

OKLAHOMA WATER RESOURCES BOARD
OFFICIAL MINUTES
February 8, 2011

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 February 8, 2011, at 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 January 31, 2011 at 4:45 p.m. at the Oklahoma Water Resources Board's offices.

A. Invocation

Chairman Herrmann asked that Mr. Fite provide the invocation. Prior to calling roll, Chairman Herrmann said Ms. Lambert is absent, and that Dr. Joe Taron will serve as Secretary.

B. Roll Call

Board Members Present

Rudy Herrmann, Chairman
Mark Nichols, Vice Chairman
Ford Drummond
Marilyn Feaver
Ed Fite
Richard Sevenoaks
Joe Taron

Board Members Absent

Linda Lambert, Secretary
Kenneth Knowles

Staff Members Present

J.D. Strong, 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

Kyle Arthur, Director of Planning
Josh McClintock, Director of Government and Public Affairs
Amanda Storck, Chief, Administrative Services Division
Mary Schooley, Executive Secretary

Others Present

Leslie Smith, Oklahoma Department of Environmental Quality, Oklahoma City, OK
Mark Selvidge, Kutac Rock LLP, Oklahoma City, OK
Rebecca Poole, Oklahoma Department of Environmental Quality, Oklahoma City, OK
Jacob Bachelor, Duncan, OK
Mike Mathis, Chesapeake Energy, Oklahoma City, OK
Jared Cottle, City of Bixby, OK
Bea Aamodt, City of Bixby, OK
Tom Lay, L. Whitener, Oklahoma City, OK
Charlie Swinton, BancFirst, Oklahoma City, OK
Amy Ford, Citizens for the Protection of Arbuckle Simpson Aquifer, Durant, OK
Ron Jarman, Apex, Oklahoma City, OK
Jeri Fleming, Oklahoma Water Resources Research Institute, Stillwater, OK
Tom Liu, Bank of America, New York City, NY
Brian Kellog, Town of Inola; Talala, OK
Ken Senour, Guernsey, Inc., Oklahoma City, OK
Glenn Sullivan II, Geary, OK; Norman, OK
Shelby Hudgens, Unimin Corp., Ada, OK
Angie Burckhalter, Oklahoma Independent Petroleum Association, Oklahoma City, OK
Gary Froeming, Unimin Corp., Roff, OK

C. APPROVAL OF MINUTES

Chairman Herrmann stated the draft minutes of the January 11, 2011, meeting had been distributed and he said if the members had an opportunity to review the draft minutes he would accept a motion. There were no corrections, and Mr. Nichols moved to approve the minutes of the January 11, 2011, Regular Meeting, and Mr. Fite seconded.

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

D. EXECUTIVE DIRECTOR'S REPORT

Chairman Herrmann introduced Oklahoma's new Secretary of Environment, Mr. Gary Sherrer. He welcomed Secretary Sherrer and invited him to make comments. Secretary Sherrer addressed the Board members and attendees, and said he was pleased to have the opportunity to

serve in this role and the chance to work with very dedicated people. He said that knowing the agency heads as well as he does, with a new Governor with new ideas, this is an exciting time for our state, even coming out of a difficult budget situation. He said he felt there will be good times for the state, he is excited about being in the role--he felt the reason he was chosen was because of his experience in the office previously--and he will operate as he did before taking a common sense approach to resolving environmental issues, working through matters together. Chairman Herrmann added the OWRB had been working on the Water Plan for five years, and rolling that out will be a big project for the OWRB; he said the Board recognizes the caliber and the dedication and expertise of the OWRB staff and he appreciated Mr. Sherrer's comments.

Chairman Herrmann recognized Ms. Feaver joining the meeting at 9:35 a.m. He said a "supermajority" of members is required today to consider the financial matters.

Mr. J.D. Strong, addressed the members said there is a lot of activity, especially considering the Legislative Session began yesterday. He reiterated his pleasure to be able to work with Gary Sherrer again; Mr. Sherrer was OWRB Executive Director and Secretary of Environment when he moved from the OWRB to the OSE.

Mr. Strong introduced the OWRB's new Chief of Administrative Services, Ms. Amanda Storck. She will be continuing to assist the Office of the Secretary of Environment. She has an MBA and will be an immense help for the OWRB and the OSE regarding budgeting and finance.

Mr. Josh McClintock addressed the members and said he had distributed copies of the Governor's Budget Executive Summary, and the Legislative Update. He said there were not any surprises, there are consolidation proposals, but none that involve water. Specifically regarding the OWRB budget, he noted that a 5% cut has been recommended, putting the final appropriation at \$5.4 million, and the budget negotiations will kick off soon. Mr. McClintock noted the Congressional report provided, and mentioned that he and Mr. Strong had met recently with Congressman Lankford, who had been appointed to the Water Resources and Environment Subcommittee of the U.S. House Transportation and Infrastructure Committee and who will be directly involved in appropriations to the OWRB. He highlighted certain state bills filed affecting the OWRB, and said that many will "go away" after the first committee deadline. He said a meeting of the House Agriculture, Wildlife and Environment Committee is scheduled to meet on Wednesday, barring any snow. He said from the House there are several bills regarding the Arbuckle-Simpson Aquifer, a bill to replace Board members, a bill to create 19 water basins and creates a fund for water infrastructure projects; a number of administrative rules bills, a bill setting up a water infrastructure fund, changes to the well driller program, and bills regarding floodplain regulations. In the Senate, a bill by Brecheen regarding the OWRB membership, a bill to rollback the groundwater fee, other bills regard the Arbuckle-Simpson, water infrastructure fund, agency attorneys and hiring of outside firms, two resolution by Sen. Paddock regarding water re-use about water conservation.

Mr. Strong added that he had spoken with Legislators about not acting on any major landmark legislation until after the water plan is completed, so that any legislation has the opportunity to be fully vetted with sound technical and scientific review, as with the bill regarding creation of 19 basins (HB1328). Ms. Feaver asked if this number of bills relating to

water is usual, Mr. Strong responded that several are used as a vehicle to take care of an issue and many do not have any substance, but it is not uncommon.

Mr. Strong said the agency budget performance review had been rescheduled from the first snow storm, and has been rescheduled as well as the House Agriculture, Wildlife and Environment meeting is scheduled for agencies to provide an overview which is a good opportunity to highlight the OWRB priorities. He noted there are several measures that regard consolidating state *functions*, not necessarily agencies.

Mr. Strong said the Oklahoma Groundwater Association meeting will be held in the Oklahoma City February 17-18, the Oklahoma Municipal League Water Summit is February 18, a third meeting to address the pit water issue is on February 18, and oral argument before the 10th Circuit Court is scheduled for March 8, (day before the next Board meeting), Wednesday, March 9th at 1:30 p.m.---Water Day at the Capitol is from 9:00 a.m. - 2:00 p.m. in the 4th Floor Rotunda.

Mr. Strong concluded his report announcing the upcoming issue of the Oklahoma Today magazine will be an expose on Oklahoma Lakes, which he had interviewed with the editor. Also, and he had been interviewed by the New York Times on Indian Water Rights issues.

Chairman Herrmann offered to the Governor's Cabinet the expertise of Board members and volunteer citizens who have experience in the business world to assist state leaders as consolidation and streamlining matters are discussed.

2. FINANCIAL ASSISTANCE DIVISION

A. Consideration of and Possible Action on a Proposed Order Approving Clean Water Funding Application for Inola Public Works Authority, Rogers County. Recommended for Approval. Mr. Joe Freeman, Chief, Financial Assistance Division, stated to the members that this first item is a \$2,000,000.00 Clean Water State Revolving Fund loan request from the Inola Public Works Authority located in Rogers County. He said that Inola is requesting the loan to go along with approximately \$286,000.00 in local funds in order to relocate its effluent discharge from Pea Creek to the Verdigris River. The project consists of constructing a new 425 gallon per minute (gpm) dual pump lift station, a new chlorine contact basin, approximately 37,000 linear feet of 10-inch force main, and lagoon embankment improvements. Mr. Freeman noted provisions of the loan agreement, and said that Inola's water and sewer connections have increased approximately 7% and sales tax revenues have increased approximately 10% over the past ten years. Inola has been a loan customer of the Board's since 1997, and the debt-coverage ratio stands at approximately 1.38-times. Staff recommended approval of the loan request.

Representing Inola were Mr. Brian Kellog, project engineer. Mr. Kellog stated Inola had been working on the complicated project since 2005 and they were very excited about the significant improvement it will bring to the town. Mr. Sevenoaks asked why it had taken so long, and Mr. Kellog replied there had been many pieces to put together as well as six miles of line easements and getting everyone to agree.

Mr. Fite moved to approve to approve the CWSRF loan to the Inola PWA, and Mr. Nichols seconded.

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

B. Consideration of an Possible Action on a Proposed Order Approving Drinking Water Funding Application for Geary Utilities Authority, Blaine County. Recommended for Approval.

Mr. Freeman stated that this item is for the consideration of Drinking Water State Revolving Fund Loan in the amount of \$2,625,000.00 to the Geary Utilities Authority. He said Geary is requesting the loan for the construction of approximately 43,000 feet of water line, rehabilitate a booster pump station and to refinance approximately \$365,000.00 in Rural Development loans. Mr. Freeman noted provisions of the loan agreement. He said that Geary's water and sewer connections have increased by 5% over the past ten years, and that their debt coverage ratio stands at 2.25-times. Staff recommended approval.

Representing Geary was Ms. Leslie Swinerton, Vice Chair of the Authority, and Financial Advisor from Municipal Finances Services.

Mr. Sevenoaks asked how many meters the Authority had, and Ms. Swinerton answered there are 74 meters.

Mr. Nichols moved to approve the Drinking Water SRF loan to the Geary Utilities Authority, and Mr. Drummond seconded.

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

C. Consideration of and Possible Action on a Proposed Order Approving Clean Water Funding Application for Bixby Public Works Authority, Tulsa County. Recommended for Approval.

Mr. Freeman stated this item is for the consideration of a \$2,860,000.00 Clean Water State Revolving Fund Loan to the Bixby Public Works Authority. He said that the loan is requested to construct a new 12-inch gravity sewer interceptor, a new lift station, replace pumps and install generators at another lift station, for a Supervisory Control and Data Acquisition System, and reconstruct the roundabout to include green infrastructure to improve local drainage. Mr. Freeman noted provisions of the loan agreement. He said that since 2000, Bixby had experienced a 50% increase in water connections and 70% increase in sewer connections, and the populations has doubled to well over 14,000 since 1980. Bixby has been a customer of the Board's for several years and currently has two outstanding loans, and its debt service coverage is approximately 1.67-times. Staff recommended approval of the loan request.

Representing Bixby was Public Works Director Bea Aamodt, and Engineer Jerod Cottle, as well as Financial Advisors from Municipal Finance Services.

Mr. Drummond asked about the roundabout; Mr. Cottle answered the project included green infrastructure, and the roundabout utilizes low impact pavement for bio-retention facilities in an intersection located at a sports complex on the south side of the river.

Mr. Sevenoaks moved to approve the Clean Water SRF loan to the Bixby PWA, and Dr. Taron seconded.

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

D. Consideration of and Possible Action on Selection of Bond Counsel in Connection with the Issuance of One or More Obligations to Provide Funding for the State Loan Program. Mr. Freeman explained to the members that this item is for the selection of bond counsel in connection with the state bond loan program, also known as the FAP loan program. He said Request for Proposals were sent to 16 firms; and staff received proposals from Mark Selvidge with Kutak Rock; John Merchant with the Peck Shaffer firm of Cincinnati, and the Centennial Law Group whose members are John Batchelor, Michael Sullivan, and Jake Batchelor (former OWRB staff attorney). The proposals were reviewed based on experience with new money revenue bond issues, state and local bond issue experience, the experience of the assigned attorneys and fees quoted for their services. Proposals were reviewed with the members of the Board's Finance Committee comprised of Ms. Lambert, Mr. Herrmann, Mr. Nichols and Mr. Fite. Based upon the review, staff recommended approval of the Centennial Law Group as bond counsel for the Board's FAP loan program.

Mr. Nichols moved to approve the Centennial Law Group as the Board's Bond Counsel, and Dr. Taron seconded.

Chairman Herrmann asked for the Board's information about the time period required when a former employee is retained for services. Mr. Freeman answered there is a two-year time period required, and Mr. Batchelor left the agency four years ago. There were no other questions.

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

E. Consideration of and Possible Action on Selection of an Investment Banker(s) in Connection with the Issuance of One or more Obligations to Provide Funding for the State Loan Program. Mr. Freeman said this item is for the consideration of a resolution for the selection of investment banker for the State Revenue Bond Loan Program. Staff sent 30 Requests for Proposals to underwriting firms, and five firms submitted proposals for Senior Underwriter, and three firms submitted proposals for Co-Manager only. Senior Manager proposals were received from George K. Baum, BOSC-Bank of Oklahoma, Raymond James, Robert W. Baird Company and Wells Fargo; Co-managers were Edward Jones, Wells Nelson and Fidelity Capital Markets. The proposals were reviewed by staff based on the firm's experience with marketing capabilities, distribution capabilities, and quality of the proposed financial plan. The proposals were also discussed with the Board's Finance Committee. Staff recommended retaining BOSC, Inc. as Senior Manager and Wells Nelson as Co-Manager.

Mr. Sevenoaks asked the current team. Mr. Freeman said this is currently the same team.

Dr. Taron moved to approval staff recommendation to retain BOSC and Wells Nelson, and Mr. Drummond seconded.

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

F. Consideration of and Possible Action on a Proposed Resolution Authorizing the Reallocation of Revolving Fund Revenue Bonds, Series 2004 Proceeds. Recommended for Approval. Mr. Freeman distributed information explaining the purpose of resolution. He stated that this item is for the consideration of a resolution authorizing reallocation of bond proceeds from the Board's 2004 SRF bond issue. He said in January 2010, the Board approved the allocation of \$3,908,100.00 of the SRF Series 2004 bond proceeds for state matching funds for the Board's 2007, 2008, and 2009 EPA Capitalization Grant, to be matched with \$2,817,480.00 of the reallocated proceeds. This past Spring, staff applied for the 2009, 2010 EPA Capitalization Grants which were awarded to the Board in October. The resolution before the Board today allows the remaining \$1,090,620.00 to be utilized for state matching for the 2010 Capitalization Grants, and may be utilize proceeds for the upcoming 2011 SRF Bond issues, and the next agenda item, for matching the 2009 grant.

Mr. Freeman explained the reason for the request to utilize funds for the 2010 grant, is there is EPA required deadlines which must be met by June 30, 2011, for Green Projects principal forgiveness that are in the 2010 grant, that are not in the 2009 grant. Chairman Herrmann asked if the matters were related, and Mr. Freeman said it was carryover funds. He said the proposal has been reviewed by the Board's in-house counsel, the Board's SRF counsel, the Board's SRF tax counsel, and the Board's financial advisor. Staff recommended approval.

Mr. Fite moved to approve the resolution authorizing reallocation of funds and Mr. Drummond seconded.

Mr. Sevenoaks asked if the Board's original bond covenants of the bond issue approved to reallocate \$3.9 million, will allow the reallocation of the carryover of \$1 million? Mr. Freeman answered the resolution was approved a year ago to use the funds for the 2007, 2008, and 2009; this resolution allows the Board to use it for the 2009, 2010 Capitalization Grant by June 30. He said the original resolution authorized use of the funds and specified years.

There were no other questions by the Board, and Chairman Herrmann asked for the vote.

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

G. Resolution Authorizing the Issuance of One or More Series of Oklahoma Water Resources Board Revolving Fund Revenue Bonds, Series 2011 (Master Trust) in the Aggregate Principal Amount Not to Exceed \$285,000,000 for the Purpose of Financing Either or Both of Each of Wastewater Projects Described Under the Clean Water Act and Water Treatment Projects Under the Drinking Water Act, with the Aggregate Principal Amount for Such Wastewater Projects Not to Exceed \$135,000,000, and with the Aggregate Principal Amount for Such Water Treatment Projects Not to Exceed \$150,000,000; Approving and Authorizing Execution of a Bond Indenture or

Indentures Providing for the Issuance of the Bonds; Providing for the Sale and Delivery of the Bonds and Authorizing a Certificate of Determination; Waiving Competitive Bidding on the Bonds and Authorizing the Sale Thereof by Negotiation Pursuant to the Terms of a Contract of Purchase Pertaining Thereto; Approving a Preliminary Official Statement with Respect to the Bonds; Authorizing Execution of Such Other and Further Instruments, Certificates and Documents as may be Required for the Issuance of the Bonds; Directing Payment of Costs of Issuance and Containing other Provisions Relating to the Issuance of the Bonds. Recommended for Approval. Mr.

Freeman stated to the members that this resolution authorizes the Board's Series 2011 Bond Issuance for the Clean Water Revolving Fund Loan Program. He said staff began working on this issue last year, and targeted selling the bonds at the third week of March, and closing the issue on April 23, 2011. The bond issues are for reimbursing cash funds that are used for SRF loans, provide funds for completion of construction that is underway, and for matching funds.

Mr. Freeman noted the specific items authorized by the resolution: issuance of bonds not to exceed \$285,000,000.00 for Clean Water SRF loans, and amount not to exceed \$150,000,000.00 for Drinking Water SRF loans, for a total aggregate of bonds not to exceed \$285,000,000.00, authorizes execution of bond indenture providing for the issuance of bonds, providing for the sale and delivery of bonds, waiving competitive bidding, approving a preliminary official statement, and authorizing execution of other documents as required, and directing payment for cost of issuance. Staff recommended approval of the resolution.

Mr. Freeman said that Ms. Anne Burger Entrikin, Board's financial advisor, with First Southwest, is in attendance, as well as all other service providers. Mr. Freeman added that further work had been done since the meeting materials were distributed, and the stated figures are on the high side. He anticipated the actual issuance of funds will be \$90-100 million for Clean Water SRF loans, and \$50-60 million for the Drinking Water fund.

Mr. Sevenoaks asked the percentage of the number of contractual projects that had to be identified, and Mr. Freeman responded 30% of the proceeds are identified the first year, and 95% within three years. He said this will follow the same as the bond issue last year; those loans have already been closed so the 30% required by the Tax Act has already been met, and the 95% will be used within the three years; and there is the trigger that in the 35th month that money is moved over to the Trustee Bank. Mr. Sevenoaks asked why the Board does not do competitive bidding, and Mr. Freeman asked Ms. Burger Entrikin to respond about the way sales of a revenue type of issuance are done.

Ms. Burger Entrikin explained there are several reasons the Board would consider a negotiated sale rather than a competitive bidding sale, the first of which is the current volatility of the market for municipal markets. She said there have been news items about municipal defaults, but she has seen that interest rates for municipal bonds have increased significantly over the last 8-12 weeks. She said one of the things she believes given the situation the Board is in now in experiencing great market volatility is having the opportunity to have a negotiated bond sale where you can work with pre-sale effort with investors really helps a bond sale. She said the rating agencies are focused on default analysis and coverage ratios, and it is very much a structured finance where maturities and principal amounts are moving to ensure a smooth coverage ratio for the life of the bonds, and they want to be sure during the negotiated process there is more control. Regarding the negotiated bond sale, Ms. Burger Entrikin said that they want to make sure they are reaching out to the target investors, particularly Oklahoma retailers,

and want to make sure that the priority orders are set up in a way that anyone in Oklahoma that wants bonds will be able to get them.

Mr. Sevenoaks said there was a period when there wasn't much product in the market, and he asked what was going on in the municipal bond market now. Ms. Burger Entrikin answered she had seen a significant acceleration of debt that most likely occurred at the beginning of the 2011 calendar year after the "Build America Bonds" were not going to be available at the end of 2010, and there was a huge rush to market. New issuance is down, but there are higher yields, and bonds are now on the secondary market and there is a lot of supply.

Mr. Drummond said rating agencies are getting tougher and asked if she anticipated any problems with the Board's AAA rating. Ms. Burger Entrikin answered she did not anticipate any problems because of the oversight and due diligence done by the Board and staff. She said water and wastewater bonds seem to be doing a little bit better. Mr. Drummond asked about whether rates would change, and she anticipated the rates will be higher than last year, but is continuing to work with the structure regarding pre-sale marketing efforts.

There were no other questions, and Mr. Nichols moved to approve the resolution authorizing the issuance of revolving fund revenue bonds, and Mr. Drummond seconded.

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

NAY: None

ABSTAIN: None

ABSENT: Lambert, Knowles

3. SUMMARY DISPOSITION AGENDA ITEMS

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

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

Chairman Herrmann read the summary disposition agenda introduction, and asked if there were any questions about any items, or any items that needed to be separated from the agenda.

There were no requests to transfer items from the Summary Disposition Agenda to the Special Consideration Agenda.

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.

Ms. Julie Cunningham asked that item G.1., application for regular permit to use groundwater by Payne County RWD #4, #2010-553, be withdrawn from the Board's consideration.

Chairman Herrmann asked if there were other questions.

There being no further questions about items on the Summary Disposition Agenda, Chairman Herrmann stated he would accept a motion.

Mr. Drummond moved to approve the Summary Disposition agenda as amended, and Mr. Sevenoaks seconded.

AYE: Feaver, Taron, Drummond, Sevenoaks, Fite, Nichols, Herrmann
 NAY: None
 ABSTAIN: None
 ABSENT: Lambert, 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>
COEDD				
a.	FAP-10-0009-R	Rural Water District #2	Hughes	\$ 99,999.00
EODD				
b.	FAP-10-0004-R	Vian Public Works Authority	Sequoyah	99,999.00
GGEDA				
c.	FAP-04-0025-R	Rural Water, Sewer, Gas & Solid Waste Management District #11	Delaware	99,990.00

2. Consideration of and Possible Action on FY 2012 Proposal for Use of the Statewide Water Development Revolving Fund.

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

1. Contract with the Oklahoma Ground Water Association to provide continuing education classes to well drillers and pump installers licensed by the OWRB.

2. Cooperative Agreement with the Oklahoma Department of Wildlife for printing Oklahoma Boating Access Water Atlas.

E. Applications for Temporary Permits to Use Groundwater:

1. Turkey Trak Ranch, L.L.C., Osage County, #2010-542
2. Robert L. & Vickie B. Whitener, Grady County, #2010-550
3. Deer Creek Water Corporation, Oklahoma County, #2010-564

- F. Applications to Amend Temporary Permits to Use Groundwater:
1. 3-J Farms, Inc., Cimarron County, #1993-616A
 2. Caddo County RWS & SWMD No. 3, Comanche County, #1999-563
- G. Applications for Regular Permits to Use Groundwater:
1. *Payne County RWD #4, Creek County, #2010-553* *Item Withdrawn*
 2. Mark Witt & Neal Hofferber, Texas County, #2010-558
 3. Mark Witt & Neal Hofferber, Texas County, #2010-559
 4. Dwain Towner, Texas County, #2010-566
 5. Dominique Lehr, Texas County, #2010-569
- H. Applications to Amend Regular Permits to Use Groundwater:
None
- I. Applications to Amend Prior Rights to Use Groundwater:
1. CRI Feeders of Guymon, L.L.C., Texas County, #1962-049
- J. Forfeiture (Defaults) of Stream Water Rights:
1. Frank LeGrand, Payne County, #1970-146
 2. Rudy Wayne Simunek, Kay County, #1971-189
 3. Oak Tree Properties, Oklahoma County, #1973-321
 4. APAC-Oklahoma, Inc., Tulsa County, #2001-019
 5. Clayton Collins, Rogers County, #1990-002
 6. M/M Jock N. Worley & M/M Don Carlton, Adair County, #1995-022
 7. Blue Valley Nursery, Inc., Cherokee County, #1984-005
- K. Forfeitures (Reductions) of Stream Water Rights:
1. Charles W. & Mildred L. Sisler, Tulsa County, #2000-005
- L. Well Driller and Pump Installer Licensing:
None
- M. Dam and Reservoir Construction:
None
- N. Permit Applications for Proposed Development on State Owned or Operated Property within Floodplain Areas:
1. ODOT, Cleveland County, #FP-10-22
 2. ODOT, Pottawatomie and Pontotoc Counties, #FP-10-24
 3. ODOT, Lincoln County, #FP-10-25
 4. ODOT, Lincoln County, #FP-10-26
 5. ODOT, Lincoln County, #FP-10-27

- O. Applications for Accreditation of Floodplain Administrators:
Names of floodplain administrators to be accredited and their associated communities are individually set out in the February 8, 2011 packet of Board materials

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

A. Update Report on Oklahoma Comprehensive Water Plan Activities. Mr. Kyle Arthur, Director of Planning, greeted the members and distributed a list of meeting times and locations for the Regional meetings that will begin on April 19. He explained that the technical input portion of the meetings will be conducted with the water providers of the basin from 1:00 pm. to 5:00 p.m. on the day of the meeting, and for 6:30-9:30 p.m. the Feedback and Implementation Meetings (FIMs) will be held with members of the public (policy and development). He invited the members to attend as they are able. He said water provides, city personnel, etc., will be specifically invited.

Mr. Arthur said that the brevity of his remarks does not reflect the work that is being done on the OCWP. He said that the agency is in production mode full time; there are a lot of people behind the scenes doing a lot of work -- he thanked the OWRB Chiefs and their staffs, as well as the Information Services staff that is working diligently to produce the documents. He anticipated the draft will be available to the Board at the April meeting. Other components are available now on the website, and additional components uploaded as completed. He said beginning the end of March the review will begin for final approval in October.

Chairman Herrmann also complimented everyone for their work as the end is in sight.

5. SPECIAL CONSIDERATION

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

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

- A. There were no items for the Board's consideration.

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

6. AGENCY BUDGET REPORT.

Ms. Amanda Storck addressed the members and stated the revenue and expense report had been provided; 58% of the fiscal year is passed, and 57% of the budget remaining.

Chairman Herrmann asked about the proposed 5% budget cut for the next year. He said if this year is under spent, where will that come from? Mr. Strong responded that scenarios are considered in incremental amounts. He said there will be a small carryover but that will have to be spent within a certain amount of time. He said he isn't aware of interim budget cuts, but wants to be prepared. Mr. Sevenoaks asked if there were furloughs in the agency now, and Mr. Strong answered there is not. Mr. Nichols asked about the amount of funding federal, state, other, and Ms. Storck answered it is basically 1/3-1/3-1/3. Ms. Storck said the next phase is to plan the budget for FY2012, anticipating a higher cut than 5%; Mr. Strong added that staff has provided information to the legislative staff regarding how the agency would respond to a 5%, 7.5% and 10% budget cut and any carryover helps to soften the blow. Mr. Sevenoaks asked at what point would the agency implement furloughs, and Mr. Strong said that above 5% and particularly close to 7.5%-10% furloughs or targeted layoffs. To date, the cuts have been managed through not filling positions.

Chairman Herrmann said the good news is that since the financial meltdown, the OWRB managers have done a good job maintaining one step ahead rather than one step behind. Mr. Sevenoaks said it's a fine line whether to cut services before furloughs or personnel. They discussed the federal budget, ARRA funds, and uncertainty about what that means for state budgeting.

Ms. Storck introduced her staff and said she is working with OSF to implement Phase 2 of the time and accounting portions of the state system. She will continue to work for the Office of Secretary of Environment; she spoke of her state employment history.

7. CONSIDERATION OF SUPPLEMENTAL AGENDA ITEMS, IF ANY

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

8. CONSIDERATION OF AND POSSIBLE ACTION ON ADOPTION OF PROPOSED AMENDMENTS TO PERMANENT RULES

Staff will briefly present highlights and summaries of draft proposals that have been made available for public review and comment for the following chapters of the permanent rules. The formal public hearing to receive comments about the draft proposals is scheduled before the Board members at the January 11, 2011, monthly meeting. Thereafter, final draft proposals for

all chapters will be forwarded to the Board and are scheduled for consideration and action by the Board members at the February 8, 2011, monthly meeting.

A. Proposed Amendments to Chapter 35 – Well Driller and Pump Installer Licensing - Ms. Julie Cunningham said regarding Chapter 35 amendments, not comments had been received, and there are no proposed changes,. She said that staff recommended approval of the proposed amendments to Chapter 35 as they have been presented.

Chairman Herrmann reminded the members that four months ago staff presented what would be considered, three months ago the actual proposed language was presented, last month the public hearing was conducted with presentation of public comment and now the Board will consider the amendments for approval.

Ms. Cunningham reminded the members that the proposed amendments were made by the Well Drillers Advisory Council. Mr. Strong added there were no comments received and no changes made.

Mr. Drummond asked about a case involving a driller from Fort Smith. Mr. Couch said the amendments will make the process easier when staff is out in the field.

There were no additional comments by members of the public, and there were no other questions by Board members.

Mr. Drummond moved to approve the proposed amendment to Chapter 35, and Mr. Sevenoaks seconded.

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

NAY: None

ABSTAIN: None

ABSENT: Lambert, Knowles

B. Proposed Amendments to Chapter 45 – Oklahoma’s Water Quality Standards; and

C. Proposed Amendments to Chapter 46 – Implementation of Oklahoma’s Water Quality Standard- Mr. Derek Smithee addressed the members and said for purposes of discussion he would speak to both Chapters 45 and 46; however, the Board will vote separately on each chapter.

He reviewed the rules revision process, and as a consequence of the public hearing and comments received, staff is recommending three broad modifications:

Regarding both Chapters 45 and 46 and involving how the State makes impairment decisions on the lakes and reservoirs (45:512:F1(b), page 8018 of the packet). It regards the 303(d) list, which the EPA and the DEQ had requested it be modified to capture the way storm events stratify in the summer time. He said staff had made a suggested change that allows consideration of dissolved oxygen throughout the water column, rather than just the top two feet (actual changes are the double underline on page 8020 in the packet).

Mr. Sevenoaks commented about the City of Tulsa and the ability to qualify for the 303(d) list. Mr. Smithee stated that change regards the second modification in Chapter 46 regarding the water column and 6. a.,b.,c., and d., (page 8048) a new double underline (which

he read) so there are default assumptions for all reservoirs, but when there is unique specific information on a particular reservoir, that information controls over the default.

Chairman Herrmann asked if that is more or less control, and Mr. Smithee responded it depended upon what that reservoir's specific information may be. Mr. Smithee said staff worked with TMUA, INCOG, DEQ, OCC, and this is the language that was accepted. Mr. Sevenoaks expressed concerned about whether this would resolve the issue of remaining on the 303(d) list, and Mr. Smithee stated he had worked with the TMUA staff and they had agreed to the language. Mr. Sevenoaks asked if the lawyers had reviewed it, and Mr. Phil Moershel answered he did not know if the lawyers had reviewed it, but the staff agreed to it, and it was very similar to what they had proposed.

Mr. Smithee said the third specific change is in Chapter 46 regarding how we determine a reasonable/potential test and when that is triggered, and in this case BOD, and how real world data is considered. This only change only regards reasonable/potential for DO in this rulemaking. In the original proposal three things were proposed: concentration, load and flow. In response to the Ordnance Works Authority's comments, which said they did not believe concentration or flow is needed, only load information. Staff contacted DEQ and INCOG, and agreed that flow information isn't necessary because that is included in load information, but concentration and load is needed; the proposal strikes "flow" (785:46:19(3) page 8058).

Mr. Sevenoaks asked for clarification; Chairman Herrmann said that if you have two factors, you don't need all three, but you can't have just one. Mr. Smithee said there are situations where load will control the permit and situations where concentration will control the permit.

He noted several other minor changes.

Staff recommended approval of the changes as proposed in response to comments received.

B. Chairman Herrmann stated the Board would vote on each chapter. Staff recommended approval of the proposed amendments to Chapter 45.

Mr. Sevenoaks moved to approve the amendments as proposed for Chapter 45, and Dr. Taron seconded.

There were no comments by the public.

Mr. Drummond asked about process, will the rules will go to EPA for approval. Mr. Smithee answered once the Board approves, the rules go to the Legislature and Governor, then certified by the Attorney General's office and then to the EPA, probably sometime in July for approval or disapproval. Generally by October or November it will be effective as federal law.

Chairman Herrmann asked if EPA will disapprove; Mr. Smithee said while not often, it will disapprove. More often, the EPA will withhold clarification and modification in the next rulemaking.

There being no further questions or comment, Chairman Herrmann called for the vote.

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

NAY: None

ABSTAIN: None

ABSENT: Lambert, Knowles

C. Mr. Smithee stated that staff recommended approval of the Chapter 46 with the modifications as proposed.

Mr. Nichols moved to approve the proposed rule amendments to Chapter 46, and Mr. Drummond seconded.

There were no comments by the public.

There being no further questions or comments, Chairman Herrmann called for the vote.

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

NAY: None

ABSTAIN: None

ABSENT: Lambert, Knowles

D. Proposed Amendments to Chapter 50 - Financial Assistance. Mr. Joe Freeman stated the rules amendments are as he presented previously. There were no changes made since last month and there were no comments received.

Mr. Drummond moved to approve the rules amendments as proposed for Chapter 50, and Mr. Fite seconded.

There were no public comments.

There being no further questions or discussion by Board members, Chairman Herrmann called for the vote.

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

NAY: None

ABSTAIN: None

ABSENT: Lambert, Knowles

9. 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 informed the members that the City of Tulsa is now contracting with Broken Arrow for water (Oklahoma Ordnance Works Authority had been their provider), and also the Supreme Court has refused to rule in the matter of Grand Lake and being the sole seller of water, precluding any appeal by the Tribes to claim that water for use.

Chairman Herrmann reminded members and the public that the next meeting will be Wednesday, March 9, with Water Day at the Capitol in the morning, and the Board meeting at 1:30 p.m. at the OWRB offices.

Ms. Feaver asked that staff provide talking points for visits with the Legislators.

10. ADJOURNMENT

There being no further business, Chairman Rudy Herrmann adjourned the meeting of the Oklahoma Water Resources Board at 11:05 a.m. on Tuesday, February 8, 2011

OKLAHOMA WATER RESOURCES BOARD

_____/s/_____
Rudolf J. Herrmann, Chairman

_____/s/_____
Jess Mark Nichols, Vice Chairman

_____/s/_____
Edward H. Fite

_____/s/_____
Richard Sevenoaks

_____/s/_____
Marilyn Feaver

_____Absent_____
Kenneth K. Knowles

_____Absent_____
F. Ford Drummond

_____/s/_____
Joseph E. Taron

ATTEST:

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