

**OKLAHOMA WATER RESOURCES BOARD
OFFICIAL MINUTES**

May 9, 2006

1. Call to Order

The regular monthly meeting of the Oklahoma Water Resources Board was called to order by Chairman Rudy Herrmann at 9:30 a.m., on May 9, 2006, in the Board Room of the OWRB Offices located at 3800 N. Classen Boulevard, Oklahoma City, Oklahoma.

The meeting was conducted pursuant to the Oklahoma Open Meeting Law with due and proper notice provided pursuant to Sections 303 and 311 thereof. The agenda was posted on May 2, 2006, at 5:30 p.m. at the Oklahoma Water Resources Board's offices.

A. Invocation

Chairman Herrmann stated this would be Member Harry Currie's final meeting as an OWRB member, and he asked him to provide the invocation. Chairman Herrmann asked that heads remained bowed in a moment of silence for the passing of Mrs. Doris Secrest.

B. Roll Call

Board Members Present

Rudy Herrmann, Chairman
Mark Nichols, Vice Chairman
Bill Secrest, Secretary
Harry Currie
Lonnie Farmer
Ed Fite
Jack Keeley
Kenneth Knowles
Richard Sevenoaks

Board Members Absent

None

Staff Members Present

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

Others Present

David Murray, Rural Water District #5, Pushmataha County, Nashoba, Oklahoma
Don Cornish, Rural Water District #5, Pushmataha County, Nashoba, OK
Charles Stinnett, Rural Water District #4, Lincoln County, Broken, Arrow, OK
Anita Earnest, Rural Water District #4, Lincoln County, Perkins, OK
Donald Pieper, Rural Water District #4, Lincoln County, Cushing, OK
Jim Barnett, Kerr Irvine Rhodes Ables, Oklahoma City, OK
Angie Burckhalter, Oklahoma Independent Petroleum Association, Oklahoma City, OK
Representative Jerry Ellis, Valliant, OK
Frank W. Davis, Rural Water District #5, Garfield County, Guthrie, OK
Glen R. Byrd, Rural Water District #5, Garfield County, Oklahoma City, OK
Bud Ground, Public Service Company, Oklahoma City, OK
Olen Hill, Broken Bow, OK
Howard Reimer, Ringwood, OK
Chris Gander, Broken Bow, OK
Ron Cooke, Save Our Water Lake Eufaula, Oklahoma City, OK
Charlie Swinton, BancFirst, Oklahoma City, OK
Cheryl Dorrance, Oklahoma Municipal League/Oklahoma Municipal Utility Providers,
Oklahoma City, OK
Shawn Lepard, Edmond, OK

C. APPROVAL OF MINUTES

Chairman Herrmann stated the draft minutes of the April 19, 2006, Regular Meeting have been distributed. He stated he would accept a motion to approve the minutes unless there were changes. There were no amendments to the minutes as proposed, and Mr. Currie moved to approve the minutes of the April 19, 2006, Regular Meeting, and Mr. Keeley seconded.

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

Prior to Mr. Smith's report, Chairman Herrmann presented Mr. Currie with a Governor's Commendation from Governor Brad Henry for his service on the Oklahoma Water Resources Board, and also a Resolution of Appreciation from the Board members and staff. Mr. Currie expressed his appreciation to the Board members and staff, he said he had served on another state board and the OWRB is one of the best and well managed of state agencies, and it has been a pleasure to serve.

D. EXECUTIVE DIRECTOR'S REPORT

Mr. Duane Smith, Executive Director, announced a new member had been appointed, Mr. F. Ford Drummond. Mr. Drummond will need to be confirmed by the Senate. Mr. Smith invited Mr. Melton to present the update on the legislative activities. Mr. Melton distributed a written report and reviewed the various bills affecting the Oklahoma Water Resources Board and Office of the Secretary of Environment. He said the members of the GCCA subcommittees had been appointed, and he anticipated that once the legislative leadership agreed on the allocation to each subcommittee, they would meet and the bills would then move quickly.

Mr. Smith added that in regard to funding for the Comprehensive Water Plan and the financial assistance programs there is a lot of support, and whether funding comes from some of the money that is appropriated to the Water Board, or whether set aside long-term from the gross production REAP account, or even one suggestion as being a part of the bond issue package, different ways to fund those are being looked at. He said that a long-term source of funding is necessary, and concern by some legislators is if the money is tied up long-term there is a sense the Legislature will lose control of the funding over a longer period of time, but there is a long-term need for water resources and he has made the point that at least a portion of the REAP account should be set aside long-term for the Board for planning and financial assistance. He hoped by the June Board meeting there would be more information.

Mr. Smith said in regard to the fees, the House passed the resolution to disapprove the fees, the Senate has scheduled a hearing and the Governor's office had 45 days to approve or disapprove. He had spoken with the Governor's counsel and submitted a letter stating that "...without sufficient funding to support the Board's gathering of data needed to make informed decisions to address the growing number of controversial water right issues such as that raised by the Lake Eufaula recreation interest, the Arbuckle Simpson controversy brought on by the need for water in Central Oklahoma and citizen complaints will be drastically impacted." He said the agency preferred an appropriation to a fee, but the message is that if there is not funding for the program, there will be less service provided impacts to the program. He said he would be working with the Governor's office and the legislature to provide appropriate funding for that program.

Mr. Smith spoke to the members about items of interest that have occurred over the past month. He said he attended, and Mark Nichols participated as a speaker, the Governor's Agriculture Conference. He said there was a lot of interest in water rights, and it was a good opportunity to visit with the agriculture sector. Mr. Smith traveled to Washington, D.C., to present testimony to the U.S. House of Representatives Science Subcommittee on Environment, Technology and Standards on the National Drought Information System. He said he had testified on behalf of the Western Governor's Association as the incoming Chairman of the Western States Water Council, an arm of the Western Governor's Association. Governor Henry has joined WGA, so Oklahoma is a member. The WGA invited Mr. Smith to go to the annual meeting in Arizona to speak about a five-point plan for environmental issues the WGA can address in future legislation with Congress.

Mr. Smith announced the June Board meeting would be held in Tulsa. Mr. Sevenoaks stated the City of Tulsa will sponsor a tour of the Southside Wastewater Treatment Plant on Monday afternoon June 19 to learn about the operation of a municipal facility, and the hear about the 10-year plan the city has developed. He said he would host a dinner at his home that evening. The Board meeting will be on Tuesday, June 20. Mr. Smith encouraged the members to attend the tour as it would be a good opportunity to see how the OWRB staff works with a city like Tulsa in working through the application process as by the time the matter comes before the Board a lot of work has already been done. It will be a learning experience about how the interaction happens and turns into a loan and project, and Tulsa has been an outstanding customer. This will be the first tour of a loan/grant client, and he said he looked forward to trip.

Mr. Currie asked if the Board had loaned money to the Department of Tourism at Lake Texoma and if the facility is sold, what would happen to that loan. Mr. Freeman stated the project was financed, but there were technical issues and the project did not happen. In regard to the current loan with the department, the payments are being made. Mr. Smith said the Department has asked for its own source of funding rather than making loan payments for the infrastructure needs.

He reminded the members that the Financial Disclosure Statements are due by May 15. Mr. Smith concluded his remarks with the introduction the Ms. Wilma Beagle, the current Employee of the Quarter.

2. FINANCIAL ASSISTANCE DIVISION

A. Consideration of and Possible Action on a Proposed Order Approving Emergency Grant for Rural Water District #5, Pushmataha County. Recommended for Approval. Mr. Joe Freeman, Chief, Financial Assistance Division, stated to the members that this items is for the consideration of a \$20,000.00 emergency grant request from the Pushmataha County RWD #5. The District is requesting the grant to extend water service to individuals who currently rely on wells that are producing insufficient quantity and poor quality of water. The District proposed to construct 17,700 feet of water line, and it is estimated the project will cost \$147,045.00, which will be funded with a \$127,045 Rural Development loan and the \$20,000.00 OWRB emergency grant. Mr. Freeman said that staff recommended approval.

Representative R.C. Pruitt, Mr. David Murray, Chairman, and Mr. Don Cornish were present in support of the grant request.

Mr. Secrest moved to approve the emergency grant request to the Pushmataha County RWD #5, and Mr. Farmer seconded.

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

Mr. Smith thanked Representative Pruitt for attending, as he has been very supportive of the Board's financial assistance program and the comprehensive water plan.

B. Consideration of and Possible Action on a Proposed Order Approving Loan for Rural Water and Sewer District #4, Lincoln County. Recommended for Approval. Mr. Freeman stated this first loan application for the Board's consideration today is by Lincoln County RWD #4. The District is requesting a \$300,000.00 loan for drilling a new well to replace a current well that has failed because of facing problems. The loan will be funded from the Board's series 2003A State Loan Program Revenue Bond at the fixed or variable interest rate at the time of closing. Mr. Freeman noted provisions of the loan agreement, and said that the District's debt-coverage ratio stands at approximately 2.3-times. He said it is estimated the District will save \$100,000.00 in interest expense by borrowing from the Board. Staff recommended approval.

Mr. Don Piper, Chairman, and Ms. Anita Earnest, District Manager, were present in support of the loan application.

Mr. Secrest moved to approve the loan to the Lincoln County RWD #4, and Mr. Currie seconded.

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

C. Consideration of and Possible Action on a Proposed Order Approving Loan for Broken Bow Public Works Authority, McCurtain County. Recommended for Approval. Mr. Freeman said this item is an \$8,155,000.00 loan request by the Broken Bow Public Works Authority. The loan is requested to increase the water treatment plant capacity to 10 million gallons per day and to refinance bonds from its Series 2003 Utility System Revenue Bond issue. He noted provisions of the loan agreement, and said the Authority's debt-coverage ratio stands at about 1.57-times. It is estimated the Authority will save approximately \$3.2 million by borrowing from the Board. Staff recommended approval.

Representative Jerry Ellis, Olen Hill, City Manager and Chris Gander, financial advisor, were present in support of the loan application.

Mr. Nichols moved to approve the loan application to the Broken Bow Public Works Authority, and Mr. Fite seconded.

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

Mr. Smith thanked Representative Ellis for his attendance today and support of the OWRB financial assistance programs and comprehensive water plan.

D. Consideration of and Possible Action on a Proposed Order Approving Loan for Broken Bow Public Works Authority, McCurtain County. Recommended for Approval. Mr. Freeman said this second loan request by Broken Bow PWA is in the amount of \$9,000,000.00 to be used for refunding the Authority's Series 2003 Utility System Revenue Bonds. The original project funds were to extend gravity flow water lines to serve surrounding rural water districts. Mr. Freeman noted provisions of the loan agreement, and stated the refinancing will "clean up" the Authority's previous indentures and will aid in obtaining a \$1 million Rural Development Grant. Staff recommended approval.

Representative Jerry Ellis, Olen Hill, City Manager and Chris Gander, financial advisor, were present in support of the loan application.

Mr. Fite moved to approve the loan to the Broken Bow PWA, and Mr. Secrest seconded.
AYE: Currie, Farmer, Fite, Keeley, Knowles, Nichols, Secrest, Sevenoaks, Herrmann
NAY: None
ABSTAIN: None
ABSENT: None

Chairman Herrmann commented that the lack of questions on the Broken Bow project indicates the professionalism of the OWRB staff and the advisors who help the entities go through the process which ultimately makes the Board's decision easier.

E. Consideration of and Possible Action on a Proposed Order Approving Loan for Ardmore Public Works Authority, Carter County. Recommended for Approval. Mr. Freeman stated the Ardmore Public Works Authority has requested a \$27,000,000.00 Drinking Water State Revolving Fund Loan to upgrade and expand its water treatment plant and demolition of a portion of the treatment plant that was built 1904. In addition, Ardmore will be constructing a new two million gallon water tower and installing a new 24-inch transmission line. Mr. Freeman noted provisions of the loan agreement. Mr. Freeman said Ardmore's sewer connections had

increased by 30% in the past ten years, and has two other outstanding loans totaling \$19 million, having become a customer of the Board's in 2004; its debt-coverage ratio stands at 1.3-times. Ardmore will save approximately \$10.6 million by obtaining this financing from the Board. Staff recommended approval.

There were no representatives of Ardmore able to attend.

Chairman Herrmann asked the projected life of the upgrade of this infrastructure. Mr. Freeman responded the other loans were for wastewater projects, this loan is to rehabilitate almost the entire water and sewer system, getting Ardmore into good shape.

Mr. Nichols moved to approve the loan to the Ardmore PWA, and Mr. Keeley seconded.

AYE: Currie, Farmer, Fite, Keeley, Knowles, Nichols, Secrest, Sevenoaks, Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

F. Consideration of and Possible Action on a Proposed Order Approving Loan for Tulsa Metropolitan Utility Authority, Tulsa County. Recommended for Approval. Mr. Freeman stated this \$54 million loan request from the Tulsa Metropolitan Utility Authority, is being requested in order to refinance its nine variable rate loans with the Board into one, fixed-rate financing. The nine loans were originally associated with Tulsa's system-wide sewer rehabilitation project. Mr. Freeman noted provisions of the loan agreement, and stated the loan would be funded through a stand-alone bond issue through the Board's state loan program. He said Tulsa has an additional 12 outstanding loans with the Board with a principal balance of about \$33 million. After this transaction, all of Tulsa's debt with the Board will be on a fixed rate basis. Staff recommended approval of the loan request.

Representatives of Tulsa were not able to be present due to a City Council meeting being held at the same time.

Mr. Sevenoaks commented that the idea of a 15-year rate in the current environment and getting off the variable rate makes sense, and this would consolidate the debt at a fixed rate; there are no new projects involved. Mr. Currie asked what the fixed rate would be; Mr. Chris Cochran answered as of May 8 the average interest rate fixed is about 4.65, and the variable rate is approximately in the same range.

Mr. Secrest moved to approve the loan to the Tulsa Metropolitan Utility Authority, and Mr. Farmer seconded.

Chairman Herrmann asked about Mr. Freeman's comment about "stand alone". Mr. Freeman said the Board will issue a bond issue just for this loan because to convert from another issue there is not enough money. The next two items are for the consideration of two bond issues just for these two entities.

AYE: Currie, Farmer, Fite, Keeley, Knowles, Nichols, Secrest, Herrmann

NAY: None

ABSTAIN: Sevenoaks

ABSENT: None

G. Consideration of and Possible Action on a Resolution Authorizing the Issuance of Oklahoma Water Resources Board State Loan Program Revenue Bonds, Series 2006A in Aggregate Principal Amount Not to Exceed \$10,000,000; Approving and Authorizing Execution of a Thirteenth Supplemental Bond Resolution Providing for the Issuance of Said Bonds; 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; 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 and Loan 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 said this bond issue is to fund the Broken Bow Public Works Authority loan, or item 2.D. on the agenda today. Mr. Freeman read the substance of the resolution as contained in the agenda item language. Staff recommended approval.

Representatives of the Board's Underwriters Capitol West Securities and BOSC were present, as well as the Board's Bond Counsel.

Mr. Secrest moved to approve the resolution authorizing the issuance of Oklahoma Water Resources Board State Loan Program Revenue Bonds, Series 2006A in the aggregate principal amount note to exceed \$10,000,000, and Mr. Fite seconded.

There were no questions, and Chairman Herrmann commented approval would put the wheels into motion to enable the earlier actions to be implemented.

AYE: Currie, Farmer, Fite, Keeley, Knowles, Nichols, Secrest, Sevenoaks*,
Herrmann
NAY: None
ABSTAIN: None
ABSENT: None

*Upon the voice vote roll call, Mr. Sevenoaks voted to "abstain"; however, he later asked to change his vote to "aye."

H. Consideration of and Possible Action on a Resolution Authorizing the Issuance of Oklahoma Water Resources Board State Loan Program Revenue Bonds, Series 2006B in Aggregate Principal Amount Not to Exceed \$54,000,000; Approving and Authorizing Execution of a Fourteenth Supplemental Bond Resolution Providing for the Issuance of Said Bonds; 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; 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 and Loan 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 said this bond issue is to fund the Tulsa Metropolitan Utility Authority loan, or item 2.F. on the agenda today. Mr. Freeman read the substance of the resolution as contained in the agenda item language. Staff recommended approval.

Representatives of the Board's Underwriters Capitol West Securities and BOSC were present, as well as the Board's Bond Counsel

Mr. Fite moved to approve the resolution authorizing the issuance of Oklahoma Water Resources Board State Loan Program Revenue Bonds, Series 2006B, in the amount not to exceed \$54,000,000.00, and Mr. Secrest seconded.

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

I. 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. Recommended for Approval. Mr. Freeman stated this resolution is to authorize the transfer of funds not to exceed \$4,993,878.00 between the Clean Water State Revolving Fund account and the Drinking Water State Revolving Fund account. This transfer will assist in achieving the Board's goal of meeting the financial assistance needs of eligible Oklahoma entities. The transfer will be in conjunction of the Board's proposed \$100,000,000.00 bond issue scheduled to close in August. The actual dollar amount of the transfer will be based upon the projected cash flows relating to the actual bond issue and subject to EPA limitations.

Chairman Herrmann asked if this action pertains to cross-collateralization. Mr. Freeman said, yes, and also authorized the Board to transfer between the funds in order to meet the demand on one side or the other. Mr. Sevenoaks asked if there once was a "wall" between the two funds. Mr. Freeman responded, yes, and there had been discussion about a revolving fund for both type projects the state could divide, but EPA did not want to allow that much latitude, but would allow a portion at a time. Mr. Sevenoaks asked if the Attorney General certified the transfer, and Mr. Freeman answered the Attorney General provided that it is constitutional to make the transfer, and approval is also required by the Governor's Office.

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

Mr. Secrest asked if the Board's bond advisor also approve the transfer; Mr. Kiser responded, yes.

AYE: Currie, Farmer, Fite, Keeley, Knowles, Nichols, Secrest, Sevenoaks, Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

3. SUMMARY DISPOSITION AGENDA

Chairman Herrmann 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. However, Mr. Sevenoaks asked about the contract item 3.D.3. Mr. Mathis explained Mr. Albano is a former OWRB employee in the permitting section who had retired and has contracted with the Board to conduct permitting work. Chairman Herrmann commented there are actually three matters involving former employees on the Summary Disposition agenda (W.K. Morris consulting and Terri G. Sparks), and there is a process the state goes through to certify it is appropriate and in every case the Board will be receiving services at a lower cost to the agency were they to remain on the payroll. Mr. Sevenoaks asked if the agency is circumventing state law by taking people off the payroll and subcontracting the work. General Counsel Dean Couch responded the action is authorized following a retirement situation with a required 30-day break in service, and there is no obligation of benefits by the agency as an employee relationship, but the contractor bears that as a retiree. The amount of funds paid is

generally substantially less and the agency is able to retain institutional knowledge of that person staying on as authorized through the State Personnel Act. Chairman Herrmann stated the agency must demonstrate a critical skill is involved. Mr. Couch responded these are typically sole source situations and these contracts go through that process. Mr. Sevenoaks asked if there were prior knowledge on the part of the employee before they retire they will have a consulting contract, and Mr. Couch responded, no, the retirement situation comes about and is a consideration of retirement, but it not promised. Mr. Keeley asked about the 30-day limit; Mr. Couch stated the Office of Personnel Management rules required that break to ensure the absolute termination of full-time employment status. He said for most state agencies the employee cannot come back into service in any capacity for at least one year, but the OWRB is one of about five or six named stated agencies that was given an exemption from that prohibition. Mr. Sevenoaks asked how many former employees are under contract and Mr. Smith responded after this action there would be four. Mr. Sevenoaks asked that in the future such contracts be identified.

Mr. Currie noted that on the grant to Calumet for expansion of water line, he encouraged a large pipe be installed.

Mr. Freeman requested that agenda item 3.C.3, Picher Public Works Authority, be withdrawn from the Board's consideration in light of buyout plan at Picher with the Tar Creek situation. The matter will be put on hold until that is determined. Mr. Fite was concerned about the Picher PWA's ranking for consideration if withdrawn. Mr. Freeman said the Board is working with the Office of the Secretary of Environment, and it would be on hold for a certain time period. Mr. Smith added there should be a state coordinate plan on what was going to happen, and Mr. Smith assured Mr. Fite Picher would not lose its priority due to the action today.

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 action regarding items on the Summary Disposition Agenda, Chairman Herrmann asked for a motion. Mr. Fite moved to approve the Summary Disposition Agenda items as amended, and Mr. Keeley seconded.

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

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-04-0023-R	Calumet Public Works Authority	Canadian	\$99,700.00
COEDD				
2.	FAP-03-0007-R	Maud Public Works Authority	Pottawatomie	99,500.00
GGEDA	<i>Item withdrawn</i>			
3.	<i>FAP-05-0003-R</i>	<i>Picher Public Works Authority</i>	<i>Ottawa</i>	<i>99,000.00</i>
NODA				
4.	FAP-05-0008-R	Rural Water, Sewer & Solid Waste Management District #1	Alfalfa	82,526.00

SODA				
5.	FAP-05-0004-R	Milo-Woodford Rural Water, Sewer, Gas & Solid Waste Management District	Carter	77,700.00

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

1. Consideration of Amendment to a Joint Funding Agreement With the United States Department of the Interior U.S. Geological Survey Increasing State Cooperator Funding for the Investigations of the Water Resources of the Arbuckle-Simpson Aquifer, South Central Oklahoma
2. Consideration of Extension of Intergovernmental Subagreement With the Oklahoma State University Department of Plant and Soil Sciences for Evaluation of Hydrology, Water Quality and Water Resources Management of the Arbuckle-Simpson Aquifer Special Study Whereby OSU Will Perform a Portion of the OWRB's Responsibilities
3. Consideration of Professional Services Contract Between Michael A. Albano and Oklahoma Water Resources Board
4. Consideration of Professional Services Contract Between WK Morris Consulting, LLC and Oklahoma Water Resources Board
5. Consideration of Letter Agreement Planning Assistance to the States Between the District Engineer for the Tulsa District, U.S. Army Corps of Engineers and the City of Bartlesville Regarding the Preparation of the Comprehensive Plans for the Development, Utilization and Conservation of Water and Related Land Resources.
6. Consideration of Interagency Agreement with Oklahoma Conservation Commission for Monitoring and Assessing Watershed Activities
7. Consideration of Interagency Agreement with the Department of Environmental Quality Regarding the Drinking Water State Revolving Fund
8. Consideration of Agreement with Doubletree Hotel at Warren Place for Services in Connection with the OWRB June Board Meeting.
9. Consideration of Professional Services Contract Between Terri G. Sparks and the Oklahoma Water Resources Board

E. Applications for Temporary Permits to Use Groundwater:

1. Lugene Ethel Jones and Kenneth K. Jones Revocable Trusts, Custer County, #2006-508

F. Applications to Amend Temporary Permits to Use Groundwater:

None

G. Applications for Regular Permits to Use Groundwater:

1. Tommy R. and Gail Kiker, Seminole County, #2005-581

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. The Double D Lodge, L.L.C., Lincoln County, #2005-024
2. Dennis Hall, Bryan County, #2006-005
3. Matt Moreland, Grant County, #2006-012
4. Johnny R. and Sandra McCabe, Latimer County, #2006-013
5. Ryan Reheman, Kingfisher County, #2006-016

K. Applications to Amend Regular Permits to Use Stream Water:
None

L. Well Driller and Pump Installer Licensing:
1. New Operators and/or Activities for Existing Licenses:
a. Licensee: Craig's Water Well Service. DPC-0714
Operator: Craig Wenthold OP-1494
Activities: Groundwater wells, test holes and observation wells

M. Dam and Reservoir Plans and Specifications:
1. Gregory Little, DS-06-03, Caddo County
2. USDA-NRCS and Caney Valley Conservation District, Double Creek Site No. 2, Washington County
3. USDA-NRCS and Upper Washita Conservation District, Sandstone Creek Site No. 16A, Roger Mills County

N. Permit Applications for Proposed Development on State Owned or Operated Property within Floodplain Areas:
1. Oklahoma Department of Transportation, Creek County, FP-06-01
2. Oklahoma Department of Transportation, Wagoner County, FP-06-02

O. Applications for Accreditation of Floodplain Administrators:
Names of floodplain administrators to be accredited and their associated communities are individually set out in the May 9, 2006 packet of Board materials

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

There were no items of discussion by the Board.

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. Application to Amend Temporary Permit to Use Groundwater No. 1980-556, Howard Reimer, Major County:

1. Summary – Mr. Mike Mathis, Chief, Planning and Management Division, stated to the members this application by Howard Reimer is to amend temporary groundwater permit #1980-556 in Major County. He said the permit currently authorizes the use of 530 acre-feet of groundwater per year for irrigation use, using six wells. The applicant has requested an amendment to add one well location on their irrigation project. There are no other changes to the permit. Staff recommended approval.

2. Discussion and presentation by parties. Mr. Mathis stated that there were no representatives of the protestant or the protestant in attendance. The applicant, represented by Mr. Jim Barnett, was in attendance. Mr. Barnett stated the applicant agreed with the proposed order and asked for approval.

3. Possible executive session. The Board did not vote to enter executive session.

4. Vote on whether to approve the proposed order as presented or as may be amended, or vote on any other action or decision relating to the proposed order.

Mr. Nichols moved to approve the amendment to temporary groundwater permit no. 1980-556, and Mr. Knowles seconded.

AYE: Currie, Farmer, Fite, Keeley, Knowles, Nichols, Secret, Sevenoaks, Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

B. Application to Amend Temporary Permit to Use Groundwater No. 1982-878, Rural Water & Sewer District No. 5, Garfield County:

1. Summary – Mr. Mike Mathis said this item is for the consideration of an application to amend temporary groundwater permit for the Rural Water and Sewer District #5 in Garfield County, number 1982-878. The permit currently authorizes the use of 160 acre-feet of groundwater per year for rural water use. The application is to amend the permit by adding 450 acres of land, adding 910 acre-feet of groundwater and three new well locations. Mr. Mathis said the District has had difficulty with nitrate problems and is under a Department of Environmental Quality consent order and the additional water will aid in achieving the Safe

Drinking Water standard requirement. Mr. Mathis stated the applicant is present and the protestant is represented. He added a letter and Objections to the Proposed Order was received late on Monday by the protestant's attorney, located on page 5022A in the packet, and essentially the issues mentioned were addressed in hearing. Staff recommended approval.

Mr. Sevenoaks asked if the water was to be blended, and Mr. Mathis responded affirmatively. Chairman Herrmann clarified that the issues in the letter were addressed in the order, and there are no new issues. Mr. Mathis stated that is correct. Mr. Sevenoaks asked about statement the applicant does not own or lease the water rights underlying the proposed well locations. Mr. Mathis responded that issue was on point in the hearing and the hearing examiner carefully considered all the documents and time was taken to amend one document to make abundantly clear that all of the authorizations were in place.

2. Discussion and presentation by parties. Mr. Frank Davis, representing the applicant addressed the members and stated the District served 600-700 customers in southern Garfield and northern Kingfisher Counties and this is a badly needed project. He said the District has been operating under a consent order for some time and had acquired the additional water rights in order to drill new wells; two small towns are also served along with a school that has had to stop using the water. He said two hearings have been held where the protestant presented their case; he is in agreement with the proposed order and asked for the Board's approval.

The protestant was not in attendance, nor was a representative of the protestant in attendance.

3. Possible executive session. The Board did not vote to enter executive session.

4. Vote on whether to approve the proposed order as presented or as may be amended, or vote on any other action or decision relating to the proposed order.

Mr. Secrest moved to approve the application to amend temporary groundwater permit 1982-878, and Mr. Fite seconded.

AYE: Currie, Farmer, Fite, Keeley, Knowles, Nichols, Secrest, Sevenoaks, Herrmann

NAY: None

ABSTAIN: None

ABSENT: None

C. Application for Limited Quantity Temporary Permit to Use Groundwater No. 2005-580, Harvard L. and Judith D. Tomlinson, Trustees of the Tomlinson Family Trust, Stephens County:

1. Summary – Mr. Mike Mathis said this application for temporary groundwater permit by Harvard and Judith Tomlinson requests withdrawal of a total of 15 acre-feet of groundwater for irrigation of 8 acres of grapes. He said this is known as a "limited quantity" permit. The water is to be taken from one well located on ten acres of land that overlies the Chickasha Formation in Stephens County. Drip irrigation will be implemented and there will be monitoring on site by the applicant. Mr. Mathis stated the protestant sent a letter re-stating the original protest and discussion at the hearing. Staff recommended approval.

2. Discussion and presentation by parties. Neither the protestant nor the applicants were in attendance.

3. Possible executive session. The Board did not vote to enter executive session.

4. Vote on whether to approve the proposed order as presented or as may be amended, or vote on any other action or decision relating to the proposed order.

Mr. Fite moved to approve temporary groundwater permit 2005-580, and Mr. Knowles seconded.

Mr. Currie asked about the applicant having located a well next to the neighbor's fence. Mr. Mathis responded the applicant stated at the hearing that based on the layout of the grape

field and the logistics of the drip irrigation, either choice of location would be near neighboring landowners. Mr. Mathis stated that the application is for 15 acre-feet which is a low amount of water, comparable to domestic use levels, and staff looked at that and did not see it as an issue. Mr. Currie asked if one well was domestic and the other commercial; Mr. Mathis answered, yes, but 15 acre feet is not a lot of water and well spacing does not apply. The proposed well will be drilled deeper than the domestic well, but the domestic well owner could drill deeper and utilize a better zone.

Mr. Keeley commented that the application is for a small amount of water, the staff performed equal amount of work as for any protested permits. Mr. Smith interjected that this is a limited quantity permit, meaning the application is for 15 acre-feet or less. By statute, these permits can be approved by the Executive Director without a hearing regardless of protest. He said he has adopted the position that if the permit is protested, it will be put through the normal procedure and give an opportunity for the protestant to come before the Board. He added the process costs the same regardless the amount of the application, and that if there is no additional funding this type of service will be a consideration when looking at cutting back. And, at the end there is no one at the Board meeting, but the purpose that is served is that two people wanted an opportunity to come before the Board. If there were no protest, Mr. Smith would approve the permit and it would not have come before the Board.

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

AYE:	Currie, Farmer, Fite, Keeley, Knowles, Nichols, Secret, Sevenoaks, Herrmann
NAY:	None
ABSTAIN:	None
ABSENT:	None

D. 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. Monte Boyce, OWRB Comptroller, addressed the members and presented the budget report reflecting agency operations ending April 30, 2006. The agency has completed 83% of the fiscal year, expended and obligated 82% of the budget, and collected 79% of the budget; the collections will continue to increase. There were no questions or discussion.

7. CONSIDERATION OF SUPPLEMENTAL AGENDA, IF ANY.

There were no Supplemental Agenda items for the Board 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, Mr. Sevenoaks asked about the status of the chicken waste as hazardous waste bill, SB 1444.

Mr. Shawn Lepard, lobbyist for the Cotton Council and Pro Ag, was in attendance and told the members the Senate rejected the House amendment naming chicken waste as hazardous waste, and the measure is currently in Conference Committee. He said the agriculture industry would like to see the bill passed, and added it would not affect the Attorney General's lawsuit with the poultry industry, but would establish a standard for the future.

Chairman Herrmann reminded the members that at the June meeting there would be the election of offices on the agenda for consideration. Mr. Smith invited the members to join the management staff at the annual agency strategic planning retreat scheduled for June 9 at the Lazy E arena.

9. ADJOURNMENT

There being no further business, Chairman Herrmann adjourned the regular meeting of the Oklahoma Water Resources Board at 10:50 a.m. on Tuesday, May 9, 2006.

OKLAHOMA WATER RESOURCES BOARD

_____/s/_____
Rudolf J. Herrmann, Chairman

_____/s/_____
Jess Mark Nichols, Vice Chairman

_____/s/_____
Lonnie Farmer

_____/s/_____
Jack W. Keeley

_____/s/_____
F. Ford Drummond

_____/s/_____
Richard Sevenoaks

_____/s/_____
Edward H. Fite

_____/s/_____
Kenneth K. Knowles

ATTEST:

___Absent_____
Bill Secrest, Secretary

(SEAL)