

OKLAHOMA WATER RESOURCES BOARD
OFFICIAL MINUTES
September 20, 2016

1. CALL TO ORDER

The regular monthly meeting of the Oklahoma Water Resources Board was called to order by Chairman Linda Lambert at 9:30 a.m., on September 20, 2016, in the second floor meeting room of the Oklahoma Water Resources Board, 3800 N. Classen Boulevard, Oklahoma City, OK.

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 September 16, 2016, at 2:45 p.m. at the Oklahoma Water Resources Board's offices at 3800 N. Classen Boulevard, Oklahoma City, Oklahoma, and provided on the agency's website.

Chairman Lambert welcomed everyone to the regular meeting of the Oklahoma Water Resources Board, and asked for the roll call of members.

A. Roll Call

Board Members Present

Linda Lambert, Chairman
Ford Drummond, Vice Chairman
Jason Hitch, Secretary
Stephen Allen
Tom Buchanan
Bob Drake
Ed Fite
Richard Sevenoaks

Board Members Absent

Marilyn Feaver

Staff Members Present

J.D. Strong, Executive Director
Robert Singletary, General Counsel
Cleve Pierce, Chief, Administrative Services Division
Joe Freeman, Chief, Financial Assistance Division
Julie Cunningham, Chief, Planning and Management Division
Derek Smithee, Chief, Water Quality Programs Division
Mary Schooley, Executive Secretary

Others Present

Mike Mathis, Continental Resources, Oklahoma City, OK
Charles Roos, Roff, OK

Chuck Roberts, Fitzhugh, OK
Chuck Morrow, Roff, OK
Sue Ann Nicely, Oklahoma Municipal League, Oklahoma City, OK
Allan Brooks, Public Law Finance Group, Oklahoma City, OK
Mike Wofford, SRC, Oklahoma City, OK
Dean Couch, Gable Gotwals, Oklahoma City, OK
Tim Ward, Depew, OK
Greg Carr, Oklahoma Department of Environmental Quality, Oklahoma City, OK
Russ Doughty, Broken Bow, OK
Jeff Everett, Oklahoma Gas & Electric, Oklahoma City, OK
Regina Clinton, Bryan County Rural Water District #2, Meed, OK
Dale Burke, Porum OK
Kaylee D. Maddy, Newkirk & Masquelier; Oklahoma City, OK
Marla Peek, Oklahoma Farm Bureau, Oklahoma City, OK
Bud Ground, Environmental Federal of Oklahoma, Oklahoma City, OK
Eddie Rhandour, Department of Environmental Quality, Oklahoma City, OK
Jimmy Robinson, Porum Public Works Authority, Porum, OK
Zack Robinson, Bank of Oklahoma, Oklahoma City, OK
Randy Campbell
Sissy Swafford, Porum Public Works Authority, Porum, OK
Gary Daff, Porum, OK

B. Discussion, Amendments, and Vote to Approve Official Minutes of the August 12, 2016, Regular Meeting.

Chairman Lambert asked if there were any corrections to the minutes of the August 12, 2016, meeting. There were no changes, and Mr. Sevenoaks moved to approve the minutes, and Mr. Drake seconded.

Chairman Lambert called for the vote.

AYE: Allen, Buchanan, Hitch, Sevenoaks, Drake, Drummond, Fite, Lambert

NAY: None

ABSTAIN: None

ABSENT: Feaver

C. Executive Director's Report

Mr. J.D. Strong, OWRB Executive Director, began his report stating there is no executive session to discuss pending litigation with the Chickasaws and Choctaws for the first time in a long time. Staff has shifted gears now that all the parties at the state level have signed off but still need federal approval by the Trustees on behalf of the Chickasaw and Choctaw Nations, which requires Congressional approval. The members' packet contains an updated Congressional report by Ms. Brittnie Preston which begins with the budget and appropriations update noting a Continuing Resolution has not been approved and the government will shut down at the end of the month if that doesn't happen; the Senate is expected to approve a stop-gap measure. Mr. Strong said the Senate did pass the Water Resources Development Act of 2016 (WRDA) which contains a number of helpful provisions to the State of Oklahoma, and in large part due to Chairman Senator Inhofe of the Environment and Public Works Committee which has jurisdiction over the WRDA Bill and had a great position to put into the WRDA bill the settlement legislation to approve the Chickasaw and Choctaw Settlement which is now part of the Senate version of the WRDA bill. There are a couple of other

provisions which staff worked with Committee Staff to improve our ability to leverage Corps of Engineers' and Bureau of Reclamation water supply needs to include in the Senate version. However, there is no language on the House side, and Congressmen Cole and Mullins are working to get the Settlement legislation passed. The House Transportation and Infrastructure Committee passed a lean version of WRDA which has not been brought to the House floor as yet and may be after the November elections. Mr. Strong explained additional complications regarding the settlement legislation on the House side involving Chairman Rob Bishop of the Natural Resources Committee which typically has jurisdiction over Indian water rights settlement, and not WRDA. The Oklahoma Settlement team knew it would be challenging to get it passed during this Congress; the Oklahoma Delegation is supportive. Mr. Sevenoaks asked and Mr. Strong responded the WRDA bill had been passed in 2014 and the Senate and House have been working on the measure and it is moving through the standard process even though there are different versions in the Senate and House which they will work to reconcile; there is a chance of a lame duck session where it could be approved. Chairman Lambert asked and Mr. Strong responded about the involvement of the Department of Interior and there is some concern the agreement won't be approved during this process, but hopefully the staff Oklahoma has been working with will remain through the Cabinet –level changes if it is not accomplished during this Administration. Mr. Strong updated the members regarding legislative activity at the State level.

Mr. Strong reported to the members the agency activities since the August meeting, including that General Counsel Rob Singletary spoke to the Red River Valley Association Conference at Sulphur, the Produced Water Working Group met Aug 29 and Michael Dunkel is now on contract (through grant money from the Department of Energy) and is dividing the work into subcommittees to look at the key issues in regard to reducing and recycling produced water in Oklahoma as opposed to disposal. Mr. Dunkel has worked in the oil and gas industry on water issues and is now with an engineering contracting firm and is doing the "heavy lifting" in the background to move along the work of the committee. Mr. Strong spoke to the Oklahoma Rural Water Association fall conference; the OWRB managers conducted its annual management retreat to focus on update of the agency's strategic plan which will be submitted in October; and staff participated in the Oklahoma Municipal League's Conference September 13-15 in Oklahoma City. Mr. Strong will be traveling to Norfolk, Virginia, to speak to the National Waterways Conference about making water supply issues a higher priority for the Corps of Engineers; the Oklahoma Wildlife Expo is September 24-25 at the Lazy E Arena and OWRB staff will have a presence; and the Western States Water Council will be meeting September 27-30 in Utah. On October 4, the new Tulsa District Corps of Engineers District Chief Colonel Hussin will be making a courtesy visit, and he is also on the agenda for the Governor's Water Conference.

Mr. Strong informed the members and audience that the Governor's Water Conference and Research Symposium will be held October 11-12 in Norman, and he reviewed the distributed draft conference program, featuring the Tribal Settlement Agreement, regional water planning, congressional and legislative update along with presentation of the Water Pioneer Awards, Water for 2060 updates, Dr. Robert Glennon will provide a late afternoon keynote, and also 4-H presenters. The second day opening will be Damon Lane, Channel 5 Meteorologist, State Climatologist Gary McManus and federal perspective on weather extremes; an update from federal agencies partners, and at lunch the producer and director will be present for the screening of, "A Thirsty Land," regarding the California drought. The Symposium sessions will be conducted throughout the conference and the OWRB will conduct its regular October meeting the afternoon of October 12.

Mr. Strong concluded his report stating that following the Governor's Water Conference, he will be speaking to the Environmental Federation of Oklahoma annual conference on two panels on October 13; he'll be speaking to the WaterReuse Association Summit in Oklahoma City October 17-18;

and the Arkansas-Oklahoma Arkansas River Compact Commission will meet on October 27 in Cave Springs, AR.

Mr. Buchanan stated that as the state emerged from the drought, the state lake managers noticed a flaw in how the Corps of Engineers regulates flood control and that Mr. Strong and the OWRB has been instrumental in WRDA language regarding the ability to better manage water resources. He thanked Mr. Strong for his involvement.

There were no other questions or comments by the members.

D. Monthly Budget Report.

Mr. Cleve Pierce addressed the members and stated the monthly report from August 2016 is provided. The budgeted general revenue has 85% remaining and 92% of the budget revolving fund; overall remaining is 90%. He added that 90% of federal funds are budgeted, and the FY'17 percentages mirror FY'16 except for the federal portion where only 88% were remaining last year. Comparing expenditures for FY'16 and FY'17, he said there was an overall remaining of 90%. The budget request is due on September 30.

Mr. Sevenoaks asked about the status of payables; Mr. Pierce answered the agency is held to 45 days and is generally before that, but there are no IT problems. Mr. Drummond asked about the funding returned to agencies, and Mr. Strong responded the agency received \$160,000.00 which will be rolled back into the severe cuts to the budget over the past few years and help areas such as the monitoring program.

There were no other questions by members.

2. FINANCIAL ASSISTANCE DIVISION

A. Consideration of and Possible Action on a Proposed Order Approving Emergency Grant for Depew Public Works Authority, Creek County. Recommended for Approval. Mr. Joe Freeman, Chief, Financial Assistance Division, stated to the members that this item is a \$32,718.20 Emergency Grant Request from the Depew Public Works Authority located in Creek County. He said the community's largest well is out of serve as a result of casing failure and the town is unable to meet its daily water needs. To correct the problem, the town proposed to drill a new offset well next to the existing well and build a new well house. It is estimated the total project cost is \$38,492, to be funded by the grant requested of the OWRB, in long with \$5,773.80 of local funds. Staff recommended approval of the grant request.

Mr. Randy Campbell, Acting Mayor, and Mr. Jim Ward, Engineer, were present in support of the grant application.

Mr. Hitch asked the age and depth of the well; Mr. Campbell responded it is about thirty years old and 300 feet.

There were no other questions, and Chairman Lambert stated she would entertain a motion.

Mr. Hitch moved to approve the emergency grant request to the Depew PWA, and Mr. Buchanan seconded. Chairman Lambert called for the vote.

AYE: Allen, Buchanan, Hitch, Sevenoaks, Drake, Drummond, Fite, Lambert
NAY: None
ABSTAIN: None
ABSENT: Feaver

B. Consideration of and Possible Action on a Proposed Order Approving Clean Water Funding Application for Porum Public Works Authority, Muskogee County. Recommended for Approval. Mr. Freeman stated to the members that this item is a \$780,000.00 loan request from the Porum Public Works Authority located in Muskogee County. He said the Authority is requesting the loan to replace existing water meters with a drive-by AMR metering system. The loan will be funded through the Clean Water State Revolving Loan Fund, and Mr. Freeman noted provisions of the loan agreement. He said over the last ten years Porum water connections have increased by 8% from 1,860 to 2,000 connections. He said Porum has been a good, long time loan customer of the Board's with one outstanding loan with a principal balance of approximately \$155,000.00; the debt coverage ratio is stands at 1.55-times. Staff recommended approval of the loan request.

Ms. Sissy Swafford, PPWA Office Manager; Mr. Jimmy Robinson, Water and Sewer Superintendent; and engineers from Infrastructure Solution Group were present.

Mr. Hitch asked how many hours the Authority estimated would be saved and Mr. Robinson answered that currently there are four men reading meters for four days while also maintaining other operations. Mr. Drummond asked how many meters will be replaced and Mr. Robinson said about 2,000. Mr. Sevenoaks asked and Mr. Robinson answered there are about 10 meters discovered each month that are not operable. Chairman Lambert asked if towns communicate with one another about the most effective systems and if the OWRB assists with best practices. Mr. Robinson said yes they had worked with engineers and others about meters that would work best for them.

Mr. Fite moved to approve the loan to the Porum PWA, and Mr. Drake seconded.

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

AYE: Allen, Buchanan, Hitch, Sevenoaks, Drake, Drummond, Fite, Lambert

NAY: None

ABSTAIN: None

ABSENT: Feaver

C. Consideration of and Possible Action on a Proposed Order Approving Drinking Water Funding Application for Rural Water, Sewer and Solid Waste Management District No.2, Bryan County. Recommended for Approval. Mr. Freeman said this item regards a \$1.9 million Drinking Water SRF loan request by the Bryan County Rural Water Sewer & Solid Waste Management District #2. He said the District is requesting the loan to construct a 500,000 gallon elevated water storage tank, and 5,500 feet of 12-inch water line. Mr. Freeman noted provisions of the loan agreement. The District has been a long-time, excellent loan customer of the Board's and currently has three outstanding loans with the Board at a combined principal balance of \$1.4 million. The District's water connections have increased by approximately 20% over the previous ten years and the debt coverage ratio stands at 1.44-times. Staff recommended approval of the loan application.

Representing the District was Ms. Regina Clinton, District Manager, and Bond Counsel Alan Brooks.

Mr. Sevenoaks asked whether the project will be concrete or steel and Ms. Clinton answered it would be steel.

There being no further questions, Chairman Lambert asked for a motion.

Mr. Drummond moved to approve the Drinking Water SRF loan to Bryan County RWS&SWMD #2, and Mr. Fite seconded. Chairman Lambert called for the vote.

AYE: Allen, Buchanan, Hitch, Sevenoaks, Drake, Drummond, Fite, Lambert

NAY: None

ABSTAIN: None

ABSENT: Feaver

D. Consideration of and Possible Action on a Proposed Resolution Authorizing the Issuance of Oklahoma Water Resources Board State Loan Program Revenue Bonds in an Aggregate Principal Amount not to Exceed \$100,000,000; at a Net Interest Cost not to Exceed Six Percent (6.0%); Providing for the Issuance of Said Bonds in One or More Series; Approving and Authorizing Execution of a New Lien Bond Resolution and, if Deemed Advisable, an Additional Supplemental Bond Resolution for Each Additional Series; Waiving Competitive Bidding on the Bonds and Authorizing the sale Thereof by Negotiation and at a Discount Pursuant to the Terms of a Contract of Purchase Pertaining Thereto; Approving a Preliminary Official Statement with Respect to Said Bonds; Authorizing the Chairman or Vice Chairman to Deem Preliminary Official Statements for Additional Series of Bonds Final; Directing Deposit of Proceeds Derived from the Issuance of the Bonds in the State Treasury and Requesting the State Treasurer to Remit Such Proceeds to the Bond Trustee; Ratifying and Approving the Form of Promissory Note, Loan Agreement, and Note Purchase Agreement to be Executed by Borrowers in the State Loan Program; Authorizing Execution of Such Other and Further Instruments, Certificates and Documents as may be Required for the Issuance of the Bonds; Directing Payment of Costs of Issuance and Containing Other Provisions Relating to the Issuance of the Bonds. Recommended for Approval. Mr. Freeman stated this item is a resolution authorizing the issuance of \$100 million dollars in State Loan Program (FAP) Revenue Bonds commonly known as the FAP loan program. The resolution also authorizes execution of a new lien bond resolution which will bring many terms of the FAP up to current industry standards. Mr. Freeman explained the resolution the program has been operating under was written in 1986, and a new lien resolution will allow the Board to offer financing alternatives that are more financially beneficial to Oklahoma communities. He said he has worked closely with Mr. Jacob Batchelor, FAP Bond Counsel, Zack Robinson and BOK Financial Securities (Senior Investment Banker), Anne Burger-Entrikin, Financial Advisor with First Southwest, as well as many borrowers throughout the state of Oklahoma soliciting input on suggested modifications and improvement to the program. Additionally, Mr. Freeman said he has had discussions with Standard and Poor's Rating Agency for feedback on negative implications, which there are none. Mr. Freeman described the improvements to the general resolution including publication in newspapers now via Internet, clarification is included in the new lien resolution regarding General Reserve, clarification pledging of the credit enhancement structure/credit enhancement reserve fund (SQ 764), and allows electronic transfers of funds and bonds rather than physical surrender. There have been 29 supplemental bond indentures since 1986, and he spoke of the current interest rate environment and today's financial market. Mr. Freeman explained the new lien resolution most importantly deals with the general reserve, and he explained there are four ways to meet the requirement in the new matrix of a reserve: a 10% reserve, written proof of maintaining a rating in the "A" rating category, provide annually the debt coverage ratio is 1.4-times or greater, or obtain and maintain a surety policy from a qualified bond insurer with a rating in the AA category or higher in an amount not less than the cash requirement. He added that for borrowers who during the term of their FAP loan would fail to maintain their reserve requirement, one of the following remedial actions would trigger: provide written proof they are meeting the minimum debt coverage requirement by raising rates, provide certificate of insurance from a qualified insurance provider, provide written proof of official action by the governing board that revenues have been raised in an amount sufficient to meet the 1.4-times debt coverage ratio, or immediately fund a local reserve fund by making monthly payments for a period not to exceed 24-months into a cash reserve fund requirement. Mr. Freeman said he believes these modifications will greatly benefit Oklahoma communities and the FAP in helping Oklahoma communities obtain low interest rate water and wastewater infrastructure funding.

Mr. Freeman stated the resolution before the Board also authorizes the following items: issuance on a negotiated basis; approval of a preliminary statement; authorizing the Chairman or Vice Chairman to deem the preliminary official statement final; directs the proceeds to be deposited in State Treasury and remitted to Bank First; ratifies the form of promissory note and loan agreement; authorizes the execution of other documents required for the issuance of bonds; and directs payment for the cost of issuance. Staff recommended approval of the resolution authorizing issuance of FAP bonds. Mr. Batchelor and Mr. Robinson were present.

Chairman Lambert added the proposed resolution was discussed by the Board's Finance Committee and has the approval of the Committee.

Mr. Sevenoaks asked if there is insurance for the reserve the borrower can use the additional dollars to issue capital bonds, and Mr. Freeman stated that is correct.

There were no other questions, and Mr. Drake moved to approve the resolution authorizing issuance of FAP bonds, and Mr. Allen seconded. Chairman Lambert called for the vote.

AYE: Allen, Buchanan, Hitch, Sevenoaks, Drake, Drummond, Fite, Lambert
NAY: None
ABSTAIN: None
ABSENT: Feaver

Chairman Lambert thanked Mr. Freeman and the Board's finance team for bringing the program into the 21st Century.

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 Lambert stated there are no requests for items to be withdrawn or deferred to the Special Consideration Agenda.

B. Discussion, Questions, and Responses Pertaining to Any Items Remaining on Summary Disposition Agenda and Action on Items Listed.

Chairman Lambert stated she would entertain a motion to approve the Summary Disposition Agenda if there were no questions.

Mr. Sevenoaks asked about the Tulsa Gathering Place, item 3.E.3. #2016-524. Staff responded a well is being drilled to supply water for the recreation project.

There were no other questions and Chairman Lambert asked for a motion. Mr. Drummond moved to approve the Summary Disposition Agenda, and Mr. Hitch seconded.

There were no questions or comments and Chairman Lambert called for the vote.

AYE: Allen, Buchanan, Hitch, Sevenoaks, Drake, Drummond, Fite, Lambert
NAY: None
ABSTAIN: None
ABSENT: Feaver

The following items were approved:

C. Consideration of and Possible Action on 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>
COEDD				
a.	FAP-13-0038-R	Rural Water District #1	Lincoln	Change of Scope
KEDDO				
b.	FAP-11-0040-R	Sardis Lake Water Authority	Pushmataha	Change of Scope
NODA				
c.	FAP-03-0042-R	Town of Waukomis	Garfield	Change of Scope

D. Consideration of and Possible Action on Contracts and Agreements:

1. Grant Agreement between Oklahoma Department of Commerce and OWRB to fund activities related to the Produced Water Working Group.
2. Contract between OWRB and Department of Environmental Quality to provide laboratory services for implementation of water quality monitoring.
3. Joint Funding Agreement between OWRB and USGS for the continued collection of data for the Little Washita River Basin and the Fort Cobb River Basin.
4. Professional Engineering Services Agreement between OWRB and Cardinal Engineering, LLC to develop breach inundation maps for dams in Oklahoma.
5. Contract between OWRB and Oklahoma Floodplain Managers Associations, Inc., to publish informational materials to educate the public, floodplain managers and administrators on flood hazards and the reduction of these hazards.
6. Agreement between OWRB and Office of the Secretary of Energy and Environment for reimbursement of monies for water management planning program.
7. Agreement between OWRB and Keppler Associates, Inc., to provide the keynote presentation at the 2016 Oklahoma Governor's Water Conference and Symposium.
8. Intergovernmental Agreement with Oklahoma State University – Oklahoma Water Resources Center to conduct a joint conference and symposium at the 2016 Oklahoma Governor's Water Conference presented before government officials and citizens.
9. Agreement between OWRB and the Office of the Secretary of Energy & Environment to monitor and assess data that will be used to implement the Oklahoma Wetland Program Plan for the FY16§104(b)(3) Regional Wetlands Development Program.
10. Intergovernmental Agreement with the City of Tulsa to provide hydrologic and hydraulic modeling and floodplain mapping for Brookhollow Creek, Brookhollow Creek Tributary and Little Haikey Creek.

E. Consideration of and Possible Action on Applications for Temporary Permits to Use Groundwater:

1. Preston & Candy Masquelier, Custer County, #2015-591
2. R P Trucking, L.L.C., Grady County, #2015-594
3. Tulsa Gathering Place, L.L.C., Tulsa County, #2016-524

4. Cheryl Lynn & Jerry Dickson, Caddo County, #2016-537
5. Danny & Brenda Williams, Ellis County, #2016-538
6. Chris Sylte Real Estate L.P. and Jason Sylte Real Estate L.P., McCurtain County, #2016-540
7. Robbie & Shayla Reimer, Major County, #2016-543

F. Consideration of and Possible Action on Applications to Amend Temporary Permits to Use Groundwater:

1. Bryan Kugel, Kay County, #1984-649
2. Lakewood Village Limited Partnership, Delaware County, #2012-585B

G. Consideration of and Possible Action on Applications for Regular Permits to Use Groundwater:

1. Sutter Ranch Corporation, Ellis County, #2016-510
2. Chad & Viola Lovelace, Love County, #2016-530
3. Lyle David Rapp, Texas County, #2016-534

H. Consideration of and Possible Action on Applications to Amend Regular Permits to Use Groundwater:

1. Michael J. Bomhoff and Nancy Jo Bomhoff Revocable Trusts, Canadian County, #1980-512
2. Sutter Ranch Corporation, Ellis County, #2004-573
3. Michael D. & Mary M. Wright, Canadian County, #2007-549

I. Consideration of and Possible Action on Applications to Amend Prior Rights to Use Groundwater:

1. City of Newkirk, Kay County, #1955-1254
2. City of Newkirk, Kay County, #1955-1259
3. Texhoma Wheat Growers, Inc., Texas County, #1964-991A

J. Consideration of and Possible Action on Applications for Regular Permits to Use Stream Water:

1. Thomas W. Snyder, Bryan County, #2016-009
2. Verdigris Wetlands, L.L.C., Rogers County, #2016-015

K. Consideration of and Possible Action on Dam and Reservoir Construction:

1. Cedar Lake HOA, Cleveland County, #OK30490
2. R. T. Olive Investments, Inc., Grady County, #OK30494

L. Consideration of and Possible Action on Well Driller and Pump Installer Licensing:

1. New Licenses and Operators:
 - a. Licensee: Elite Drilling Company DPC-942
 1. Operator: Johnny Williams OP-2166
 - b. Licensee: Olsson Associates DPC-0940
 1. Operator: Dustin Humann OP-2165
 - c. Licensee: Rural Oklahoma Water Wells DPC-944
 1. Operator: Chad Becker OP-2167
 - d. Licensee: Dwyer Water Wells DPC-0946
 1. Operator: Jason Marchand OP-2168
 - e. Licensee: Rusco Water Well DPC-0948
 1. Operator: Cyle Colwell OP-2169
 2. New Operators, Licensee Name Change, and/or Activities for Existing Licenses:
 - a. Licensee: B & H Construction DPC-0765
 1. Operator: Forest Watson OP-2164
 - b. Licensee: Environmental Drilling, Inc. DPC-0936
 1. Operator: Steve McCann OP-2163
 - c. Licensee: D.B.&E. DPC-0251
 1. Operator: Dennis David Buchanan OP-2170
- Activities: Groundwater Wells and Pump Installation

- M. Consideration of and Possible Action on Permit Applications for Proposed Development on State Owned or Operated Property within Floodplain Areas:
1. Oklahoma Department of Transportation, Craig County, #FP-16-33
 2. Oklahoma Department of Transportation, Tulsa County, #FP-16-34
 3. Oklahoma Department of Transportation, Woodward County, #FP-16-35
 4. Oklahoma Department of Transportation, Woodward County, #FP-16-36
 5. Oklahoma Department of Transportation, Seminole County, #FP-16-37
 6. Oklahoma Department of Transportation, Bryan County, #FP-16-38
 7. Oklahoma Department of Transportation, Adair County, #FP-16-40
 8. Oklahoma Department of Transportation, Oklahoma County, #FP-16-43
- N. Consideration of and Possible Action on Applications for Accreditation of Floodplain Administrators:
1. Mark A. Despeaux, Town of Disney, #FPA-692
 2. Kermit McKinney, City of Marietta, #FPA-693
 3. Christopher S. Randolph, CFM, City of Miami, #FPA-694

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

Chairman Lambert

A. Presentation and Possible Discussion regarding the Implementation of the OWRB's Order Determining the Maximum Annual Yield for the Arbuckle Simpson Groundwater Basin, including a Status Update on the Judicial Review of Such Order.

Mr. Robert Singletary, OWRB General Counsel, opened the presentation with an update on the status of the litigation and judicial appeal. On September 23, 2015, a hearing was held before the District Court in Oklahoma County and the Court upheld the Board's determination and Board order, and that decision has been appealed and has been assigned to the Court of Appeals for the Tulsa District; all the briefing at the appellate level has been completed. The Court has now taken the case under advisement and we are awaiting determination by the Court of Appeals. Ms. Cunningham will provide an update on how the Board's order has been implemented; however, it is pending litigation, and Mr. Singletary cautioned the members to withhold questions to a future executive session, if necessary. Staff is providing an update on the activities that have occurred and what the agency staff has done to implement the Board's order. Mr. Strong added that the matter is still subject to litigation and therefore still sensitive and staff is happy to respond to the Board members and members of the public if there are questions. Mr. Drake asked when a decision is anticipated, and Mr. Singletary answered the Court of Appeals does not have a deadline, and the briefing just concluded last month.

Ms. Julie Cunningham, Chief, Planning and Management Division, provided a background on water law for members that were not present during the process of the Maximum Annual Yield Determination. She reviewed the statutes and process that is required to determine the amount of groundwater that can be produced from a basin maintaining a minimum 20-year life and contemplating drawdown which is followed by a public hearing and resulting in a determination and final order; the study determined the aquifer boundaries, amount of water storage, and overlying property. Senate Bill 288 was approved providing additional protection for a Sole Source Aquifer requiring evaluation of impacts of pumping groundwater to the streams. She provided a timeline and illustrated synopsis of the activities which began in 2003 and concluded in 2013 with the Board's approval of the final determination and highlighted the study parameters, the partners involved and the public process – noting it was the most comprehensive study ever conducted by the OWRB.

Since approval of the final order, staff has converted the temporary permits to regular permits. Ms. Cunningham said there are 11 prior rights – rights grandfathered by the 1973 groundwater law; 53 regular permits, 64 total water rights; 66,000 (of 392,000) acres of dedicated land or 14% of the land,

and 17,000 acre feet of water allocated from 84,000 acre feet or 20% appropriated. Reported water use from 2013-2015 totals 4,300 acre-feet, or minimal use, and all water rights holders are in compliance. The City of Ada has historically used surface water with groundwater as a backup source, using 922 acre-feet of its authorized 1908 acre-feet. Ms. Cunningham stated there were other users who needed to obtain additional land.

Ms. Cunningham concluded her report, and Chairman Lambert stated that if there are questions by the Board members, an executive session would be scheduled sometime in the future.

B. Update and Possible Discussion on the Oklahoma Water Quality Standards 2016-2017 Rulemaking Process. Mr. Derek Smithee, Chief, Water Quality Division, briefed the members about the water quality standards issues “in play” over the next few months as staff pursues rulemaking regarding the groundwater standards. The triennial revisions conducted last year have now been approved and will be published and effective as state law soon. The upcoming rulemaking will be narrower in scope and dealing exclusively with the groundwater quality standards (GWQS) in chapter 45 of the Board’s rules. He described the process beginning with the first public meeting on October 7 and concluding with the Board’s approval in February 2017. He said staff is looking at modifying the GWQS from the Board’s historical, philosophical position, protecting the groundwater allowing for untreated use for domestic consumption. However, with drought and aquifer storage and recovery, that approach is not modern and does not allow utilization of groundwater as effectively and efficiently as possible in response to drought. The new approach maintains protection but allows for regulated use which includes: clarifying protection policies, definitive protection as a baseline assuring the one-half million that drink raw groundwater can still do that, and created narrative targets for beneficial use protection for private, domestic use of the groundwater. Mr. Smithee said staff has been working with the Aquifer Storage and Recovery Workgroup, consulting firms, and federal and state partners on language and seeking input on the program. Future rulemaking for Chapter 46 will follow regarding implementation during 2017-2019.

Mr. Strong commented that this is a piece of the overall aquifer storage and recovery (ASR) efforts of the state following legislation passed last session authorizing DEQ and the OWRB to go to work on how the state wants to facilitate ASR projects which for the OWRB includes a water quality and water rights/quantity piece. The GWQS rulemaking is a minor modification to begin the journey in developing ASR projects in Oklahoma and there will be more to come over the next years including implementation of GWQS as well as appropriation of water rights, which will also require rulemaking by DEQ. He said there is a lot of support as long as people are assured of their water rights and that the water quality will not be contaminated. Mr. Hitch asked about balancing mineral content and base acidity and Mr. Smithee answered there are ways to balance that at varying degrees of confidence but the majority of discussion concern chlorides, sulfates and TDS and on the face is a large part of the current discussions because natural mineral background varies wildly across the state, and he spoke to preventing interaction with the “injectate.” Mr. Strong said the legislation called for site-specific ASR plans to augment groundwater (artificially recharge), what type of treatment will occur, and what is the native chemistry of the groundwater. A recent trip to a 10-year project in Wichita, KS, revealed that \$1 million a year in site specific monitoring is required to substantiate the modeling to prevent contamination. Mr. Strong, staff, and the members concluded the presentation with a discussion about potential ASR projects in Oklahoma, augmentation and groundwater standards, and DEQ certification.

5. SPECIAL CONSIDERATION

A. No items. There were no Special Consideration items.

B. Consideration of and Possible Action on Items Transferred from Summary Disposition Agenda, if any. There were no items transferred from the Summary Disposition Agenda.

6. 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.

7. ADJOURNMENT

There being no further business, Chairman Lambert adjourned the meeting of the Oklahoma Water Resources Board at 10:45 a.m. on September 20, 2016.

OKLAHOMA WATER RESOURCES BOARD

_____/s/_____
Linda P. Lambert, Chairman

_____/Absent_____
F. Ford Drummond, Vice Chairman

_____/s/_____
Edward H. Fite

_____/s/_____
Marilyn Feaver

_____/s/_____
Richard Sevenoaks

_____/s/_____
Bob Drake

_____/s/_____
Tom Buchanan

_____/s/_____
Stephen B. Allen

ATTEST:

_____/s/_____
Jason W. Hitch, Secretary (SEAL)