

**OKLAHOMA WATER RESOURCES BOARD
OFFICIAL MINUTES**

September 14, 2004

1. Call to Order

The regular monthly meeting of the Oklahoma Water Resources Board was called to order by Chairman Ervin Mitchell at 9:00 a.m., on September 14, 2004, in the meeting room of the Travertine Nature Center, located in the Chickasaw National Recreation Area at Sulphur, Oklahoma. The meeting was conducted pursuant to the Oklahoma Open Meeting Law with due and proper notice provided pursuant to Sections 303 and 311 thereof.

A. Invocation

Member Bill Secrest gave the invocation.

B. Roll Call

Board Members Present

Ervin Mitchell, Chairman
Lonnie Farmer, Vice Chairman
Bill Secrest, Secretary
Rudy Herrmann
Mark Nichols
Jack Keeley
Richard Sevenoaks

Board Members Absent

Harry Currie

Staff Members Present

Duane A. Smith, Executive Director
Dean Couch, General Counsel
Jim Schuelein, Chief, Administrative Services Division
Joe Freeman, Chief, Financial Assistance Division
Mike Mathis, Chief, Planning and Management Division
Derek Smithee, Water Quality Programs Division
Mary Lane Schooley, Executive Secretary

Others Present

Charlie Engart, City of Vinita, OK
D.C. Anderson, Broken Arrow, OK
Jerry A. Taylor, City of Harrah, OK
Jill Daugherty, Congressman Tom Cole's Ada Office, Ada, OK
Jim Barnett, KIRA, Oklahoma City, OK
Nate Ellis, Fagin Firm, Oklahoma City, OK
Steven Jolly, Arbuckle Master Conservancy District, Davis, Ok
Sue Bruemiller, National Park Service, Sulphur, OK
Connie Rudd, National Park Service, Sulphur, OK
Marla Peek, OK Farm Bureau, Oklahoma City, OK
Chessie Blanchard, City Manager, Sulphur, OK
Belinda Stephens, Sulphur Chamber of Commerce, Sulphur, OK
Representative Danny Hilliard, Sulphur, OK
Ann Keeley, Ada, OK
Deb Herrmann, Tulsa, OK
Mary Nell Brueggen, OWRB, Oklahoma City, OK
Lou Klaver, OWRB, Oklahoma City, OK
Rick Smith, Municipal Finance Services, Edmond, OK
John Wolfe, Municipal Finance Services, Edmond, OK
Paul Hodge, Municipal Finance Services, Edmond, OK

Chairman Mitchell and Mr. Smith made introductions of the persons who had been involved in assisting the Board with arrangements for the tour and meeting, and thanked them for their hospitality. Representative Danny Hilliard recognized Sulphur City Manager Chessie Blanchard, Chamber of Commerce Executive Director Belinda Stephens, Chamber President Chance Freeman, Chickasaw National Recreation Area Superintendent Connie Rudd, and Jill Daugherty with Congressman Tom Cole's Ada Office. He made comments to the Board about the importance of its work, that this area of the state is a hidden paradise, a fragile ecological site in southern Oklahoma, and how important water is to the state and the decision-making responsibilities of the Board to work for the good of Oklahomans.

Ms. Connie Rudd spoke to the members about the importance of water and the partnership between the National Park Service and the State of Oklahoma, and the uniqueness of the relationship because of the precious water resources in southern Oklahoma.

Ms. Chessie Blanchard welcomed the Board members and attendees to the area.

Chairman Mitchell concluded his remarks thanking the Chickasaw Nation for providing the transportation for the tour on Monday, and the City of Davis for hosting dinner at Turner Falls

D. EXECUTIVE DIRECTOR'S REPORT

Chairman Mitchell invited Mr. Smith to make his report. Mr. Duane Smith, Executive Director, also expressed his appreciation to everyone involved in the tour and meeting arrangements. He also said that Representative Hilliard had been important to the OWRB over the years as well as to the entire state and that his reputation of being able to handle difficult issues proved his ability to be in the leadership of the House of Representatives. He said that without the Representative's leadership, he did not believe the Arbuckle-Simpson study would be underway; we wouldn't be able to conduct a tour and have goodwill on both sides of the

issue. He also spoke to the involvement of the Chickasaw Nation in the Board's stream gaging as adding success to the study and the Board's ability to make management decisions.

Mr. Smith reminded the members about the 25th Annual Governor's Water Conference October 19-20, 2004 at the Cox Business Center. He said the first day of the conference will be focused on Tribal issues and working together, planning solutions to the problems rather than focusing on the divisive issues.

He noted the Arkansas-Oklahoma Arkansas River Compact Commission would be meeting on September 23-24, 2004, at Lake Dardanelle in Arkansas. He said this is a very important meeting of the compact; one of the main issues is the monitoring plan developed by the technical group and to try to find funding for the monitoring in the two states. He said he has been in contact with Senator Jim Inhofe about \$10 million for monitoring work, of which his staff has been very supportive. He said he was hopeful there would be good news to report. Recent news articles report the Attorney General's office and the integrators are in conflict over possible lawsuits; the integrators have put together an agreement that should work. He informed the Board that the OWRB has been involved "at arm's length" and have been asked by the Attorney General to evaluate the technical aspects of the agreement, but the policy calls rest with the Attorney General.

Chairman Mitchell added his expression of appreciation to the U.S. Geological Survey staff who made presentations during the aquifer tour, the Arbuckle Master Conservancy District, as well as the OWRB staff for their work.

C. APPROVAL OF MINUTES

Chairman Mitchell stated the draft minutes of the August 10, 2004, Regular Meeting have been distributed. He said he would entertain a motion to approve the minutes unless there were additional changes.

Mr. Keeley moved to approve the minutes of the August 10, 2004, Regular Meeting, and Mr. Nichols seconded.

AYE:	Farmer, Keeley, Nichols, Secrest, Sevenoaks, Mitchell
NAY:	None
ABSTAIN:	Herrmann
ABSENT:	Currie

2. FINANCIAL ASSISTANCE DIVISION

A Consideration of and Possible Action on a Proposed Order Approving Loan for Vinita Utilities Authority, Craig County, Oklahoma. Recommended for Approval. Mr. Joe Freeman, Chief, Financial Assistance Division, stated to the members that this item is for the consideration of \$1,041,000.00 Drinking Water SRF loan to the Vinita Utilities Authority. He said Vinita is requesting the loan to install two gage valves, replace 6,300 feet of 12" water line, repair and repaint a water tower, and install two new flow meters. Mr. Freeman noted the provisions of the loan agreement; he said estimated savings to Vinita by borrowing from the Board is \$228,00.00. Staff recommended approval of the loan request.

Mr. Charlie Engart, General Manager; and Rick Smith and John Wolfe, financial advisors, were present in support of the loan.

Mr. Herrmann moved to approve the Drinking Water SRF loan to the Vinita Utilities Authority, and Mr. Secrest seconded.

AYE: Farmer, Herrmann, Keeley, Nichols, Secrest, Sevenoaks, Mitchell
NAY: None
ABSTAIN: None
ABSENT: Currie

B. Consideration of and Possible Action on a Proposed Order Approving Loan for Vinita Utilities Authority, Craig County, Oklahoma. Recommended for Approval. Mr. Freeman stated this additional request for a loan is for \$1,169,000.00 through the Clean Water SRF loan program. He said the loan will be used to install 1,800 feet of 18" interceptor lines, 759 feet of 18-inch sewer line, four manholes and line work to connect two subdivisions to the City's collection system. He noted the provisions of the loan agreement. Mr. Freeman stated it is estimated Vinita would save approximately \$400,000.00 by borrowing from the Board. Staff recommended approval of the loan request.

Mr. Charlie Engart, General Manager, and Rick Smith and John Wolfe, financial advisors, were present in support of the loan.

Mr. Sevenoaks asked if the collection system flowed into a lagoon or treatment plant; Mr. Engart explained Vinita had a treatment plant facility and a study had been recently conducted to determine whether the facility would be able to accept the two subdivisions and any industries, and the report was successful. He added these are the last two subdivisions not currently served by the city. Mr. Freeman added the discharge is to Big Cabin Creek of the Neosho River, flowing to Grand Lake. Mr. Herrmann asked about the debt coverage and Mr. Freeman responded it is approximately 1.016-times.

Mr. Nichols moved to approve the Clean Water SRF loan to the Vinita Utilities Authority, and Mr. Herrmann seconded.

AYE: Farmer, Herrmann, Keeley, Nichols, Secrest, Sevenoaks, Mitchell
NAY: None
ABSTAIN: None
ABSENT: Currie

C. Consideration of and Possible Action on a Proposed Order Approving Loan for Miami Special Utility Authority, Ottawa County, Oklahoma. Recommended for Approval. Mr. Freeman stated Miami is requesting the Drinking Water SRF loan to drill a 400-gallon per minute water well and build a 400,000-gallon elevated storage tank. Mr. Freeman noted provisions of the loan agreement. Since 1990, Miami's sewer connections have increased by 12% and the water connections have increased by 9%; the debt-coverage ratio is about 3.8-times. It is estimated that Miami will save around \$360,000.00 by borrowing from the Board. Staff recommended approval.

Mr. Rick Smith, Municipal Finance Services, spoke to the members in support of the loan application.

Mr. Herrmann moved to approve the Drinking Water SRF loan to the Miami Special Utility Authority, and Mr. Keeley seconded.

AYE: Farmer, Herrmann, Keeley, Nichols, Secrest, Sevenoaks, Mitchell
NAY: None
ABSTAIN: None
ABSENT: Currie

D. Consideration of and Possible Action on a Proposed Order Approving Loan for Harrah Public Works Authority, Oklahoma County, Oklahoma. Recommended for Approval. Mr. Freeman said this Clean Water SRF loan requested by the Harrah Public Works Authority is in the amount of \$1,875,000.00. The loan will be used to upgrade the wastewater treatment plant

to a one million gallon per day capacity. Mr. Freeman noted provisions of the loan agreement. Harrah's population has increased 144% since 1970, and the last ten years the water and sewer connections have increased by 35%. The debt coverage ratio stands at about 2.3-times. It is estimated that Harrah will save about \$600,000.00 by borrowing from the Board. Staff recommended approval.

City Manager Terry Taylor was present in support of the loan application, as was Harrah's financial managers.

Mr. Farmer moved to approve the loan to the Harrah Public Works Authority, and Mr. Herrmann seconded.

AYE: Farmer, Herrmann, Keeley, Nichols, Secrest, Sevenoaks, Mitchell
NAY: None
ABSTAIN: None
ABSENT: Currie

E. Consideration of and Possible Action on a Proposed Order Approving Loan for Anadarko Public Works Authority, Caddo County, Oklahoma. Recommended for Approval. Mr. Freeman said this \$3.5 million loan request from the Anadarko Public Works Authority is to rehabilitate a lift station, a sequencing batch reactor, constructing an equalization basin, build a sludge holding tank, build a lift station, construct an operations building and modify an emergency overflow pond. Mr. Freeman noted the provisions of the loan agreement. Mr. Freeman informed the Board the community is experiencing administrative changes, and the Council was only recently told by the creditor (who is no longer on staff) the town is in arrears on its wholesale electric bill with Western Farmers Electric of around \$1 million. The community will be caught up on the past due bill before its first principal payment is due to the OWRB. He said that based on the last financial audit statement, the debt coverage stands at approximately 1.6-times, and in addition a rate increase is scheduled to go into effect in a couple of months that will raise revenues to a 3.4-times debt coverage ratio. Staff estimates Anadarko will save approximately \$560,000.00 by borrowing from the Board.

Mr. Ray Raines, City Manager, and the financial advisors were present in support of the loan request. Mr. Raines explained he had only been on the job about 5 months and while people are nervous about the rate increase, he believed good judgment and wisdom will prevail and he asked the Board for its favorable consideration.

Mr. Herrmann asked about the interim construction loan, and Mr. Freeman responded that is a type of financing the Board offers regularly. Mr. Sevenoaks asked if the staff felt confident there would not be a problem with repayment. Mr. Freeman said the past due utility bill is about for three months; he had met with the former mayor more than a year ago who felt the summer months would bring in more revenue, but it did not and he had not informed the Council, so now it had to make the tough decision to raise rates to pay the bill.

Mr. Farmer moved to approve the loan to the Anadarko Public Works Authority, and Mr. Herrmann seconded.

AYE: Farmer, Herrmann, Keeley, Nichols, Secrest, Sevenoaks, Mitchell
NAY: None
ABSTAIN: None
ABSENT: Currie

F. Consideration of and Possible Action on a Resolution Authorizing the Transfer of Funds Between the Clean Water and Drinking Water State Revolving Fund Loan Programs. Mr. Freeman stated to the members that this resolution regarded the Board's \$225 million Clean Water and Drinking Water SRF bond issue that is scheduled to close by the end of October. He said that with the \$122 million leveraged Drinking Water SRF bond issue, the OWRB was the

first in EPA Region IV to do so. This year, to add flexibility to the SRF program to Oklahoma borrowers, the staff proposed to allow a transfer of funds between the Drinking Water and Clean Water SRF funds, also a first in the Region. He said this flexibility authorized by EPA allows the Board to transfer up to 33% of the amount of a fiscal year's capitalization grant from the federal government from one fund to the other as demands are necessary; the amount is not to exceed 12 million. The dollar amount will actually be based on projected cash flows relating to the bond issue subject to EPA limitations. The Attorney General of Oklahoma has provided a certification letter regarding the transfer, and staff is in the process of receiving approval from the Governor's Office. Mr. Freeman stated that staff recommended approval of the resolution.

Mr. Sevenoaks asked for further clarification of the proposed resolution. Mr. Freeman explained that supposing that the Board receive a shift in demand from wastewater projects to drinking water projects, the EPA will now allow for the transfer of funds rather than a certain amount only being designated for drinking water and a certain amount designated only for wastewater, allowing flexibility to meet demands in Oklahoma. He said at this time, there is not a need for a transfer of funds; however, the time to request authorization and put the process in place is during the structuring of the bond issue before closing since the bond holders will want to know what will be done with the funds before the issue is closed.

Mr. Sevenoaks commented that originally dollars had been designated between the two funds in order to be sure there was funding for the wastewater, and he felt it important to foster an environment where there is ample funding for wastewater projects. He was opposed to "raiding" the funding and potentially not having funds available for the wastewater projects. Mr. Freeman assured the Board that the purpose of the resolution is to allow the Board to have the flexibility and discretion to transfer funds when there may be a demand from borrowers, for example, even to the point of experiencing delays and having to return dollars to Washington, and the Board and the borrower would want to avoid that type of situation.

Mr. Smith stated that some of these issues regarded timing where some communities are ready to move forward when others are not, as well as being dependent upon approval by the Department of Environmental Quality; emergencies come up in some areas that throws off the timing, and this would allow that flexibility with the bond issues. He said once completed, the Board is bound by what is in the bond resolution and that drives the whole process and he reiterated that the Board would have full knowledge and no transfer would take place without the approval of the Board.

There being no further discussion, Chairman Mitchell asked for a motion.

Mr. Nichols moved to approve the resolution authorizing the transfer of funds, and Mr. Herrmann seconded.

AYE: Farmer, Herrmann, Keeley, Nichols, Secrest, Sevenoaks, Mitchell

NAY: None

ABSTAIN: None

ABSENT: Currie

G. Consideration of and Possible Action on a 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 that this resolution authorizing certain individuals to sign and act on behalf of the Board, and for the members to act as Assistant Secretary, is approved by the Board annually or whenever updating the signatures is necessary. Staff recommended approval.

Mr. Secrest moved to approve the resolution, and Mr. Keeley seconded.

AYE: Farmer, Herrmann, Keeley, Nichols, Secrest, Sevenoaks, Mitchell

NAY: None

ABSTAIN: None
ABSENT: Currie

Mr. Smith commented that the loans approved today have saved those communities over \$1.7 million in a lower interest rate. He said that program cannot continue without additional cash to the program, and Representative Hilliard was working on \$125 million for the program, which unraveled at the end of the session because of the lack of time. He encouraged the attendees and the Board members to give support to their local legislators for any effort in the next legislative session for additional funding.

Mr. Smith recognized T.W. Shannon with the Chickasaw Nation.

3. SUMMARY DISPOSITION AGENDA

Chairman Mitchell stated that any item listed under this Summary Disposition Agenda may, at the request of any member of the Board, the Board's staff, or any other person attending this meeting, 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.

Mr. Herrmann moved to approve the Summary Disposition Agenda items and Mr. Keeley seconded.

AYE: Farmer, Herrmann, Keeley, Nichols, Secrest, Sevenoaks, Mitchell
NAY: None
ABSTAIN: None
ABSENT: Currie

The following items were approved:

C. Consideration of Approval of the Following Amendment to Scope of Project for REAP Grant in Accordance with the Proposed Order Approving the Grant:

<u>REAP</u> <u>Item No.</u>	<u>Application No.</u>	<u>Entity Name</u>	<u>County</u>	<u>Amount</u> <u>Recommended</u>
NODA				
1.	FAP-02-0016-R	Town of Okeene	Blaine	amend scope

D. Contract and Agreements Recommended for Approval:

1. Consideration of Contract with Ecoanalysts, Inc. for Macroinvertebrate Identification related to Water Quality Monitoring Programs.

2. Consideration of Amendment to Joint Funding Agreement with the U. S. Geological Survey for the State-Federal Cooperative Program. Item withdrawn
3. Consideration of Interagency Agreement with the Office of the Secretary of Environment for Probabilistic Sampling Study.
4. Consideration of Intergovernmental Agreement with the Grand River Dam Authority for Monitoring of Heavy Metals in Lake Hudson.
5. Consideration of Interagency Agreement with the Office of the Secretary of Environment for Review of Historic Mineral Concentrations Used in TMDL Development for Oklahoma Stream Segments.
6. Consideration of Interagency Agreement with the Poteau Valley Improvement Authority for Continuing Work on Lake Wister.
7. Consideration of Memorandum Agreement with the City of Norman for Participation in the Federal-State Cooperative Stream Gaging Program with the U. S. Geological Survey.
8. Consideration of Amendment to the Operating Agreement for the Clean Water State Revolving Fund with the U. S. Environmental Protection Agency to Authorize the Transfer of Funds Following the 2004 Bond Issue.
9. Consideration of Contract Amendment No. 1 to the Interagency Agreement with the Texas Department of Licensing and Regulation to Add Funding and Extend the Time for Performance.
10. Consideration of Amendment to Subagreement with the Oklahoma Climatological Survey to Extend the Time for Performance.
11. Consideration of Interagency Agreement with the University of Oklahoma Department of Geography for a Tree Ring Analysis to Develop a Synthetic Hydrograph for the Past 200 Years for the Blue River Watershed.
12. Consideration of Intergovernmental Agreement with the U.S. Army Corps of Engineers for Bathymetric Mapping of Eldorado Reservoir, Kansas.
13. Consideration of Professional Services Contract with Jeffrey Janik, PhD for Algae Analyses to Support Water Quality Monitoring Programs

E. Applications for Temporary Permits to Use Groundwater:

1. Gladys Masters, Harmon County, #2002-568
2. Turner Bros. Trucking, LLC, Oklahoma County, #2003-527
3. Eugene N. & Sherri J. Carlson, Roger Mills County, #2004-544
4. Samuel Roberts Noble Foundation, Inc., Carter County, #2004-551
5. City of Kaw City, Kay County, #2004-555

- F. Applications to Amend Temporary Permits to Use Groundwater:
None
- G. Applications for Regular Permits to Use Groundwater:
 1. Roy L. Ryan, Tillman County, #2002-576
 2. Fritz & Lorene Herber, Ellis County, #2004-509
- H. Applications to Amend Regular Permits to Use Groundwater:
None
- I. Applications to Amend Prior Rights to Use Groundwater:
None
- J. Applications for Regular Permits to Use Stream Water:
 1. Michael McBrayer, Atoka County, #2002-048
 2. City of Guthrie, Logan County, #2004-004
 3. Duwayne E. Waltrip Farms, Inc., Custer County, #2004-016
 4. Irene Yates, Jackson County, #2004-022
 5. Tommie J. McPherson, Jr., Garvin County, #2004-023
 6. James H. Pryor, Jackson County, #2004-024
- K. Applications to Amend Regular Permits to Use Stream Water:
 1. Kathleen Holt Davis, Jackson County, #1952-331
 2. JPW Farms, Inc., Jackson County, #1964-503
- L. Well Driller and Pump Installer Licensing:
- | | |
|--|----------|
| 1. New Licenses, Accompanying Operator Certificates and Activities: | |
| Licensee: Jerry Barrett | DPC-0688 |
| Operator: Jerry Barrett | OP-1410 |
| Activities: Groundwater wells, test holes and observation wells
Pump installation | |
| 2. New Operators and/or Activities for Existing Licenses: | |
| a. Licensee: Don Strawn Drilling, Inc. | DPC-0189 |
| (1) Operator: James E. LeMaster | OP-1408 |
| Activities: Groundwater wells, test holes and observation wells | |
| (2) Operator: Robert Smith | OP-1409 |
| Activities: Pump installation | |
| (3) Operator: Jon Bourlon | OP-1411 |
| Activities: Pump installation | |
| b. Licensee: Heartland Water, Inc. | DPC-0501 |
| Operator: Joseph Lee Redman | OP-1337 |
| Activities: Monitoring wells and geotechnical borings | |
- M. Dam and Reservoir Plans and Specifications:
None
- N. Permit Applications for Proposed Development on State Owned or Operated Property within Floodplain Areas:
 1. Oklahoma Department of Transportation, Caddo County, FP-04-06
 2. Oklahoma Department of Transportation, Oklahoma County FP-04-07

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

A. Presentation and Summary of FY2004 Activities and FY2005 Project Plan in Regard to the Arbuckle-Simpson Aquifer Study. Mr. Mike Mathis, Chief, Planning & Management Division, stated to the members this presentation is in follow up to the tour on Monday, September 13, in an effort to “bring closure” to the tour activity. Mr. Mathis said that Mr. Bob Fabian, head of the Technical Studies section of the division, would be participating in the presentation. He said that Mr. Fabian works closely on the management portion of the contract with the Bureau of Reclamation, the federal study partner.

Mr. Mathis provided the background history of the beginnings of the project study. He reminded the members that the legislature approved Senate Bill 288 passed during the 2003 Legislative Session set the project in motion. The bill established a moratorium on use of water for municipal purposes outside of the region, called for the comprehensive study of the basin prior to moving forward on any permit that might involve a transfer of water. The legislation called for the protection of springs and streams and permit limitations that cannot likely degrade or interfere with springs and streams emanating from the aquifer. The purpose of study is to evaluate the impact of groundwater withdrawals on surface water, which is the first time stream water and groundwater are linked in the law, making the basin study very unique from other basin studies conducted by the Board. At this point, the study group is focused on data collection and analysis, understanding of groundwater and surface water, modeling, determining the impact of pumping on springs and streams for management options when setting permit limits.

Mr. Bob Fabian made a presentation regarding the technical aspects of the study, and discussed in depth the three major areas of the study, the Hunton Anticline, the Arbuckle Anticline, and the Tishomingo Anticline. He discussed the difference between the geology of each area, and the general water uses such as public water supply for surface water, and irrigation, public water supply, industrial, mining, recreation fish and wildlife, and agriculture for groundwater. He talked about the research of oil and gas fields and well records, the study workplan for activities conducted during FY2004 and what activities are planned for FY2005. Mr. Fabian introduced members of the study team including the U.S. Geological Survey, Oklahoma State University, the U.S. Environmental Protection Agency lab, the Oklahoma Geological Survey, a citizen member, as well as assistance for many local residents. The study is a 5-year plan and includes field investigations of monitoring, drilling test wells, geochemistry, and other methods of, and development of modeling to understand the interaction between groundwater and surface water. Mr. Fabian discussed at length the technical aspects of the monitoring efforts conducted during 2004, and the activities planned for 2005 including tree-ring analysis, metal tracing in the water, electric imaging, fault characterization, and well evaluation.

There were questions and discussion with the members regarding the geology of the area, research of historical information previously collected on the area, the methods of data collection, analysis of the data, and the goal of the study activities. Mr. Smith made closing comments about the agency’s work with the federal government to obtain federal funding to put together with the state funding, the professional integrity of the OWRB staff and the technical review team participating in the Arbuckle-Simpson study effort, and the communication between the study team, the Board, and the citizens. Mr. Keeley made comments as well about the negative fears people had early on and he complimented the OWRB for its efforts to maintain the integrity of the work performed and the people involved. Chairman Mitchell and Bill Secrest both commended the staff for the work involved in the study effort.

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. Consideration of items transferred from the Summary Disposition Agenda, if any. There were no items transferred from the Summary Disposition Agenda

6. PRESENTATION OF AGENCY BUDGET REPORT.

Mr. Jim Schuelein, Chief, Administrative Services Division, began his report saying he had provided the monthly-to-budget actual report and also a copy of the PeopleSoft report the division has been using that he has mentioned for several months. He said only two modules have been implemented, accounts payable and purchasing, and the payroll module is expected to be implemented for the agency in October. He said these reports today are the first "snap shot" of 2005 and the agency is well within its budget. Mr. Smith commented that the only item he is concerned about in regard to the budget is the funding for the Arbuckle-Simpson study. That funding comes through the Gross Production REAP Account that had been projected to receive a certain amount of funding based upon the previous years and project oil and gas prices. The funding received at a certain amount over and above the REAP account funds will be designated for the Arbuckle study, and if the high prices continue most likely the funds will come, but, that is a flexible way to receive funding and hopefully in the next legislative session the study will receive firm funding.

7. CONSIDERATION OF SUPPLEMENTAL AGENDA, IF ANY.

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

8. NEW BUSINESS

Under the Open Meeting Act, this agenda item is authorized only for matters not known about or which could not have been reasonably foreseen prior to the time of posting the agenda or any revised agenda.

There were no new business items for the Board's consideration. However, Chairman Mitchell reminded the members about the October Board meeting date being October 19, and held in conjunction with the 25th Annual Governor's Water Conference October 19-20, 2004.

9. ADJOURNMENT

There being no further business, Chairman Mitchell adjourned the regular meeting of the Oklahoma Water Resources Board at 11:50 a.m. on Tuesday, September 14, 2004.

OKLAHOMA WATER RESOURCES BOARD

_____/s/_____
Ervin Mitchell, Chairman

_____/s/_____
Lonnie Farmer, Vice Chairman

_____/s/_____
Harry Currie

_____/s/_____
Rudolf J. Herrmann

_____/s/_____
Jack W. Keeley

_____/s/_____
Jess Mark Nichols

_____/s/_____
Richard Sevenoaks

(Vacant)

ATTEST:

_____/s/_____
Bill Secrest, Secretary

(SEAL)