

OKLAHOMA WATER RESOURCES BOARD

OFFICIAL MINUTES

August 12, 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 August 12, 2008, in the Board Room of the Oklahoma Water Resources Board, 3800 N. Classen Boulevard, Oklahoma City, Oklahoma.

The August 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 August 5, 2008, at 4:30 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
Linda Lambert, Secretary
Lonnie Farmer
Ed Fite
Kenneth Knowles
Richard Sevenoaks

Board Members Absent

Ford Drummond
Jack Keeley

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

Others Present

James Frizell, City of Pauls Valley, OK
Arvil Morgan, Wagoner County Rural Water District #5, Coweta, OK
Bill Secrest, Wagoner County Rural Water District #5, Broken Arrow, OK
Josh McClintock, McClintock Associates, Oklahoma City, OK
Mike Mathis, Guernsey, Oklahoma City, OK
Angie Burckhalter, Oklahoma Independent Petroleum Association, Oklahoma City, OK
Bobby McSpadden, Sardis Lake, Clayton, OK
Zack Williams, Oklahoma Gas & Electric, Oklahoma City, OK
Tony Thorton, The Oklahoman, Oklahoma City, OK

Chairman Nichols recognized former OWRB Member Bill Secrest. He also announced that member Linda Lambert will be recognized as a 2008 Honoree of the Power of Hope Award.

C. APPROVAL OF MINUTES

Chairman Nichols stated the draft minutes of the July 8, 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 July 8, 2008, Regular Meeting, and Mr. Knowles seconded.

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

D. EXECUTIVE DIRECTOR’S REPORT

Mr. Duane Smith, Executive Director, addressed the members and said that on August 11, Oklahoma City experienced the largest rainfall for a single day in August, 4.6 inches. At the same time, however, Cimarron and Texas Counties are experiencing the worst drought of record, with no measurable precipitation this year. He mentioned that Governor Henry is looking at a disaster declaration for those counties. Other parts of the state are fortunate and the reservoirs are in great shape.

Mr. Smith informed the members of activities of interest that occurred over the last month. He said the Kansas-Oklahoma Arkansas River Compact Commission met, and Ross Kirtley--former OWRB member--is an Oklahoma Commissioner. A project involving nine counties in south central Kansas and three counties in north central Oklahoma, with Alva, Oklahoma, the largest community are putting together a water system cooperative agreement package for long term water supply. The system is called the H₂O Sunflower Project, and this activity will be worked through the Comprehensive Water Plan.

Mr. Smith said the OWRB conducted the Basic Water Law Seminar July 28-29, with most attendees being the OCWP Regional Input Meeting discussants, and was unanimously successful. Several Board members attended, and there may be future seminars with more specific areas of the state and issues.

The Water Atlas received an award at the ESRI Conference in San Diego, and Mike Morgan with Channel 5 also mentioned the Atlas in the weather news, generating much interest in the publication. The second publication, highlighting groundwater and other specific issues is being planned. It's a great advertisement for water!

Mr. Smith said that one of the issues involving the Red River Compact is Lake Texoma. The Compact provisions say the State of Texas and the State of Oklahoma will share the flow and the storage of the basin of the Red River. When the lake was built, there were 150,000 acre-feet of water supply storage, and Oklahoma's view is that each state has 75,000 acre-feet of the original storage allocation. The Corps of Engineers has contracted all of the 150,000 a.f. to Texas. Now there have been reallocation of the hydropower pool to water supply, and in the early 1980s, the federal government changed its policy that new storage would be charged at updated costs, meaning the cost would be based upon the cost of constructing the storage at the current price, raising the price for all users. The most recent reallocation was for 300,000, indicating 150,000 for Oklahoma and 150,000 for Texas, and now the study is about to be finished and Oklahoma has said that Texas is using is more than its one-half of the storage. Texas's position is that Oklahoma isn't using its half, but can get reallocated storage and use it in Oklahoma up to one-half, but the issue is that the original cost versus updated cost. The original cost is significantly cheaper than the updated costs and if at some time in the future when Oklahoma may need the water, it could be double or triple or more the cost. So, Oklahoma has asked the Corps of Engineers to wait on finalizing the reallocation until the Compact Commission adopts rules on how to deal with the apportionment. The Corps wants to move forward, and if it does, it will put Oklahoma at a significant disadvantage in resolving the issue. Other issues are the hydropower, most of which is used in Texas. Texas wants Oklahoma to agree the hydropower usage is flow-through water that is not used, but there is no provision in the Compact that storage is not to be accounted for. Oklahoma could say the water is used, and divide the use up based upon where the power is going, which is 90% to Texas. Those discussions are going on now and the states are working through the process.

The first Regional Input Meeting was held in Big Cabin on August 7. The group came to consensus, and the overriding issue is that there is good, consistent information from these groups. There is still much misunderstanding of water, water law, water use, and what people think the rules should be, and these are the most informed people about water in Oklahoma on these groups. He said the participants are spending their own time and money to come to the meetings and we are so far ahead of where we would've been if we hadn't followed this process, and now its up to us to get information to people and keep the process as open and transparent as possible.

Mr. Smith informed the members about the recent interim legislative studies and regarding floodplain issues, and the current number of people required by law to comprise a floodplain board, which is five. In some counties its difficult to find five persons and they want to change that to three. There was legislation in 2008 session that didn't pass, and there is an interim study by Representative Skye McNeil of Bristow on how to get more counties and communities into the floodplain program. Another issue involved the oil and gas community, and that issue is that the industry wants the standards for drilling in a floodplain to be consistent so their operators know to meet the standard wherever the well is, but the different boards in different locations have different priorities making it hard to comply. Discussions to resolve this issue for the oil and gas industry, or other industries that have similar problems, are welcomed to establish consistency in the program.

Representative Dale DeWitt is conducting an interim study on water issues, and the OWRB will be working with the Department of Environmental Quality to present the water issues and water quality monitoring. He talked about the Eufaula Lake Watershed as an example, starting in New Mexico and going through the Oklahoma City metro area, where over 1.4 million people live; there is agriculture production, fertilizer applied in the watershed, sewage treatment of the area, and recreational opportunities, impacting the number of surface acres of water. He wants to show people how much this watershed is used and how important the watershed is for economic development, recreation, and life. He said the way to protect the watersheds is through monitoring the impact of all the activity to the watershed. He said the agencies want to impress upon the legislature that for all that is at stake, very little is going to monitoring and the evaluation of that impact. The Attorney General stated at the law seminar that \$19 million has been spent to investigate the water quality issues on the Illinois River, and the OWRB gets \$1 million statewide for the Beneficial Use Monitoring Program.

Representative Phil Richardson has an interim study on development below watershed dams. This is an emerging issues, people choose to build below a dam and the state has built flood control structures -- 4200 in Oklahoma - - which were all low hazard when built, but has a different construction standard than high hazard. The problem occurs when someone brings in a mobile home below a dam making it high hazard dam which then has to pass the "probable maximum flood" and the entire construction of the reservoir changes. The owner of the structure has the responsibility to upgrade, and there is no control on down side zoning. The OWRB will combine with the Oklahoma Conservation Commission to explain the issue to the Committee.

And finally, regarding an interim study on water and wastewater funding, Mr. Smith said that recently, communities have been experiencing increases in construction costs. For example, Guymon had a \$16.2 million dollar project, and bids came in at \$31 million. This is happening to several communities across Oklahoma and causing great concern about how to fund water and wastewater infrastructure. Increases are due to energy costs, pipe, all materials, and the message needs to be brought to the legislature, and a group of cities and rural water districts will be making presentations to the interim study committee. This all involves the Comprehensive Water Plan and how the state will provide reliable water supply for the communities and rural water districts statewide.

Mr. Smith said the Arkansas-Oklahoma Arkansas River Compact Commission is scheduled to meet September 3-4, in Fort Smith. The Illinois River phosphorous issues have been subdued because of the litigation between the poultry growers. Other issues involving the compact include Arkansas's assertion Oklahoma did not release enough water on the Arkansas River. Oklahoma doesn't believe the data is being interpreted correctly and is investigating. During drought times, we need to understand how those computations are made for compact compliance. Another issue is between Siloam Springs and West Siloam Springs over power and energy distribution and water. Siloam Springs has a water permit in Oklahoma, just inside the Oklahoma border that is up for reduction. The OWRB is studying the situation because the city says it is taking the Arkansas portion of the compact water in Oklahoma. The OWRB doesn't agree, but recognizes the other issues now where there is a conflict about who is going to serve power, who is going to serve sewer, and where the water rights are coming from, and wants the leaders of the two states (agencies), two cities, and an Indian Tribe to get together for discussions. Mr. Smith said the OWRB is involved only regarding the water rights.

Regarding the City of Hugo lawsuit, Mr. Smith said most if not all the OWRB members have been served. There will be an executive session for discussion of those issues. He concluded the report.

2. FINANCIAL ASSISTANCE DIVISION

A. Consideration of and Possible Action on a proposed Order Approving Loan for Rural Water District #5, Wagoner County. Recommended for Approval. Mr. Joe Freeman, Chief, Financial Assistance Division, stated to the members that the Wagoner County Rural Water District No. 5 had made a request for a \$1,520,000.00 Drinking Water State Revolving Fund loan. The District is requesting the loan to construct a new floating intake structure and pump station. In addition, the District will be laying a new 18-inch raw water line from the new structure to the existing water treatment plant. He noted provisions of the loan agreement. The District's connection have increased over 50% since 1997 to approximately 2,800 connections, and also provides water for the Towns of Porter and Redburn. The District has been a good loan customer of the Board's and currently has three loans with the Board, with combined outstanding balance of approximately \$7.7 million. The debt coverage ratio stands at approximately 1.4-times, and it is estimated the District will save \$500,000 in interest expense by borrowing through the SRF loan program. Staff recommended approval.

Mr. Arvil Morgan, District Manager, was present in support of the loan application. Mr. Bill Secrest was also present.

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

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

B. Consideration of and Possible Action on a Proposed Order Approving Loan for Rural Water District #7, Creek County. Recommended for Approval. Mr. Freeman stated that the Creek County RWD #7 has requested a \$3,290,000.00 Drinking Water SRF loan. He noted provisions of the loan agreement. The loan proceeds will be to double the existing treatment capacity, replace the raw water pump station, work on the sedimentation basin, upgrades to the chemical feed system, pump station, adding a third Trident Unit, two new cell sludge lagoons, and replacing the 6-inch waterline with a 10-inch water line. The District's connection increased by 15% over the past ten years to 949 connections. The District has one loan with the Board approved in May of 2000 and a balance of approximately \$473,000.00. The debt coverage ratio stands at 1.6-times, and it is estimated the District will save approximately \$1.1 million in interest expense by borrowing from the Board. Staff recommended approval.

Ms. Rosa Jackson, Office Manager, and Financial Advisor Rick Smith were present in support of the loan request.

Ms. Lambert moved to approve the Drinking Water SRF loan to Creek County RWD #7, and Mr. Knowles seconded.

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

NAY: None
ABSTAIN: None
ABSENT: Drummond, Keeley

C. Consideration of and Possible Action on a Proposed Order Approving Increase in Obligation of Funds, Amendment of Security, and an Increase in Loan Term for Pauls Valley Municipal Authority, Garvin County. Recommended for Approval. Mr. Freeman said this request by the Pauls Valley Municipal Authority is for an increase in loan funds in regard to its \$7,515,000.00 approved by the Board at the January 2008 meeting. The Authority is requesting an increase of \$2,810,000.00 due to bids coming in much higher than the original engineering estimate. The loan is for constructing a three mgd water treatment system that can be expanded to 6-million gallons, construct a 300,000-gallon clear well, renovate two large storage tanks, renovate existing standpipes and constructing an 20-inch raw water line. Mr. Freeman noted provisions of the loan agreement. Mr. Freeman said that Pauls Valley has been a loan customer of the Board since 1992, its debt coverage ratio is 2.4-times, and the Authority will save approximately \$3.8 million in interest expense by obtaining the SRF loan. Staff recommended approval.

City Manager James Frizzell, and Rick Smith, Financial Advisor were present in support of the loan application.

Mr. Farmer moved to approve the DWSRF loan to the Pauls Valley Municipal Authority, and Mr. Herrmann seconded.

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

D. Consideration of and Possible Action on Proposed Resolution Authorizing Certain Individuals to Sign and Act on Behalf of the Board Regarding the Board's Financial Assistance Program, State Revolving Fund Programs, and Issues of Indebtedness, and Authorizing Members to Act as Assistant Secretary. Recommended for Approval. Mr. Freeman explained the resolution, saying in addition to authorizing certain individuals to sign and act on behalf of the Board's financial assistance programs, it also authorizes members to act as assistant secretary in the absence of the secretary, and also informed the Board's trustee bank, BancFirst, of the Board's composition and that signatures are on file for verification. The resolution is the same as the previous resolution with the exception of noting Jennifer Wasinger is Assistant Chief of the Financial Assistance Division. Staff recommended approval.

Mr. Fite moved to approve the resolution and Mr. Sevenoaks seconded.

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

Chairman Nichols commented about the engineer's estimates. Mr. Freeman said there have been entities that have returned to the Board and the frequency now is much greater. The communities are attempting to make changes such as building materials that are not as nice looking or long term and they may have to return to the Board.

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. Julie Cunningham asked that items 3.G.1. and 3.G.2. be withdrawn as the hearing requirements had not been met.

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. Herrmann moved to approve the Summary Disposition Agenda as amended, and Ms. Lambert seconded.

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

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>
ACOG				
1.	FAP-07-0048-R	Town of Marshall	Logan	\$99,999.00
COEDD				
2.	FAP-03-0046-R	Rural Water District #1	Lincoln	\$ 99,999.00

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

1. Contract with Daniel J. Gamino for legal representation services.
2. Professional Services Contract with James D. Leewright for drafting, graphics and related services.
3. Extension and Amendment Agreement with The Oklahoma State University School of Geology for a no-cost extension to original agreement with Dr. James O. Puckette regarding the deep aquifer characterization study of the Arbuckle-Simpson Hydrology Study.

4. Agreement for Shared Services with the Office of the Governor for housing and compensation of the Secretary of the Environment.
5. Intergovernmental Agreement with the Board of Regents of the University of Oklahoma through University Outreach/College of Continuing Education's Forum & Conference Services, for use of OCCE meeting rooms, equipment, lodging, and other services and facilities to administer floodplain management workshops and courses.
6. Amendment No. 1 to Specific Cooperative Agreement with the USDA, Agriculture Research Services, No. 58-6218-8-063 entitled "Monitoring and Evaluating Water Resources in central Oklahoma Watersheds".
7. Interagency Agreement with Grand River Dam Authority for fish and wildlife mitigation activities in the Grand River basin.
8. Amendment of Intergovernmental Agreement with Oklahoma State University - Water Resources Research Institute regarding the sharing of costs of the 2007 Governor's Water Conference and Water Research Symposium.
9. Extension and Amendment Agreement with Harold L. Springer to extend the professional services contract entered into in February, 2008.

E. Applications for Temporary Permits to Use Groundwater:

1. Wilmot Farm, L.L.C., Harper County, #2007-555
2. Jason Reimer, Major County, #2008-501
3. Dean C. & Benita J. Reimer, Major County, #2008-502
4. Andy Reimer, Major County, #2008-503
5. Craig Ranches, Inc., Dewey County, #2008-521
6. Jerry Cantrell, Blaine County, #2008-530

F. Applications to Amend Temporary Permits to Use Groundwater:

None

G. Applications for Regular Permits to Use Groundwater:

1. *Will Grote, Bryan County, #2007-565 Item withdrawn*
2. *G. Hump, Ltd., Bryan County, #2007-566 Item withdrawn*
3. Jonathan David & Rita Ann Burns, Choctaw County, #2008-524
4. Foreman Farms, L.L.C., Texas County, #2008-532
5. Billy Scott & Janice P. Landgraf, Marshall County, #2008-538

H. Applications to Amend Regular Permits to Use Groundwater:

1. Crawford Farms, Inc., Okfuskee County, #1994-576

I. Applications for Regular Permits to Use Stream Water:

1. Alan Ritchey, Inc., Bryan County, #2008-012

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

1. W. A. Bourne, Bryan County, #2007-025

K. Forfeitures of Stream Water rights Due to Nonuse Recommended for Informal-Default Disposition:

1. Daniel Brother's Dairy Farm, Atoka County, #1980-046
2. Keith O. Estep, Atoka County, #1980-033
3. Keith O. Estep, Atoka County, #1980-034
4. Jimmy D. Collins, Atoka County, #1981-076
5. Donald J. Reece, Bryan County, #1981-179
6. Foster Land & Cattle Co., Choctaw County, #1988-016
7. Milus Sells, Coal County, #1980-204
8. Table Top Ranches, Coal County, #1991-033
9. John W. Ward, McCurtain County, #1988-019
10. Gail Allen, McCurtain County, #1961-010
11. Gail Allen, McCurtain County, #1967-786
12. Gail Allen, McCurtain County, #1986-019
13. Anderson-Dunham, Inc., McCurtain County, #1972-420
14. Donroc's Catfish Farms, Inc., McCurtain County, #1978-026
15. Carl Oakes, McCurtain County, #1978-163
16. Thomas Howard, McCurtain County, #1988-018
17. Gary L. Tate, Pontotoc County, #1973-071
18. Billy Yarbrough, Pontotoc County, #1978-165
19. Billy Yarbrough, Pontotoc County, #1979-084
20. Billy Yarbrough, Pontotoc County, #1988-005
21. Clarence Roundtree, Pontotoc County, #1980-022

L. Well Driller and Pump Installer Licensing:

1. New Operators for Existing Licenses:

- | | | |
|----|--|---------------------|
| a. | Licensee: Letts & Demery Pump Inc.
dba Letts & Demery Pump & Drilling | DPC-0476
OP-1632 |
| | Operator: Chris Demery | |
| | Activities: Pump installation | |
| b. | Licensee: Midwest Engineering and Testing Corp. | DPC-0653 |
| | Operator: Larry Schuster | OP-1629 |
| | Activities: Monitoring wells and geotechnical borings | |
| | Operator: Muhammad A. Al-Hussoon | OP-1630 |
| | Activities: Monitoring wells and geotechnical borings | |
| | Operator: Ricky B. Jenkins, II | OP-1631 |
| | Activities: Monitoring wells and geotechnical borings | |
| c. | Licensee: Associated Environmental Industries, Corp. | DPC-0269 |
| | Operator: Tommy W. Miller | OP-1560 |
| | Activities: Monitoring wells and geotechnical borings | |
| d. | Licensee: Tackett Drilling | DPC-0762 |
| | Operator: Chris Tackett | OP-1634 |
| | Activities: Groundwater wells, test holes and observation wells | |
| | Monitoring wells and geotechnical borings | |
| | Pump installation | |

M. Dam and Reservoir Construction:

None

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

None

- O. Applications for Accreditation of Floodplain Administrators:
Names of floodplain administrators to be accredited and their associated communities are individually set out in the August 12, 2008 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, addressed the members and said the OCWP is moving forward and on the technical side money is flowing through the Corps of Engineers, staff has recently met with CDM on supply and demand on the technical studies, as well as the 800 providers looking ahead and forecasting their demand. On the public input side, there has been a lot of work in selecting the discussants for the Regional Input Meetings, and the first meeting was at Big Cabin August 7, the second at Elk City tonight, Mr. Arthur said. He introduced Dr. Will Focht to update the Board members on the activities of the Regional Input Meetings (RIM).

Dr. Focht briefed the members on the first RIM that was held on August 7 in Big Cabin. He said there were 27 discussants and 27 observers, and some of the lessons learned were that the discussion needs to start earlier and end earlier, better instruction on prioritizing the cards (of issues), municipal water use had not been included in some of the local input meetings and has now been added, and there was an assumption that because an issue/comment was brought up at the local meetings that information is accurate, but that may not be the case so a disclaimer has been added to accompany the information. There should also be OWRB available to answer some questions. Dr. Focht shared interesting observations with the members that people do not have a problem with the water plan as a whole, and the sharing of information and discussion with the public in the evening session is very valuable, and through the discussion people are learning from each other, and willing to change their mind about what's important to the water plan.

Mr. Smith said that some of the feedback he has received from organizations is their concern that because they represent businesses in multiple regions and that they have a statewide interest, that may not be represented in all the areas, but that is being addressed during the process. There were some brief comments and questions by the members. Dr. Focht said the RIM meetings would conclude by December 15.

Chairman Nichols announced that Governor Henry's Cabinet Secretary of the Environment Miles Tolbert would be leaving that post to take a position in the private sector.

Mr. Smith said that he had intended to present under his Executive Director's report a presentation by Mr. Josh McClintock who has been working with the agency on Congressional legislative activities. He is developing a strategy for approaching Congress for additional opportunities.

Mr. McClintock addressed the members and said he has been working with the Congressional staff and developing a package of projects most of which are related to the Oklahoma Comprehensive Water Plan (OCWP). He provided a status of the federal appropriations bills and the Board's request for \$6.5 million. Included in the House version was \$350,000 for water projects through the Corps of Engineers, and the Senate was not responsive due to the backlog of current Corps projects. He said the staff was interested in a single appropriation to a state agency (OWRB) for distribution to the projects, but nothing was included in the Senate bill for the OWCP, except \$750,000 for two studies. He said Congress will not finish the appropriations process, but there is a slight window of opportunity in a possible "second stimulus bill." He said he will continue to work with Senator Inhofe's staff to get water plan money included, but likely will not be \$6.5 million, and that may happen within the next few weeks. Outside the

appropriation process, Mr. McClintock said he is working with the Texas/Dallas area Congressman Hall, ranking House member on the House Science Committee where Oklahoma Congressman Lucas also serves, on the Lake Texoma Reallocation Study. Meetings are planned with the delegation on September 15-17 to work on these issues, and discussions about a coalition to work on western states water issues. The help of Congressman Boxer, as well as Senator Hutchison of Texas, may be enlisted. Mr. McClintock said that a benefit of this effort is that increased contact with Oklahoma's Congressional Delegation has improved relationships between the agency and the staffs, even on issues that don't involve water. Congress will leave in October for the elections and won't return until time for the next year's budget cycle.

Mr. Smith added said that the contracting issue with the Corps is a huge issue, getting money for the various studies and Planning Assistance to the States program, etc., there is all kinds of different cost share and rules to comply with for each and that is a very difficult system for an agency to be familiar with, in addition to knowing where the money is in Congress. He said the OWRB has a broad spectrum now on a lot of areas. He has been talking to the Texas Water Development Board about a Red River Basin Study -- not transferring water to Texas -- but that Texas and Oklahoma can combine to implement an environmental improvement program for the Red River basin. Dr. Focht is working with a project with Texas State University and Oklahoma State University to talk about ways to be involved to improve water quality--the agency is working in so many areas for example the Defense bill, the Farm bill, WRDA bill, Bureau of Reclamation, US Geological Survey, Corps of Engineers, and in every one there is different committees, different staff persons, military persons, etc. to work with. He said it is such a maze, and he appreciated working with Mr. McClintock. He added that after the meetings in Washington, D.C., they would be traveling to New York to meet with rating agencies.

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. 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, said the budget report provided is for the 2009 operational budget, for \$24 million dollars, including 19% state appropriated, 30% revolving fund and fees, and 51% is federal. He said at the end of July, the agency has completed 8% of the fiscal year, has expended and obligated 56% of the budget, and has collected 14%.

Mr. Herrmann asked about carryover funds from the previous year. Mr. Boyce responded the state appropriated carryover is still uncertain, as some bills are outstanding. For FY'08 revolving fees that carried over, there is approximately \$1.2 million, with a large part of that being the Gross Production Tax for the water plan.

Mr. Smith added that in talking about the budget report and the water plan, he suggested the Board's Audit Committee meet to review the expenditures of the water plan to oversee the administration of those funds or authorize an audit so that there is no question about how that money is spent.

Chairman Nichols mentioned the Board Committee assignments and chairmanships of the committee. He asked that the Audit Committee meet following the September meeting to discuss the issue of reviewing the expenditures.

7. CONSIDERATION OF SUPPLEMENTAL AGENDA ITEMS, IF ANY

A. Contracts and Agreements Recommended for Approval.

1. Consideration of Professional Services Contract with Emily Meazell.

Mr. Fite moved to approve the contact and Ms. Lambert seconded.

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

B. Well Driller and Pump Installer Licensing:

1. Stewart Brothers Drilling Co., DPC-0185, Operator Mike King, OP-1636 for Activities of groundwater wells, test holes, and observations wells, monitoring wells, geotechnical borings and heat exchange wells.

Mr. Fite moved to approve the well driller and pump installer license, and Mr. Knowles seconded.

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

C. 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 City of Hugo v. Nichols.

1. 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.

Ms. Lambert moved that the Board enter Executive Session, and Mr. Herrmann second.

AYE: Herrmann, Fite, Farmer, Lambert, Knowles, Nichols

NAY: None

ABSTAIN: None

ABSENT: Sevenoaks, Drummond, Keeley

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

Chairman Nichols designated Executive Secretary Mary Schooley to keep written minutes of the Executive Session.

3. Executive Session, if authorized.

The Board entered Executive Session at 11:00 a.m. on Tuesday, August 12, 2008.

4. 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.

The Board returned to Regular Session at 11:49 a.m. There was no action or vote taken by the Board as a result of the matters discussed during the Executive Session.

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.

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

9. ADJOURNMENT

There being no further business, Chairman Nichols adjourned the regular meeting of the Oklahoma Water Resources Board at 11:50 a.m. on Tuesday, August 12, 2008.

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)