Midwest City, OK
Bob Kellog, Oklahoma City, OK
Wayne Johnson, Quinlan Community Rural Water District #1, Quinlan, OK
Steven Jolly, Arbuckle Master Conservancy District, Davis, OK
Ervin Thomas, Chevron, Houston, TX
Angie Burckhalter, Oklahoma Independent Petroleum Association, Oklahoma City, OK
Mike Mathis, C.H. Guernsey & Co., Oklahoma City, OK
Donna McSpadden, Clayton, OK
Josh McClintock, McClintock & Associates, Oklahoma City, OK
Gene Myers, Myers Engineering, Oklahoma City, OK
Lynn Ridgway, Myers Engineering, Oklahoma City, OK
John Rehring, Camp Dress McKee, Denver, CO

C. APPROVAL OF MINUTES

Chairman Nichols stated the draft minutes of the February 12, 2008, Regular Meeting have been distributed. He stated he would accept a motion to approve the minutes unless there were changes. Ms. Lambert moved to approve the minutes of the February 12, 2008, Regular Meeting, and Mr. Herrmann seconded.

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

D. EXECUTIVE DIRECTOR'S REPORT

Mr. Duane Smith, Executive Director, addressed the members and said Mike Melton was prepared to make a brief presentation on the legislative activities. Mr. Melton provided the members a packet of information on the bills and said a major deadline for measures to be out of committee passed, and the next deadline this week is for third reading of measures. Long hours are anticipated at the Capitol, and then the process will start over in the opposite house. Mr. Melton briefly read through the measures presented in the written report.

Mr. Herrmann asked Mr. Smith what measures he felt particularly in favor of or uncomfortable about. Mr. Smith responded the bills that deal with the brackish water and recharge, it is his feeling the Comprehensive Water Plan will address those issues, which can be prioritized and included in the Plan, and separate legislation is not necessary to do that. It will be folded into the water plan whether it passes or not. He said he has spoken to legislators that this

isn't the time to "tweak" sentences and words and moving paragraphs around but to let the water plan process work. At the end of the day, well-founded data, science and implementation will move forward those issues that are high priority. Some of the measures on taxation are pure policy and the agency hasn't been involved. Regarding the swine setback, the agency has not been active except to say what the impacts are of taking that out of the OWRB. He explained the OWRB has a 3-mile setback for any swine animal feeding operations, and the Dept. of Agriculture has a 3-mile setback for confined animal feeding operations--there is a size limit that defines those. The impact of taking that out of the OWRB is all of the swine animal feeding operations below the CAFO limit would no longer have a 3-mile setback for a recreation site. The original issue concerned a Methodist Church camp near Red Rock Canyon, and the Council of Churches is now active at the Capitol to make sure the recreation use is protected there. The pork industry wants a one-stop-shop for licensing and don't want to come to the OWRB and believe the setback requirements should be at the ODAFF. Mr. Smith said its still early and no measures are dead and the next couple of weeks will tell what has a better chance of moving forward. He said the agency is working hard to keep people informed and the priorities are the cap and end off the fund (Water Development Infrastructure Fund) so there can be ongoing water plan activities that the agency is working on.

Mr. Drummond asked how likely the cap and end might be removed from the fund; and Mr. Smith responded he didn't believe it very likely this year. Senator Crutchfield says the concern is that as the cap is removed, that takes money from General Revenue. Mr. Smith said he did not believe at all the Senator is against water planning, but is just a matter of having over-estimated the amount of money coming in and are now having to re-adjust how much money is there to be spent, along with other funding issues such as prisons and schools, etc., he didn't believe that particular issue (water fund) is weighing in.

Mr. Smith said that at the February meeting he had talked about the Water Research Institute projects, and one of the activities with the Institute in the Water Plan is funding research activities and matching US Geological Survey dollars so as to provide research toward the implementation of the Comprehensive Water Plan. Mr. Smith spoke about the projects that include water use monitoring by remote sensing to assess agriculture water use without the use of metering on wells, determining a methodology for assessment of environmental flows, and decision support model for evaluating alternative water supply infrastructure scenarios.

Mr. Smith informed the members of the visit to the Edwards Aquifer Authority in San Antonio, Texas in February. He said he had intended the field study to be members of the Board and the Arbuckle-Simpson Peer Review Team, because we are now beginning to meld science and implementation management strategies in that study. The trip was to find out what had worked for the Authority and what did not, what would they do different, and the group grew from 10 to 30 people that were interested in going representing local folks (near the Arbuckle Simpson), Peer Review Team, Board Members, and organizations. Mr. Smith described the characteristics of the two aquifers, the management of stream water flows, and that the study issues have come from crises--endangered species and threat of water leaving for municipal use. The Edwards Aquifer Authority (EAA) is an authority that charges for water use which is how the management is funded, charging \$37 per acre foot for municipal use and \$2 for agriculture use; a budget of \$14 million, and 74 employees. There have been discussions about local management in Oklahoma, and if that is what is preferred, the activities that go along with it will have to be funded, we can't be for it, but not fund it. He said while it appeared that \$37 an acre-foot is expensive, that is the same price paid in Oklahoma at the Altus-Lugert Irrigation System,

and at Oklahoma City. At \$2 per thousand gallons, that's \$651 an acre-foot for citizens, so \$37 is actually a cheap way to manage water. People need to understand that management of water resources isn't that expensive, and if we want it managed, we need to come up with the financial resources to that. What has been created at the EAA through management of the resource is a water market. If it's a dry year and more water is needed, additional water rights must be purchased--a dry year will increase value--and it's a very active market in order to stay under the limit (of water use for the endangered species management). Mr. Smith said the meeting is continuing to be debriefed and the Peer Review Team and US Geological Survey is looking at various modeling schemes/management schemes and will present that to the people that live in/near the aquifer for discussion.

Mr. Smith said he had been working with Zach Taylor, Executive Director of the Association of Central Governments (ACOG), who passed away suddenly, on a Garber-Wellington Study where the OWRB would take the US Geological Survey study data and use for an allocation model for the aquifer. The ACOG, a group of 29 communities that overlie Central Oklahoma, is very interested in the study not only for water allocation but also for water planning purposes, for instance, currently the allocation is two acre-feet per acre but if that were to be reduced to one acre-foot per acre, the communities would need to know that, so the study needs to be completed. The OWRB has proposed a Zach Taylor Garber Wellington Aquifer Management Study, and a presentation has been made. Noel Osborn, study chief on the Arbuckle Simpson, intends to use the same "recipe" as the Arbuckle with a peer review team, share leadership with ACOG, and have stakeholders involved. He said it has been mentioned to the Legislature to see if they are interested in providing funding.

Mr. Smith said he attended the Western States Water Council in Washington, D.C. Chairman Nichols attended for two days and visits to the Congressional Delegation were made. He said this is the time to make requests for the FY'09 budget in Congress, and he expressed to the members his concern about getting various projects in Oklahoma funded, how the projects are listed in the WRDA bill, and his suggestion to the Delegation is to list the Comprehensive Water Plan in the WRDA and the list of projects would come under that, thereby only have one "earmark." Staff is putting together a matrix of ways to assist the Delegation to prioritize water projects. He said he is very encouraged particularly with the Corps of Engineers and its acceptance of this idea of how to help move the project forward. Ms. Lambert asked if the Delegation was 100% behind the idea, or where is there support or needed persuasion. Mr. Smith answered the Delegation is 100% supportive, and Senator Inhofe's support, because of his Committee's work, is crucial and he has proved so. On the House side, Congresswoman Fallin is on the Transportation Committee Subcommittee that deals with appropriation on WRDA and is a unique position for Oklahoma. Congressman Lucas, on the farm bill handles implementation of nonpoint sections of the bill that he is interested in, so our delegation is actually more unified than the state delegation in terms of prioritizing water resources.

As a follow up, the Corps of Engineers has scheduled a tri-state meeting involving Kansas, Oklahoma, and Texas, with Assistant Secretary Woodley, top civilian and Steve Stockton his top assistant, as well as Southwest Division General Cox, which includes the Tulsa District. The meeting discussion will concern how the states are operating the water plan, and how can the states get together and help the Corps work with the states. He said their philosophy should be like Home Depot, "You can do it, and we can help." He said that Steve Stockton has said that what Oklahoma is doing on water planning is the future for the Corps of Engineers. What we are doing is unique, although there are issues such as how the Corps does its funding,

and the timing of federal dollars, and the process needs to be ironed out so that the water planning activities can be done in a legitimate time frame with the technical help from the federal government.

Mr. Smith said that Governor Henry has declared March "Flood Insurance Month." The OWRB plays a key role in the flood management program, and Gavin Brady of the Tulsa OWRB office is the State Floodplain Manager. The OWRB works closely with a number of agencies and issues on floodplain management; more than 88% of homes and businesses in the state that lie within the 100-year floodplain have no flood insurance. When there are situations such as in Miami, Oklahoma, this past year, the Floodplain Management Program is a way to manage in the floodplain, and Oklahoma has one of the best programs in the country, but there is a long way to go to get the program where it needs to be.

Mr. Smith extended congratulations to Mr. Ed Fite for his reappointment by Governor Henry to the Oklahoma Water Resources Board for a term ending in 2015. Additionally, Secretary Miles Tolbert was reappointed to an additional term as Commissioner on the Arkansas-Oklahoma Arkansas River Compact Commission.

The Red River Compact Commission will be meeting in Marshall, Texas, in April. Issues in that compact area include Sweetwater Creek and the Red River will be discussed.

Mr. Smith concluded his report.

2. FINANCIAL ASSISTANCE DIVISION

A. Consideration of and Possible Action on a Proposed Order Approving Increase in Obligation of Funds for Tuttle Public Works Authority, Grady County. Recommended for Approval. Mr. Joe Freeman, Chief, Financial Assistance Division, stated to the members this request by the Tuttle Public Works Authority is for an increase in the amount of its approved loan, originally approved by the Board on February 13, 2007. Tuttle is requesting an increase of funding from \$3.4 million to \$4,345,000.00, which is necessary because of the bids on the project having come in higher than originally estimated. The purpose of the loan is for the construction of a water treatment plant for the town. All other terms of the loan agreement will remain the same, which Mr. Freeman noted. Even with the increase, Tuttle's debt coverage ratio is approximately 1.65-times. Staff recommended approval of the loan amount increase.

City Manager Jerry Taylor and Engineer Gene Myers were present in support of the request.

Mr. Drummond moved to approve the increase in obligation of funds for Tuttle Public Works Authority, and Mr. Knowles seconded.

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

NAY: None

ABSTAIN: None

ABSENT: None

B. 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, 2007 and 2006. Audits of the CWSRF Administrative Fund and the Drinking Water Treatment Loan Administrative Fund as of June 30, 2007 and 2006.

Mr. Freeman stated to the members this item is a report by the Board's Audit Committee that met following the February Board meeting. The Committee is composed of Mr. Lonnie Farmer, Mr. Kenneth Knowles, Ms. Linda Lambert, and Mr. Ford Drummond. During the meeting, the Committee received the following items: the Auditor's Management Letter as well as EPA's annual evaluation of the Board's operations of the Clean Water SRF program; the Board's most recent arbitrage rebate reports which must be filed with the national repository by the three bond rating agencies and standby bond purchasing agreement banks (Bank of American and State Street Bank); the loan documentation exception report; and policies regarding and balances of debt service reserve funds. Mr. Brian Vance, OWRB Public Information Director, reviewed the Board's computer disaster recovery plan. The Committee also reviewed the status of the Board's loans, which Mr. Freeman then reviewed with the full Board.

Mr. Freeman stated that of the 382 outstanding loans, one loan is past due. Currently, 91% of the borrowers are meeting their debt service coverage of 1.25-times. There are nineteen borrowers, or 8.9% of borrowers that are not meeting the Board's minimum requirements based upon their most recent audited financial statements; 5 of the 19 actually have a debt-coverage ratio greater than one-times, but less than the 1.25-times required, and fourteen borrowers are not meeting debt coverage one-times. Mr. Freeman named the individual communities affected and their particular situation, and noted that McCurtain Municipal Authority is in bankruptcy with a balance of about \$40,000; there is a settlement agreement, but they have not missed a payment. Mr. Freeman asked Mr. Kelly Swartz, representing John Arledge & Associates to review the audit reports with Board members.

Mr. Swartz addressed the members and presented the audit results summary ending June 30, 2007. He mentioned the audits conducted related to bond issues, Clean Water State Revolving Fund, as well as the two administrative funds. There were no changes in financial reports requirements for FY'2007. Regarding the results of the audits and financial highlights for the bond issue audits, the State Revolving Fund, the Clean Water Statewide Revolving Fund and the Drinking Water Statewide Revolving Fund, all received unqualified auditor's reports, "Yellow-Book" compliance reports noted no laws or regulation violations, and all received unqualified or clean opinions on components of all programs. Under the bond issue audits, there were 13 issues that were outstanding at the end of June 30, 2007, and during 2007 there were two new bond issues put into place, and as a result at the end of 2007 all thirteen bond issues had a combined total asset value of \$280 million with outstanding liabilities of \$260 million and net assets of \$20 million. Mr. Swartz also presented the total interest income of \$13 million, total interest expense of \$10 million, \$1.7 million in operating costs, providing a \$488,616 increase in net assets. Regarding the Clean Water SRF, total assets of \$365 million, total liabilities of \$124 million, and total net assets of \$241 million; total interest income of \$10 million, total federal grants of \$8 million, total interest expense of \$5 million, with an overall increase in net asset of \$8.9 million. And, regarding the CWSRF and DWSRF loan administration funds, the total assets were \$1.3 million, total liabilities of \$406,000, total administrative fee revenue of \$935,329 total interest income of \$23,432, with an increase of \$86,745 in net assets. Regarding the Drinking Water SRF, the total assets were \$1.2 million, total liabilities of \$7,459; total net assets of \$1.2 million, total administrative fee revenue of \$731,436, total interest income of \$31,701, and total increase in net assets of \$394,646.

Mr. Swartz said the report also refers to a required communications letter the auditing profession wants provided to Boards such as the OWRB. This document is a separate letter that was issued and talks about requirements of communication with the key items of discussion noting the audit is designed to provide reasonable but not absolute assurance the financial statements are presented in accordance with accounting principals, accounting policies, accounting estimates (arbitrage rebates and reserves), and whether the auditing firm provided other services, which it did not. There had been no disagreements

with management, no discussions or questions were raised, no issues related to access in obtaining information. There was one comment on internal control over financial reporting which regarded staffing levels. This item had been discussed the previous year and was addressed by the Board through retention of an outside accounting firm. In conclusion, Mr. Swartz said there were clean opinions on the financials and the control comment has been addressed.

Mr. Sevenoaks asked about what agency the arbitrage is rebated to and the hiring of the independent audit firm. Mr. Swartz answered the arbitrage is rebated to the U.S. Treasury, and Mr. Freeman responded the Board approved the hiring of John Crawford Associates in response to the comment because it had been difficult obtaining qualified staffing through the state employment system, and has actually resulted in a cost savings. Mr. Smith added that Mr. Freeman had conducted research with other agencies and found this problem to exist in other areas. Mr. Drummond asked if the current market fluctuations are affecting the program's bond rating, and Mr. Freeman responded the bond ratings had not been affected at all, and discussions with Standard and Poor's have been positive.

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 to the Special Consideration Agenda; however, Mr. Dillon requested that item I.4., Noel & Tina Hamm application for regular stream water permit #2007-045, be withdrawn from consideration as the administrative record is not complete.

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.P.

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

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

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

NAY: None

ABSTAIN: None

ABSENT: None

The following items were approved:

C. Consideration of Approval of the Following Applications for REAP Grants and Change of Scope of Project for REAP Grant 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>
EODD				
1.	FAP-06-0015-R	Rural Water, Sewer & Solid Waste Management District #2	Adair	\$99,999.00
OEDA				
2.	FAP-06-0004-R	Quinlan Community Rural Water District #1	Woodward	99,999.00
SODA				
3.	FAP-07-0024-R	Oakland Public Works Authority	Marshall	79,999.00
4.	FAP-05-0034-R	Ravia Public Works Authority	Johnston	Change of scope

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

1. Agreement between the Oklahoma City Water Utilities Trust and OWRB regarding the Vegetated Wetland Project designed to improve water quality at Atoka Lake in southeastern Oklahoma. OCWUT will provide personnel, labor, equipment and facilities to assist the OWRB in connection with the project.
2. Amendment Agreement with Department of Environmental Quality for McAlester office space.
3. Specific Cooperative Agreement with U.S. Department of Agriculture, Agricultural Research Service for Monitoring and Evaluating Water Resources in Central Oklahoma Watersheds.

E. Applications for Temporary Permits to Use Groundwater:

None

F. Applications to Amend Temporary Permits to Use Groundwater:

1. Tinker Air Force Base, Oklahoma County, #1993-608

G. Applications for Regular Permits to Use Groundwater:

1. Natalee June Smith, Harper County, #2006-564
2. Hughes County Rural Water District No. 1, Hughes County, #2007-538

H. Applications to Amend Regular Permits to Use Groundwater:

None

I. Applications for Regular Permits to Use Stream Water:

1. Carl C. Sr. & Marie Jo Anderson Charitable Remainder Trust, Wagoner County, #2006-040
2. Pittsburg County Public Works Authority, Pittsburg County, #2007-040
3. CNL Income EAGL Midwest Golf, L.L.C., Tulsa County, #2007-043
4. Noel & Tina Hamm, Nowata County, #2007-045 *Item withdrawn*

J. Applications to Amend Regular Permits to Use Stream Water:

1. Charles R. Freeman, II, Kiowa County, #2006-043

K. Applications for Term Permits to Use Stream Water:

None

- L. Well Driller and Pump Installer Licensing:
1. New Licenses, Accompanying Operator Certificates and Activities:
- a. Licensee: Oklahoma Corporation Commission, Oil & Gas Division

1. Operator: Robert C. Scott		DPC-9006
Activities: Monitoring wells and geotechnical borings		OP-1597
2. Operator: Jim Waite		OP-1598
Activities: Monitoring wells and geotechnical borings		
3. Operator: Roger Lynn Pearman		OP-1599
Activities: Monitoring wells and geotechnical borings		
4. Operator: Dennis Summer		OP-1600
Activities: Monitoring wells and geotechnical borings		
5. Operator: George F. Schwarz		OP-1601
Activities: Monitoring wells and geotechnical borings		
 - b. Licensee: Advanced Drilling

1. Operator: Steve Rose		DPC-0750
Activities: Groundwater wells, test holes and observation wells		OP-1152
Monitoring wells and geotechnical borings		
2. New Operators for Existing Licenses:
- a. Licensee: J & B Pump & Supply, L.L.C.

1. Operator: Curtis F. Habecker		DPC-0587
Activities: Pump installation		OP-1602
2. Operator: Adam R. Krueger		OP-1603
Activities: Pump installation		
 - b. Licensee: Busby Pump & Supply

1. Operator: Eric Gene Thompson		DPC-0030
Activities: Pump installation		OP-1604
- c. Licensee: Aqua Well Drilling

1. Operator: Blaine Baker		DPC-0708
Activities: Groundwater wells, test holes and observation wells		OP-1605
3. New Activities for Existing Licenses:
- a. Licensee: J & B Pump & Supply

1. Operator: John L. Stottlemire, Jr.		DPC-0587
Activities: Plugging of certain groundwater wells		OP-1406
 - b. Licensee: R.W. Water Wells

Operator: Richard Wild		DPC-0678
Activities: Heat exchange wells		OP-1398
4. New Activities for Existing Licensed Operators:
- a. Licensee: Vannoy & Son Drilling

1. Operator: Anthony L. Santiago		DPC-0213
Activities: Groundwater wells, test holes and observation wells		OP-1476
- M. Dam and Reservoir Modifications and Rehabilitation:
1. Coal County Conservation District – SCS Caney-Coon Creek Site #2, #OK01507, Coal County
 2. Logan County Conservation District – SCS Cottonwood Creek Site #54, #OK11014, Logan County

- N. Permit Applications for Proposed Development on State Owned or Operated Property within Floodplain Areas:
 - 1. Oklahoma Department of Transportation, Osage County, FP-07-56
 - 2. Oklahoma Department of Transportation, Mayes County, FP-08-01

- 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 11, 2008 packet of Board materials

- P. Consideration of Release of Easement for Dam and Reservoir Construction:
 - 1. Bill Brollier, JGVE, Inc., E1/2 of the NE1/4 of Section 4, T11N. R6EIM, Pottawatomie County

Mr. Smith introduced former OWRB attorney Mel McFarland who was attending representing Tinker Air Force Base on a matter on the Summary Disposition Agenda.

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

A. Update on Comprehensive Water Plan Activities. Mr. Kyle Arthur said that today Dr. Focht will update the members on the public input side of the planning process, and in particular the upcoming regional meetings. Also, he said that Mr. John Rehring with CDM was present today to discuss the document, "Draft Programmatic Work Plan" for the Oklahoma Comprehensive Water Plan (OCWP), a road map for the technical studies to be conducted. He said the CDM is under contract by the U.S. Corps of Engineers to develop under the Planning Assistance to the States program a programmatic work plan. He directed the members to sections of the report that contain a flow chart of the different tasks and proposed timeline to accomplish the tasks, as well as text that supports each tasks and subtasks. The report also contained other supporting information about technical approaches, funding options, supply analysis approaches, and demand projection approaches, etc. Mr. Arthur said the OWRB works hard to foster partnerships with the U.S. Army Corps of Engineers, Oklahoma Water Resources Research Institute, Bureau of Reclamation, U.S. Geological Survey, Oklahoma Climatological Survey, other state and federal agencies as well as CDM and CH Guernsey.

Mr. Arthur enumerated the key goals of the OCWP: reliable, accurate, practical, useable information that is the "go-to" document for planning in Oklahoma, a roadmap for where we are today to where we want to be in 2060 and how to get there; demand projections, supply analysis, alternative scenario, public policy input and interaction, and implementation as well as looking at other activities of the agency and how that is "plugged in" to the plan. Every major part of the OWRB should be addressed in the plan. Priorities will be developed, funding, timing, all will effect what can and cannot be done. The goal of the plan is to look ahead, but the question is, "How are we using water today and how do we meet our future needs?" Also, what are the efficiencies, and how can they be increased, i.e., conservation and water re-use. Policy and administration--public input and policy from the Legislature, water rights administration, changes in rules and laws--should all be addressed in the plan. And, he described the concept of the programmatic work plan as a roadmap for developing the OCWP and the various activities

regarding information and action that will be developed along the way from today to implementation of the plan from 2011-2060. Mr. Arthur concluded his presentation with discussion of the timeline of major tasks mentioned earlier between 2008-2011.

Mr. Herrmann commented about the recognition of recreation and environmental uses under the demand projections task.

Mr. John Rehring addressed the members and discussed the integral aspects of the draft work plan, and what goes on under each level mentioned. Mr. Rehring presented the workplan divided into tasks:

Task 1: Demand Projects; Consumptive Use, and Non-Consumptive Use, and Reliable Supply (Water Rights, Water Quality, Infrastructure)

Task 2: Supply and Gap (physical, legal, identify hot spots, allocation modeling)

Task 3: Develop and Evaluate Supply Alternatives (Infrastructure, supply, & policy alternatives)

Task 4: Public/Policy Interaction

Task 5: Implementation (before 2011 timeframe, depending upon funding)

Task 6: Water Plan Documentation (2007 Atlas, OCWP Report and Databases)

Task 7: Project Coordination & QAQC (Peer review and analyses)

Mr. Rehring discussed the need for prioritization to reflect funding uncertainties: foundational elements such as demands supply availability and shortages; analysis of water allocation modeling, "what if analysis" and management and administration; supply planning on a regional level and provider level; and implementation of GIS mapping, data gaps and expanding financial assistance.

Following the presentation, the members discussed with Mr. Rehring and OWRB staff the costs of implementation and identifying adequate funding for regional projects and local projects; the availability of a funding matrix for the funding stream (how state dollars are matched with federal dollars, and when, to achieve certain aspects of the plan); the need for a priorities list or "how deep can we drill" with the funding that does become available; the timeframe for completion of the plan and the need for additional public relations efforts, particularly with the Legislature; and need to remove the cap from the Water Infrastructure Development Fund and impacts to efforts by shortening the timeframe.

Mr. Smith emphasized whatever level of a plan the Board/Legislature wants can be done, and there are certain components of the plan that must be included the funding is available, but those will take time. The public wants much more than those basic gut components; however, he said there are so many facets to the financing and the ability to match dollars with the various federal agencies and it is frustrating that it can't all be obtained at one time and put on the table. There are components that staff would like to see in the plan, such as GIS mapping that will not be a part of the plan without additional funding but that adds exponential value to the plan because then, for example, water lines can be identified for replacement and funding that would be necessary, thereby also the ability to plan for need in the agency's financial assistance programs for the next 20 and 50 years for infrastructure. This mapping is critically important, but will not be a part of the update. He talked about the need to remove the cap and the end from the WIDF, the outside interest in assuring the future of the financial assistance fund, that there are those that want mapping and more planning, and the staff is attempting to get dollars and cents into every piece. He assured the Board the funding of the plan -- where the money is coming from and where it is going -- as well as staying on time and in budget will be achieved.

And he added that part of the implementation has begun through Planning Assistance to the States and the Bartlesville supply line to Kaw Reservoir; central Oklahoma communities have issued an RFP for engineering work for a water line cost; and Love County is discussing growth around Thackerville.

Mr. Rehring concluded his section of the presentation comments about the status of the technical activities such as finalization of the programmatic work plan, the public water supplier survey being developed, the status of the pilot project for GIS mapping in the Ada area, and work with the Corps to lay out funding for technical work and what work will be included in the funding in terms of priorities. Jack Keeley and Rudy Herrmann talked about decision making about water needs once the data is gathered and in the plan, and the need for the plan to be kinetic and dynamic, or "evergreen," and the desire for continued funding into the future so that the final document is not forgotten, but a living, ongoing document.

Dr. Will Focht began his presentation commenting on the Board's discussion of the timeframe for the OCWP. He said developing a 50-year plan in a five-year time period is difficult to do, imagine in 1958 guessing what would happen with water in 2008. He said we want a good plan, and the right plan, and a good plan is one that is well informed and the technical studies that are proposed are those that need to be done for a good plan. The plan is a living document, planning never ends, and the plan will need to be revisited in some formal way. There is a process in water planning called "adaptive management" which means built into the plan is the opportunity to learn, so as decisions are made monitoring is performed i.e., political, legal, water, etc., and learn from that and revise the plan as time goes along and as necessary. The plan is a strategic document, a vision with a series of goals, objectives and strategies for achieving the vision, and is continually examined. As regards informing the public of what is happening, Dr. Focht said this process does that...there are partnership newsletters, websites, press releases (over 100 articles published across the state), meetings have been held with government officials, and all the reports and information are available on line. He said the state has a plan and components of that can be implemented, and because the updated plan is not yet complete does not mean things cannot happen. The public participation process is important, but he said that education takes time, we won't be able to implement a plan if the people don't know how it fits, that takes discussion and discussion takes time, we want a plan people will support and embrace and that is done by involving the public in the dialog.

Dr. Focht continued with an update on the status of the Regional Input Meetings (RIM). He said the purpose of the meetings is to consolidate the 2500 comments received through the local input meetings, and put them into issue categories to be prioritized for use at the workshops. He envisioned the meetings to be held on Thursday afternoons for about 2 hours, where at each of the 11 meetings about 30 people will be chosen to discuss these categories and priorities. He said the process is very transparent, anyone is invited to attend and observe--although they will not be allowed to participate--and then an evening meeting will be held following so people can attend and comment. Mr. Herrmann expressed concern about "off the wall" comments and how those will be addressed, that staff should be available for explanation. Dr. Focht said unlike the local meetings, all comments would not be recorded because this is a discussion, professionally facilitated, with an agreement at the end setting the priorities. He said different parts of the state would have different priorities so the comments at the end will not all be the same, and he didn't expect to hear anything that would be completely new. The facilitator will set out ground rules for the discussions. Mr. Smith added the water law seminar that is being planned is a way to achieve common ground with the participants of the regional meetings.

Dr. Focht talked about the participant selection process explaining nominees will be interviewed as to their stake in water in their region, present knowledge of water and water resources, type of experience working with water, and commitment to the entire process and interest in dialoging statewide interests. There have been 529 nominations and the goal is to have 33 persons in every regional group. The nominees will be mailed applications, due on April 11, and once returned they will be screened and the list will be reviewed by the Water Plan Advisory Board--the OWRB Ad Hoc Planning Committee, Secretary Terry Peach and Secretary Miles Tolbert--and approve the final list of nominees, which will be posted on the website. The water law seminar will then be conducted, the regional meetings will be scheduled beginning after July 31, started in the corners of the state and working toward Oklahoma City, and completed by December. A report with the workshop themes will be written, eleven reports in all, and provided on the website. Agreement in the end will come together through the Board, the Institute, and other decision makers. The statewide and regional briefing report will analyze all the comments and identify themes/justifications from the local input meetings that code the comments, those will be analyzed and that analysis will be included in the report.

Through discussion with the Board members they expressed concern that misconceptions are cleared up during the process and how to go about achieving that through the regional meeting process. Mr. Smith added that this is one part of the planning process that could have been speeded up, but the Legislature did not think it a priority, and did not choose to remove the cap from the fund and so funding was not provided to "front load" the process. The program has been laid out over five years as designed by the Legislature. He said the money could all be front loaded to the public input/policy coordination side, but there would not be funding to do the technical phase to get it done in five years.

Chairman Nichols concluded the presentation saying that none of the Board members are participants in the process, but he believed it important the members attend the meetings as possible and to observe and listen to comments.

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. No items.

B. Consideration of Items Transferred from the Summary Disposition Agenda, if any. There were no items transferred from the Summary Disposition Agenda for discussion.

6. PRESENTATION OF AGENCY BUDGET REPORT.

Mr. Monte Boyce, OWRB Comptroller, addressed the members and said the OWRB's Gross Production tax collection is currently at \$2.6 million, which is about \$200,000 more than last year because of certain items that were taken out from under the cap on the fund last year. He stated the budget-to-actual report distributed ends on February 29, 2008; 67% of the fiscal year has passed, the agency has expended and obligated 79% and collected 73%.

7. CONSIDERATION OF SUPPLEMENTAL AGENDA ITEMS, IF ANY

Mr. Dave Dillon addressed the members and stated that item B. as been withdrawn at the request of the Department of Transportation.

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

1. Northeastern Oklahoma A & M College, Ottawa County, FP-08-04.

Mr. Dillon explained that during the ice storm the Northeastern Oklahoma A&M College had stored debris in the 100-year floodplain and in the process of being reimbursed by FEMA, the Department of Environmental Quality has required the permit to burn and remove the ash. He said the agency is working with the college, the community, and the DEQ; this is an "after-the-fact" permit in order for the college to receive funding from FEMA. Staff recommended approval.

Mr. Fite moved to approve the application for Northeastern Oklahoma A&M College, and Mr. Herrmann seconded.

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

B. Oklahoma Department of Transportation Application for Reopening, Reconsideration and Revocation of Permit Application No. FP-08-02 and Permit No. FP-08-02

1. *Summary and background -- Mr. Dave Dillon and Mr. Dean Couch*
2. *Presentation of Application – ODOT*
3. *Response – Marbet LLC*
4. *Questions by Board members*
5. *Possible Action – vote on whether to reopen, reconsider and revoke or take or direct other action relating to permit no. FP-08-02*

Item withdrawn

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 the 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.

The Board did not vote to enter executive session.

B. Designation of person to keep written minutes of Executive Session, if authorized.
No one was appointed.

C. Executive Session, if authorized.
No executive session was authorized.

10. 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.

There was no vote or action taken by the Board.

11. 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. However, Chairman Nichols reminded the members there would be a Finance Committee immediately following adjournment.

12. ADJOURNMENT

There being no further business, Mr. Fite moved and Ms. Lambert seconded that Chairman Nichols adjourn the regular meeting of the Oklahoma Water Resources Board at 12:15 p.m. on Tuesday, March 11, 2008.

OKLAHOMA WATER RESOURCES BOARD

_____/s/_____
Jess Mark Nichols, Chairman

_____/Absent_____
Rudolf J. Herrmann, Vice Chairman

_____/s/_____
Lonnie Farmer

_____/s/_____
Edward H. Fite

_____/s/_____
Jack W. Keeley

_____/s/_____
Kenneth K. Knowles

_____/s/_____
Linda Lambert

_____/s/_____
Richard Sevenoaks

ATTEST:

_____/s/_____
F. Ford Drummond, Secretary
(SEAL)