

OKLAHOMA WATER RESOURCES BOARD OFFICIAL MINUTES

May 11, 2010

1. Call to Order

The regular monthly meeting of the Oklahoma Water Resources Board was called to order by Chairman Rudolf J. Herrmann at 9:30 a.m., on May 11, 2010, in the Board Room of the Oklahoma Water Resources Board, 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 4, 2010, at 4:30 p.m. at the Oklahoma Water Resources Board's offices.

A. Invocation

Chairman Rudy Herrmann asked Mr. Ed Fite to provide the invocation.

B. Roll Call

Board Members Present

Rudy Herrmann, Chairman
Mark Nichols, Vice Chairman
Linda Lambert, Secretary
Ford Drummond
Ed Fite
Jack Keeley
Richard Sevenoaks
Joe Taron

Board Members Absent

Kenneth Knowles

Staff Members Present

J.D. Strong, Interim Executive Director
Dean Couch, General Counsel
Joe Freeman, Chief, Financial Assistance Division
Julie Cunningham, Chief, Planning and Management Division
Derek Smithee, Chief, Water Quality Programs Division
Mary Lane Schooley, Executive Secretary
Kyle Arthur, Director of Planning
Josh McClintock, Director of Government and Public Affairs

Others Present

Don Faulkner, Oklahomans for Responsible Water Policy, Talihina, OK
Shelby Hudgens, Unimin, Roff, OK
Gary Froeming, Unimin, Roff, OK
Ann Kelley, Ada, OK
Dave Taylor, Waurika Master Conservancy District, Waurika, OK
Jim Corbett, Moore, OK
Brian Melvin, Choctaw Water, Talihina, OK
Wm. Choate, P.E., Choate Engineering CLCD, Seminole, OK
Cheryl Dorrance, Oklahoma Municipal League/Municipal Utilities Providers,
Oklahoma City, OK
Amy Ford, Citizens for Protection of the Arbuckle Simpson Aquifer, Durant, OK
Kelly Schwartz, Arledge & Associates P.C., Edmond, OK
Senator Jerry Ellis, Oklahoma State Senate, Valliant, OK
Jim Barnett, Kerr Irvine Rhodes & Ables, Oklahoma City, oK
Charlie Swinton, BancFirst, Oklahoma City, OK
Tom Lay, Kerr Irvine Rhodes & Ables, Oklahoma City, OK
Marla Peek, Oklahoma Farm Bureau, Oklahoma City, OK
Andrew Husky, Oklahomans for Responsible Water Policy, Talihina, OK
Wayne Sexton, Oklahomans for Responsible Water Policy, Kiowa, OK
Mike Mathis, Chesapeake Energy, Oklahoma City, OK

C. APPROVAL OF MINUTES

Chairman Herrmann stated the draft minutes of the April 13, 2010, Regular Meeting had been distributed. He stated he would accept a motion to approve the minutes, if there were no changes. Dr. Taron moved to approve the minutes as distributed, and Mr. Nichols seconded.

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

D. EXECUTIVE DIRECTOR’S REPORT

Mr. J.D. Strong, Interim Executive Director, addressed the members and said it has been a busy time. Mr. Strong recognized that today is the last meeting for Mr. Jack Keeley, and he presented a Resolution of Appreciation from the Board members and Staff to Mr. Keeley, and introduced Ms. Jeanette Nance of Governor Henry's Office who presented a Governor's Commendation to Mr. Keeley for his seven years of service to the State of Oklahoma and the Oklahoma Water Resources Board.

Mr. Fite moved for adoption of the Resolution of Appreciation to Jack Keeley, and Mr. Herrmann seconded.

AYE: Taron, Fite, Drummond, Sevenoaks, Lambert, Nichols, Herrmann
NAY: None

ABSTAIN: None
ABSENT: Knowles

Mr. Keeley stated to the Board that he had served on many boards and commissions, and this is without question the best--there had been no egos nor fights, although the members look at things differently, it had been a great help. He praised the OWRB staff stating his amazement at the amount of work that is conducted within one month with integrity, hard work and intelligence and the State is very lucky to have them. He said he had enjoyed it, and was confident the Board would only be better in future. Mr. Strong announced that Governor Henry has appointed Ms. Marilyn Feaver as the replacement for Mr. Keeley's position. Ms. Feaver is from Chickasha, and is the executive director of the Southern Oklahoma Impact Coalition. He also said that Dr. Taron had been confirmed by the Senate.

Mr. Josh McClintock addressed the members and noted legislative measures in the written report: HB 3061 by Rep. Dewitt sent to conference committee, SB1761 by Sen. Coffee and is a shell bill, and SB 1838 by Sens. Sykes and Morgan and regards floodplain management, SB1822 by Sens. Bingman, Gumm & Sparks extending the Gross Production Tax until June 2013, and one measure regarding the Sardis issue. These are the key items other than the budget, which hasn't been agreed upon yet. At the federal level, Sens. Inhofe and Boxer have set a May 18 deadline for members to submit project requests for the Water Resources Development Act, which he and the House delegation are working on; he doubted the bill would get done this year, but progress is being made. He concluded the report.

Mr. Strong continued the legislative report saying one of the consolidation measure was amended in a Senate bill that would consolidate 20 natural resources agencies. He said agencies are anticipating a 10% cut, and agencies are waiting to see the final agreement.

He continued his report stating he had attended his first Red River Compact Commission and enjoyed meeting the other Commissioners and there was no action. He toured the Grand River Dam Authority area looking at mitigation projects in the Miami area. Ms. Cunningham attended the Lake Texoma Advisory Committee, and Oklahoma will be hosting the Association of State Floodplain Managers national meeting with an expected attendance of 1,100 and is an opportunity to showcase Oklahoma's nationally renowned floodplain program. Oklahoma is one of the first states to implement the Certified Floodplain Managers Program, and Tulsa is one of the few Class 2 Cities in the Nation.

The Oklahoma Academy Water Town Hall will be held May 23-26 in Norman, and he noted that there are no items regarding Sardis on the agenda today. He said that there was some concern about US v. State of Oklahoma case being discussed in the executive session today, but that will be removed and will not be discussed. He said there was an article in the Journal Record, and the Governor has asked for additional time to continue to work on the matter with the Chickasaw and Choctaw Tribes, and there is nothing on the agenda today. Mr. Strong concluded his report.

2. FINANCIAL ASSISTANCE DIVISION

A. Consideration of and Possible Action on a Proposed Order Approving Clean Water Funding Application for Moore Public Works Authority, Cleveland County. Recommended for

Approval. Mr. Joe Freeman, Chief, Financial Assistance Division, stated to the members that this first item is a \$39,900,000.00 Clean Water State Revolving Fund loan application by the Enid Municipal Authority in conjunction with the Oklahoma Development Finance Authority. He said the project consists of a new wastewater treatment plant with a capacity of 12 MGD, including Vance Air Force Base. The facility will be located on land on the southeast side of the city, which land is already owned by the city. He noted provisions of the loan agreement, and said that in securing financing for the project, the city utilized the Military Base Protection and Expansion and Incentive Act passed by the Oklahoma Legislature in 2007. This Act allows cities in Oklahoma impacted by the 2005 Base Realignment and Closure Act (BRAC) certain financial assistance from the Legislature in constructing and implementing capital improvements. The financial assistance as it relates to this project is the Legislature paying Enid's interest expense on the loan through June 2015. Under the Act, the Oklahoma Development Finance Authority is designated as the conduit issuer for the finances; therefore, a three-party loan agreement will be in effect for the first five years among the Board, the Oklahoma Development Finance Authority (ODFA) and the Enid Municipal Authority. This transaction has been approved by the ODFA Board and the Bond Oversight Council. Enid has been a long-time, excellent loan customer of the Boards and has five outstanding loans with the Board. He said even without the assistance from the Legislature, Enid's debt coverage ratio stands at a strong 1.83-times. Staff recommended approval of the loan application.

Representing Enid was Eric Benson, City Manager; Robert Pitt, Engineer; Rick Smith, Financial Advisor, and John Harris with ODFA.

Ms. Lambert asked Mr. Benson how \$15 million was "squeezed" from the bid; Mr. Benson said the economic times were the biggest contributor, and there has been hard work on a variety of fronts to deliver a new technology that will be the first of its kind in Oklahoma. While there was some doubt, subsequent research and engineering allowed the delivery of a new technology, and the bid was awarded to an Oklahoma company. Mr. Sevenoaks asked if the 1.83 debt coverage ratio is before or after the loan, and Mr. Freeman responded it is after the loan. Chairman Herrmann asked if the ODFA or the OWRB was providing all of the capitol, and Mr. Freeman answered the OWRB is providing all the capital; the Legislature appropriates the interest payment which goes to the Department of Commerce, and then to the ODFA and then to the OWRB. He added that in the event the Legislature did not appropriate the money, the OWRB has made sure that Enid is secure to make the payments.

Ms. Lambert moved to approve the Clean Water SRF loan to the Enid Municipal Authority, and Mr. Sevenoaks seconded.

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

B. Consideration of and Possible Action on a Proposed Order Approving Clean Water Funding Application for Moore Public Works Authority, Cleveland County. Recommended for Approval. Mr. Freeman said this item is for the consideration of a \$42,837,500.00 Clean Water SRF loan request from the Moore Public Works Authority. Moore is requesting the funds to construct a 9 MGD wastewater treatment plant that can be expanded to a 12 MGD. Mr. Freeman noted provisions of the loan agreement. This project was originally approved by the Board at the

April 2009 meeting. The loan on the first phase of the project has been closed, and construction on the first phase was completed last month. The time period for the remainder of the approved loan funds expired on April 30, and the estimated engineer's cost of the remainder of the project has increased and so this loan is being brought back to the Board. He said that Moore has been a long time, good customer of the Board's and currently has two outstanding loans with the Board. Moore's water and sewer connections have increased over 40% over the past ten years, and its debt-coverage ratio stands at 6.0-times. Staff recommended approval of the loan request.

Mr. Jim Corbett, Chief Financial Officer; Mr. Paul Smith, Financial Advisor; and Mr. Satish Dasharaty, Engineer, were present in support of the loan request.

Ms. Lambert asked if the \$0.03 sales tax had been approved by the citizens, and Mr. Smith answered that it had been approved. Chairman Herrmann asked about the process for approval of the new amount. Mr. Freeman said the original loan had been approved for the dirt work, lagoon work, and the wastewater treatment plant, which was \$4 million for phase one of the project. He said in the meantime, when a Board order is approved its for a one-year time period, and when going to bid the engineer needed extra time and updated the estimate and increased the dollar amount just in case it is needed.

Mr. Nichols moved to approve the CWSRF loan to the Moore Public Works Authority, and Dr. Taron seconded.

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

C. Consideration and Possible Action on Selection of Remarketing Agent in Connection with the Oklahoma Water Resources Board Series 1994A, 2001 and 2003A State Loan Program Revenue Bonds. Mr. Freeman stated that this item is the selection of a new remarketing agent for the Series 1994A, 2001 and 2003A, or FAP program bonds. There are currently \$28,890,000.00 in variable rate bonds outstanding in these three bond issues. The need for selection of a new remarketing agent is the result of key staffing changes at Geary Securities that has served as the remarketing agent for these bonds. Requests for proposals were sent to seven reinvestment firms, and received a proposal from Wells Nelson, and BOSC. The State Bond Counsel and the Board's Finance Committee have approved the proposals. Both firms are local firms that the Board has worked with. Staff recommended approval of the selection of BOSC as the Board's remarketing agent for the 1994A, 2001 and 2003A variable rate bonds.

Mr. Drummond moved to approve BOSC as the Board's remarketing agent, and Mr. Nichols seconded.

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

D. Report by Board Audit Committee and Report of and Possible Action on Audits of Oklahoma Water Resources Board State Loan Program Revenue Bonds and Clean Water State Revolving Fund Program (CWSRF) Financial Statement as of June 30, 2009, and 2008 Audits of the CWSRT Administrative Fund and the Drinking Water Treatment Loan Administrative fund

as of June 30, 2009 and 2008. Mr. Freeman stated to the members that this item is for report regarding a meeting of the Board's Audit Committee, which members are Ms. Lambert, Chair, Mr. Knowles, Mr. Sevenoaks, and Dr. Taron. During the committee meeting, the members reviewed the following items: the Auditor's Management Letter and EPA's annual evaluation of the operation of the CWSRF loan program. He said the Committee reviewed the Board's arbitrage rebate reports; the reports which must be filed with the National Repository, the three bond rating agencies, and the Board's standby bond purchasing agents, which are the Bank of America and the State Street Bank of Boston. Mr. Freeman said the Committee reviewed the loan documentation exception reports, policies regarding and balances of the debt service reserve fund, and the Board's debt service and standby bond purchasing agreements. It was reported that of the 439 outstanding loans, only one loan is past due. Currently, 95% of the borrowers are meeting the debt service requirement of 1.25-times. Eleven borrowers, or 5%, are not meeting the Board's minimum requirements, based upon their most recent audited statements. The Committee requested that Mr. Kelly Schwartz, of John Arledge & Associates, review the last audits with the Board.

Mr. Schwartz addressed the members and distributed a written summary of the audit results, or the audit letter. He said the Board received a clear opinion, an unqualified auditor's report; and "yellow book compliance" of no laws or regulations violations, and no internal control findings on the State Bond program and both the Clean Water and Drinking Water SRF programs. He reviewed the summary of all Bond issues and financial changes for FY 2009, and he provided to staff the required communications letter, a separate document recapping ten key areas associated with the performance of the audit, including whether there were any estimates in the financial statements and what those estimates might be such as arbitrage and liability estimates; whether there were any issues with management which there were none; whether there are other services provided to the organization that may impact the appearance of whether the firm is independent and there are none as the firm only provides audit services; and whether there were any significant audit adjustments that were required, and there were only normal housekeeping adjustments. Mr. Schwartz and Mr. Freeman concluded the report.

Chairman Herrmann complimented Ms. Lambert and the Board's Audit Committee for the wonderful job performed by the team. Chairman Herrmann stated that next year the audit will include the ARRA fund activities.

3. SUMMARY DISPOSITION AGENDA ITEMS

Any item listed under this Summary Disposition Agenda may, at the requested of any member of the Board, the Board's staff, or any other person attending this meeting, may be transferred to the Special Consideration Agenda. Under the Special Consideration Agenda, separate discussion and vote or other action may be taken on any items already listed under that agenda or items transferred to that agenda from this Summary Disposition Agenda.

A. Requests to Transfer Items from Summary Disposition Agenda to the Special Consideration Agenda, and Action on Whether to Transfer Such Items.

There were no requests to transfer items to the Special Consideration Agenda. However, Chairman Herrmann asked that the Board add to the Summary Disposition Agenda item consideration of the Supplemental Agenda items (7.A.) regarding well driller permitting issues.

B. Discussion, Questions, and Responses Pertaining to Any Items Remaining on Summary Disposition Agenda and Action on Items and Approval of Items 3.C. through 3.O.

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

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

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

The following items were approved:

C. 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>
ASCOG				
a.	FAP-09-0015-R	Byars Public Works Authority	McClain	\$73,855.00
COEDD				
b.	FAP-00-0041-R	Rural Water, Sewer, Gas and Solid Waste Management District #7	Seminole	150,000.00
SWODA				
c.	FAP-06-0013-R	Town of Rocky	Washita	98,675.00

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

1. Lease Agreement Renewal with ELF Properties, LLC for renewal of OWRB McAlester office lease.
2. Lease Agreement Renewal with Burgess & Burgess, Inc. for renewal of OWRB Lawton office lease.
3. Lease Agreement Renewal with Mori White for renewal of OWRB Woodward office lease.

4. Interagency Agreement with ODEQ for sharing office space in Woodward and McAlester.
 5. Memorandum of Agreement for OWRB/4-H Speech Contest and Recognition Program.
 6. Assistance Agreement with Bureau of Reclamation for South Central Regional Assessment Study.
 7. Memorandum Agreement between OWRB, USGS and Applied Energy Services, Shady Point, Inc. for water monitoring and data collection.
 8. Memorandum Agreement between OWRB, USGS and Hardage Site Remedy Corp. for water monitoring and data collection.
 9. Memorandum Agreement between OWRB, USGS and Lugert-Altus Irrigation District for water monitoring and data collection.
 10. Memorandum Agreement between OWRB, USGS and City of Altus for water monitoring and data collection.
 11. Memorandum Agreement between OWRB, USGS and Fort Cobb Master Conservancy District for water monitoring and data collection.
 12. Agreement with Oklahoma City Water Utilities Trust for the Vegetated Wetland Project at Lake Stanley Draper
- E. Applications for Temporary Permits to Use Groundwater:
1. Lloyd Joe & Monica Withers, Caddo County, #2010-505
 2. Scott H. & Michelle J. Reimer, Alfalfa County, #2010-508
 3. The Walter Slagell Trust & Triple S Farms, L.C., Blaine County, #2010-509
 4. Triple S Farms, L.C., Custer County, #2010-511
- F. Applications to Amend Temporary Permits to Use Groundwater:
1. The City of Noble, Cleveland County, #1999-581
- G. Applications for Regular Permits to Use Groundwater:
1. Pamela Hill & Terry Hager, Texas County, #2009-559
 2. The City of Bristow, Creek County, #2010-503
 3. Tommy & Priscilla Murr, Tillman County, #2010-506
 4. Edward P. & Robin L. Dunn, Harper County, #2010-512
- H. Applications to Amend Regular Permits to Use Groundwater:
1. The Meadows at River Bend West Lake Owners Association & The River Bend West Lake Owners Association, Inc., Canadian and Oklahoma Counties, #2007-510

- I. Applications for Regular Permits to Use Stream Water:
 - 1. Farmers F & F Farms, Inc., Caddo County, #2010-006
 - 2. Ryland J. & Jan Stonehocker, Alfalfa County, #2010-008

- J. Applications to Amend Regular Permits to Use Stream Water:
 - 1. Triple R Farms, Inc., Washita County, #1964-1018

- K. Forfeitures of Stream Water Rights:
 - 1. J. I. Gibson, Logan County, #1964-686
 - 2. James R. Watson, Woodward County, #1968-408
 - 3. Eugene & George T. Garrett, Kingfisher County, #1969-001
 - 4. Clint & Kendra Thomason (George Richterberg), Texas County, #1969-209
 - 5. Kenneth Ross, Pottawatomie County, #1974-219
 - 6. Arrington Properties, Payne County, #1974-304
 - 7. Gerald Minor, Oklahoma County, #1975-037
 - 8. Jerald Monahan, Major County, #1976-086
 - 9. Bess Lane, Osage County, #1977-081
 - 10. Carrie Dickerson, Rogers County, #1977-153
 - 11. A. R. Posey, Garfield County, #1981-167

- L. Well Driller and Pump Installer Licensing:
 - 1. New Licenses, Accompanying Operator Certificates and Activities:
 - a. Licensee: Tetra-Tech Drilling Services DPC-0794
 - 1. Operator: Randy Kelly OP-1770
 - Activities: Groundwater wells, test holes and observation wells
 - Monitoring wells and geotechnical borings
 - b. Licensee: Farwest Well Drilling DPC-0792
 - 1. Operator: Clark Vaught OP-1766
 - Activities: Ground water wells, test holes and observation wells
 - Monitoring wells and geotechnical borings
 - Pump installation
 - 2. Operator: John Rohl OP-1767
 - Activities: Groundwater wells, test holes and observation wells
 - 3. Operator: Lyle Miller OP-1768
 - Activities: Groundwater wells, test holes and observation wells
 - c. Licensee: Acosta Drilling, Inc. DPC-0796
 - 1. Operator: Victor M. Acosta, Jr. OP-1771
 - Activities: Groundwater wells, test holes and observation wells
 - 2. *New Operators and/or Activities for Existing Licenses:*
 - a. *Licensee: Mohawk Drilling, Inc. DPC-0563*
 - 1. *Operator: John Tucker OP-1769*
 - Activities: Monitoring wells and geotechnical borings Item withdrawn*

- M. Dam and Reservoir Construction:
 - None

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

1. Oklahoma Department of Transportation, McCurtain County, #FP-10-06
2. Oklahoma Department of Transportation, McCurtain County, #FP-10-07
3. Oklahoma Department of Transportation, McCurtain County, #FP-10-08

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 11, 2010 packet of Board materials

7. CONSIDERATION OF SUPPLEMENTAL AGENDA ITEMS

A. Planning and Management Division

1. Well Driller and Pump Installer Licensing:

L.2. New Operators and/or Activities for Existing Licenses:

- a. Licensee: Lake Country Drilling DPC-0674
1. Operator: Chris Hayes OP-1772
- Activities: Groundwater wells, test holes and observation wells

2. Corrections to Regular Revised Agenda, Well Driller and Pump Installer Licensing:

L.1. New Licenses, Accompanying Operator Certificates and Activities:

- b. Licensee: Farwest Well Drilling DPC-0792
- Operator: Clark Vaught OP-1766
- Activities: Ground water wells, test holes and observation wells
- Monitoring wells and geotechnical borings* *Activity withdrawn*
- Pump installation

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

A. Update Report on Oklahoma Comprehensive Water Plan Activities. Mr. Kyle Arthur addressed the members and said Ms. Julie Knutson with the Oklahoma Academy is here today to talk about the Academy and the Town Hall process, and in particular the Water Town Hall coming up on May 23-26, 2010.

Ms. Knutson addressed the members and said the Academy was honored to have been asked about four years ago to host the Town Hall. It's an incredibly important issue and the Academy is proud to be part of the process. She said she has been involved with the Academy since 1987 and believed to date they have been able to carry out their mission in a fair and honest fashion and have been recognized by many entities across the state as an honest broker in terms of dealing with critical issues that are important to the future of Oklahoma. It is done so in a way that allows for honest discussion in a highly collaborative process that then results in a set of findings and recommendation that are true to the discussion that took place on that issue, and

there is no doubt that would be the case with the Water Town Hall. Ms. Knutson recognized the importance of the Board once the Town Hall is completed and then getting information to the Legislature and ultimately the 50-year water plan. She was pleased the majority of the Board is able to attend as observers. There are 178 participants, and a total of 220 attending including observers and resource experts. Mr. Sevenoaks encouraged the Academy to invite student involvement.

Chairman Herrmann asked Ms. Knutson to explain the role of observer. Ms. Lambert thanked everyone for their involvement in the Town Hall process, and she referenced the background document, which Ms. Knutson said was provided to the participants to review prior to the Town Hall. Chairman Herrmann asked Mr. Couch, and he responded, that while the Open Meeting Law had been amended to include social events, there will be a Special Meeting notice filed and agenda posted noting there would be no discussion or action by a quorum of members.

Mr. Arthur introduced Mr. John Rehring, CDM, to update the members on the status of the Technical Studies. The OWRB and CDM staffs conducted at "kickoff meeting" on May 10 to discuss the work necessary for the next 12-month period. This work will build on the work that has occurred over the past three years; the update is coming into the "home stretch" and things are coming together. He asked Mr. Rehring to inform the members about where we've been, where we're going, and what we see happening over the next months. He said that the goal is for the draft plan update to be completed by October 2011 for the Board's consideration, and then for presentation to the Legislature in 2012. There are a number of experts involved in every aspect at the state and federal level, as well as organizations and others. He reminded the members of the timeframe of activities that have occurred: from 2007-2009 the Foundation Elements, from 2009-2010 the Analysis and Supply planning aspects have been conducted, and during 2010-2011 the documentation of the plan update is expected, and is a very important phase in determining the numbers for the next 10 and 50 years. He said that the success of the plan will be the practical use of the document. Recently completed work includes water supply legal availability analysis and water allocation models and report, and work that is currently ongoing is the legislative workgroup (Marginal Water Quality, and Aquifer Recharge), instream flow workgroup, watershed planning regional report and basin supply fact sheets, and the water quality trending, all of which he detailed for the members.

Mr. Rehring addressed the members and talked about the new work underway with the new authorizations through the partnership between the OWRB and the COE Tulsa District: the 13 watershed planning region reports, regional supply meetings will occur with provider feedback along with sensitivity analysis, including climate change, water conservation, the range of supply/demand projections, including municipal and industrial (public water supply sector) as well as agriculture crop irrigation demand sector, provider-level outreach and support, and instream flow workgroup dialogue for Oklahoma. He said that additionally, CDM will be providing resource support for the Town Hall. Staff is working on developing 13 reports on the basin-by-basin and region-by-region components: demand projections, supply, quality, and provider level demand projections, and future supply alternatives. Regional supply meetings will occur at the end of this year or early next year, and will be largely focus on the water supply providers, having an opportunity to inform the providers about the OCWP update, the resources available and helping them to understand how to plan for their own future. Staff will then decide on what to do with the results--what to do with the feedback received; adjust demand projections based upon feedback, learn of supply and infrastructure needs (working with DEQ) for the

largest 760 providers of the state--rural water districts and municipalities--summary and conclusions for each region, priorities for implementation and water needs for the regions, and look at water supply alternatives, look statewide for the "worst case situations" or hot spots and look statewide at the worst problems that need to be tackled as a State and what to do to resolve those situations. Lastly, toward the goal of making the document practical and useable information, Mr. Rehring said they want to increase the awareness and utilization of available resources developed for the plan.

Chairman Herrmann asked about access online and Mr. Rehring said the information will be available online and how it will be web-based is still being considered, but there will be electronic access. There was brief discussion by members and staff.

(Mr. Keeley departed the meeting at 10:55 a.m.)

5. SPECIAL CONSIDERATION

For INDIVIDUAL PROCEEDINGS, a majority of a quorum of Board members, in a recorded vote, may call for closed deliberations for the purpose of engaging in formal deliberations leading to an intermediate or final decision in an individual proceeding under the legal authority of the Oklahoma Open Meeting Act, 25 O.S. 2001, Section 307 (B)(8) and the Administrative Procedures Act, 75 O.S. 2001, Section 309 and following.

A majority vote of a quorum of Board members present, in a recorded vote, may authorize an executive session for the purposes of CONFIDENTIAL COMMUNICATIONS between the public body and its attorney concerning a pending investigation, claim, or action if the public body, with the advice of its attorney, determines that disclosure will seriously impair the ability of the public body to process the claim or conduct the pending investigation, litigation, or proceeding in the public interest, under the legal authority of the Oklahoma Open Meetings Act, 25 O.S. 2001, Section 307(B)(4).

A. No items. There were no Special Consideration agenda items for the Board's consideration.

Ms. Lambert stated she noted there were fewer items for the Board's consideration, and asked if that was a result of mediation efforts. Ms. Cunningham responded that staff had made an effort to answer questions and meet applicant general concerns and to mediate where needed, but it is also the timing of applications.

B. Items transferred from Summary Disposition Agenda, if any. There were no items transferred from the Summary Disposition Agenda for further consideration.

6. PRESENTATION OF AGENCY BUDGET REPORT.

Ms. Leslie Nance stated to the members the actual FY 2010 budget report is in the notebook. Regarding FY'2011, she said there is no appropriation as yet. She said she attended the Financial Manager Association meeting last week where the Office of State Finance

representative informed them there would not be budget information to the agencies until there is an agreement. Mr. Drummond asked if there is an anticipated budget amount, and Ms. Nance responded the Division Chiefs are working on their budgets, and Mr. Strong added the agency is planning for different scenarios. He said he could not predict what the worst case situation would be, but expected perhaps as much as an additional 10-15%. The Chiefs are planning for that amount without furloughs or reduction in force. Mr. Sevenoaks asked then if the total reduction for last year is 10% and this year is 15% could that be 25% over the past two years? Ms. Nance said the reduction for FY'2010 is annualized at 7.5%; but there are other sources of funding. Chairman Herrmann reminded that the Financial Assistance Division does not receive state appropriated dollars, and Mr. Strong said the agency is funded approximately by one-third state, one-third federal, and one-third fee revenue, so state funding is less than one-third at this time.

7. CONSIDERATION OF SUPPLEMENTAL AGENDA ITEMS, IF ANY

Consideration of the Supplemental Agenda items was moved to the Summary Disposition Agenda (3.).

8. PROPOSED EXECUTIVE SESSION

Chairman Herrmann

As authorized by the Oklahoma Open Meeting Act in Section 307(B)(4) of Title 25 of the Oklahoma Statutes, an executive session may be held for the purpose of confidential communications between a public body and its attorneys concerning a pending investigation, claim or action if the public body, with the advice of its attorney, determines that disclosure will seriously impair the ability of the public body to process the claim or conduct a pending investigation, litigation or proceeding in the public interest. Item added

Pursuant to this provision, the Board proposes to hold an executive session for the purpose of:

Discussion of Tarrant Regional Water District v. Herrmann, Hugo v. Nichols, Apache v. Herrmann, and US v. Oklahoma and OWRB

A. Vote on whether to hold Executive Session – before an executive session can be convened, it must be authorized by a majority vote of a quorum of members present and such vote must be recorded.

Chairman Herrmann asked if there was a motion to enter executive session, and with advice of General Counsel, the purpose would be for discussion of Tarrant Regional Water District v. Herrmann, Hugo v. Nichols, and Apache v. Herrmann. He emphasized there will not be discussion regarding US v. Oklahoma and OWRB.

Mr. Drummond moved to enter executive session, and Mr. Sevenoaks seconded.

AYE: Taron, Fite, Drummond, Sevenoaks, Lambert, Nichols, Herrmann

NAY: None
ABSTAIN: None
ABSENT: Keeley, Knowles

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

Chairman Herrmann designated Executive Secretary Mary Schooley to keep written minutes.

C. Executive session, if authorized

The Board entered executive session at 11:00 a.m., on Tuesday, May 11, 2010.

9. VOTE ON MATTERS DISCUSSED IN EXECUTIVE SESSION - Return to open meeting and possible vote on any matters discussed in the Executive Session. Item added

The Board returned to Regular Session at 11:30 a.m. Chairman Herrmann announced that no matters that were discussed in the Executive Session required a vote by Board members, and was simply an update from legal counsel on matters of litigation.

10. 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. Mr. Fite asked about the list of entities that was presented by the Auditor regarding being behind in payments. Mr. Couch responded that list had been provided to the Board's Audit Committee and will be distributed. The Board's Finance Committee will meet following today's Board meeting.

11. ADJOURNMENT

There being no further business, Chairman Herrmann adjourned the meeting of the Oklahoma Water Resources Board at 11:33 p.m. on Tuesday, May 11, 2010.

OKLAHOMA WATER RESOURCES BOARD

_____/s/_____
Rudolf J. Herrmann, Chairman

_____/s/_____
Jess Mark Nichols, Vice Chairman

_____/s/_____
Edward H. Fite

_____/Absent_____
Richard Sevenoaks

_____/s/_____
Marilyn Feaver

_____/s/_____
Kenneth K. Knowles

_____/s/_____
F. Ford Drummond

_____/s/_____
Joseph E. Taron

ATTEST:

_____/s/_____
Linda P. Lambert, Secretary
(SEAL)