

OKLAHOMA WATER RESOURCES BOARD
OFFICIAL MINUTES
April 12, 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 April 12, 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 April 5, 2011 at 5:00 p.m. at the Oklahoma Water Resources Board's offices.

A. Invocation

Chairman Herrmann asked Mr. Ed Fite to provide the invocation, and noted condolences to members, friends and staff that had recently lost family members.

B. Roll Call

Board Members Present

Rudy Herrmann, Chairman
Linda Lambert, Secretary
Ford Drummond
Marilyn Feaver
Ed Fite
Kenneth Knowles
Richard Sevenoaks
Joe Taron

Board Members Absent

Mark Nichols, Vice Chairman

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
Amanda Storck, Chief, Administrative Services Division

Kyle Arthur, Director of Planning
Josh McClintock, Director of Government and Public Affairs
Mary Schooley, Executive Secretary

Others Present

Deborah Daniels, Town of Fort Gibson, OK
Kathy Carson, Town of Fort Gibson, OK
Robert Toole, Oklahoma Conservation Commission, Oklahoma City, OK
Ben Oglesby, Municipal Finance Services, Inc., Edmond, OK
Amy Ford, Citizens for Protection of Arbuckle Simpson Aquifer, Durant, OK
Ben Felder, eCapitol, Oklahoma City, OK
Karl Strehly, Guernsey Inc., Oklahoma City, OK
Tyler Powell, Office of the Secretary of Environment, Oklahoma City, OK
Jim Barnett, KIRA, Oklahoma City, OK
Pennie Embrey, Oklahoma for Responsible Water Policy, Antlers, OK
John Sorensen, Episcopal Diocese of Oklahoma, Oklahoma City, OK
Rebecca Poole, Oklahoma Department of Environmental Quality, Oklahoma City, OK
Mike Spear, Spear Engineering, Noble, OK
Candy Staring, Oklahoma Department of Environmental Quality, Oklahoma City, OK
Vicki Reed, Oklahoma Department of Environmental Quality, Oklahoma City, OK
Roger McMillan, City of Yale, OK
Robert Shelton, City of Tulsa, OK
Sue Ann Nicely, Oklahoma Municipal League, Oklahoma City, OK
Richard Landes, Landes Engineering, Shawnee, OK
Tom Liu, Bank of America, New York, NY
Curt Shelmire, Bank of America, Dallas, TX
Deena Suddath, BandFirst, Oklahoma City, OK
Jacob Bachelor, Centennial Law Group, Duncan, OK
Jeri Fleming, Oklahoma Water Resources Research Institute, Stillwater, OK
Diana Leggett, Oklahoma Water Resources Research Institute, Stillwater, OK
Donna & Bobby McSpadden, Clayton, OK
Robert Mullins, Yale; Oklahoma City, OK

C. APPROVAL OF MINUTES

Chairman Herrmann stated the draft minutes of the, March 9, 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 Ms. Lambert moved to approve the minutes of the March 9, 2011, Regular Meeting, and Mr. Sevenoaks seconded.

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

D. EXECUTIVE DIRECTOR'S REPORT

Mr. J.D. Strong, Executive Director, addressed the members and asked Mr. McClintock to provide the legislative update.

Mr. McClintock provided a written report, and commented there are 60 bills left under consideration in which the agency is interested, and he highlighted certain measures. House Bill 1044 by Rep. Faught regards the approval of rules by agencies and has been passed and signature by the Governor is expected. The measure provides that if rules are to implement fees or makes substantive changes that will now require affirmative approval by the Legislature, and if not acted upon, the rules will not be effective; the process will remain for minor rule changes. House Bill 1304 regards consolidation and moves all IT services to the Office of State Finance. House Bill 1575 deals with gray water (primarily a DEQ function), HB 1692 removes the requirement of the 5-member floodplain Board, HB 1943 regards floodplains, but there is not much substantive language but it will be watched. Senate Bill 248 is about the GRDA and regulation within its boundaries and will be watched for language regarding OWRB groundwater fee; SB 335 is the companion floodplain bill; SB 597 is the vehicle for the pit water issue and the deadline to pass the House is May 5 so there are additional meetings scheduled. In closing, he noted SJR 24 and SJR 31 by Senator Paddack regarding water reuse, and to include water conservation within the water plan. This week is the deadline to pass Senate measures out of the House Committees, then measures will move to conference committees. Regarding Congressional legislative activities, late on April 7 the CCR was passed trimming \$39 billion out of the budget and funding the government through the end of the fiscal year; the measure will be taken up this week. He did not anticipate any major changes at this time regarding any items involving the OWRB. He mentioned S. 573, the Harbour Maintenance Trust Fund that sets up a funding process from the COE to the states to prioritize harbor maintenance, and could influence change for consideration of funding through state water plans. He noted a brief summary of a report and website regarding a National Research Council Report, looking at the COE programs and budgeting programs; the first of a 5-part series.

Mr. Strong added that House Bill 1957 would modify setback requirements for swine operations. It lessens the setback for smaller operations and removes the OWRB from enforcing the 3-mile setback from recreational sites, leaving the responsibility with the Department of Agriculture. There is some controversy about the modification.

He said as many are aware, the draft water plan is now available on the website. He said Mr. Arthur will report on how the plan will be rolled out. He said there has been some criticism about the amount of public input and resources required to obtain the input, but there are major considerations coming down the pike as a result of what is in the plan, and it is extremely valuable to put the draft out allowing everyone in the State of Oklahoma one more opportunity to look at it -- did we get it right, are priorities in order, was something overlooked -- it is important that the process include one last round from feedback about not only how the plan looks, but also about how it can be implemented. He said the schedule is still in place that April-May will see the FIM (feedback and implementation meetings), June-July will involve internal work to

accommodate those comments and suggestions and wrap them into a final draft to bring before the Board in August, and one last public hearing in September prior to final approval in October.

Chairman Herrmann asked the Board members to take the time to peruse the documents so that everyone is "onboard" with staff on the top policy issues; he asked them to provide to staff the big issues that as a Board are going to have to address; is there anything missing; any issues the Board currently deals with that did not come up through the process; or matters that have come up through the process that need additional attention. He said he would ask the Board's Water Planning Committee to meet and take that input and boil down to the top 7-10 issues that reflects the thinking of the Board as it relates to both the technical input from CDM as well as the public input side from OWRRI. The members and staff talked about what portions of the draft plan are available on the website, and what is forthcoming.

Mr. Strong continued with his report commenting on the pit water issue and his optimism there is progress. He said he had attended a tour in north Texas organized by Senator Paddock to see projects involving water use--golf course irrigation with gray water, and the Nation's largest constructed wetlands treating wastewater. He anticipated attending the first FIM meeting at Beaver April 19 and then speaking to the ORWA conference in Tulsa and April 20; ScienceFest will be at the zoo on April 21, and rather than attend the Western States Water Council meetings in Santa Fe April 13-15, Mr. Strong will be participating via conference calls. The annual Red River Compact Commission meeting will be held April 25-26 here at the OWRB (committee meetings on 4/25, full compact meeting on 4/26). Other items mentioned were, the OWRB staff held two events to raise funds for the Japanese relief effort with collections totaling \$710.00; Financial Disclosure statements are due May 16 to the Oklahoma Ethics Commission; and he introduced Mr. Tyler Powell, assistant to Secretary Gary Sherrer.

Mr. Strong said that Chairman Herrmann had asked for a brief update on the hydraulic fracturing presentation given to OWRB staff on March 31 by Oklahoma Corporation Commission staff, Mr. Tim Baker. The OWRB is aware of the water permitting side and wanted to know more about the whole process, especially in light of the national concerns. He said Ms. Julie Cunningham had been asked to present an overview of the water resource management program and participated in the "STRONGER" review, or "State Review of Oil and Natural Gas Environmental Regulation" (a non-profit organization) organized with the aid of the Interstate Oil and Gas Compact Commission. Oklahoma received a good review for its comprehensive regulations and standards, and its 5-year planning process for the cleanup and closure of sites that would likely impact groundwater and surface water.

He said that fracturing is essential for the extraction of oil and gas from shale formations and now there are hundreds of years of supply due to this new technology--actually developed at the University of Oklahoma in the 1940s and has been used successfully in Oklahoma since 1949. Fracturing fluids are 98% water and sand, and 2% additives which is pumped into the ground at high pressure in the shale formation to create fractures which are held open by sand particles and the gas is allowed to escape into the well bore and into the collection system. He said the shale formations in Oklahoma are thousands of feet below the surface (the shallowest being 4,500 feet in southeast Oklahoma); much deeper than the aquifers from which we get groundwater, and usually there is a solid, impermeable separation between the formations. In freshwater aquifers, there are several layers of steel casing and cement when drilling through the aquifer layers and the technology allows for multiple wells to be drilled in all directions,

minimizing surface disturbance; all is regulated by the Oklahoma Corporation Commission. Regarding water use, a single fracturing job could use as little as 25,000 gallons of water, with 15-20 stages per frack, and there is a trend of increased use of water under the 90-day provisional temporary permits typically issued by the OWRB for oil and gas operations, and the larger requests range in 50-75 acre-feet of water per 90-day period. While significantly more than has been seen, in the "grand scheme" of things, use pales in comparison with irrigation use. The Corporation Commission has seen an increase in horizontal wells being completed, and flow back water has been a concern, and is held in pits to be disposed of in approved injection wells later. Contrary to what people hear, there has not be one documented case of groundwater pollution in Oklahoma from deep hydraulic fracturing; there has been speculation and there is an EPA study that is looking at the situation. Mr. Strong concluded the brief presentation offering to invite the Corporation Commission to make its video presentation to the Board at a future meeting.

Mr. Strong concluded his report stating that while there had not been any activity on the Sardis issue in many months, there had been several news articles the past few days.

Mr. Fite asked if fracturing water used at one site could be used at another, and Mr. Strong responded that there is work, Devon Energy in particular, on recycling -- the water is cleaned before reuse. There is a lot of work going on in that area, and OWRB staff has been involved in certain aspects. Chairman Herrmann stated the issue had been in the news recently and he had asked staff to make a presentation and it is doing "due diligence" in the matter.

Chairman Herrmann reminded members that at the June Board meeting officers will be elected.

2. FINANCIAL ASSISTANCE DIVISION

A. Consideration of and Possible Action on a Proposed Order Approving Drinking Water Funding Application for Noble Utilities Authority, Cleveland County. Recommended for Approval. Mr. Joe Freeman, Chief, Financial Assistance Division, stated to the members that this item is for the consideration of a Drinking Water State Revolving Fund loan in the amount of \$1,175,000.00 to the Noble Utilities Authority in Cleveland County. He said Noble is requesting the loan for drilling three new wells with well houses, installing about 1,500 feet of 6-inch water line, and 1,000 feet of 12-inch water line; proceeds will also be used to sandblast and paint three water storage tanks. Mr. Freeman noted provisions of the loan agreement. Noble currently has one outstanding Clean Water SRF loan with the OWRB--water and sewer connections have increased by 20% over the past ten years, and its debt-coverage ratio is in excess of 4.0-times. Staff recommended approval.

Mr. Bob Wade, City Manager, Mr. Mike Spear, consulting engineer, and representatives of Municipal Finance Services were present in support of the loan request.

Ms. Lambert asked the population of Noble, and Mr. Wade responded 6,481 (now larger than Purcell). Dr. Taron asked the source of water, and Mr. Wade responded groundwater is the source; these wells are replacement wells for those in the Garber-Wellington that contain arsenic.

Dr. Taron moved to approve the DWSRF loan to the Noble Utilities Authority, and Mr. Drummond seconded.

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

B. Consideration of and Possible Action on a Proposed Order Approving Clean Water Funding Application for Fort Gibson Utilities Authority, Muskogee County. Recommended for Approval. Mr. Freeman stated that this item is a \$1,075,000.00 Clean Water State Revolving Fund loan to the Fort Gibson Utilities Authority in Muskogee County. He said that the Authority is requesting the loan for installation of a new aeration system at its wastewater lagoon with a highly efficient fine bubble diffused aeration system. Mr. Freeman noted provisions of the loan agreement. He said that the Authority has been a customer of the Board's, and has two outstanding loans with the Board. Water and sewer connections have increased over 10% during the past ten years, and the debt coverage ratio stands at a strong 6.0-times. Staff recommended approval.

Ms. Debbie Daniels, Town Clerk and Treasurer; Ms. Cathy Carson, Town Administrator, and representatives of their financial advisors were present in support of the loan application.

Mr. Sevenoaks asked the population of Fort Gibson and the discharge point. Ms. Carson responded, about 4,700 people, and the discharge is to the Neosho-Grand which flows into Three-Forks River.

Mr. Fite moved to approve the CWSRF loan to the Fort Gibson Utilities Authority, and Ms. Lambert seconded.

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

C. Consideration of and Possible Action on a Proposed Order Approving Increase in Obligation of Clean Water Funds for Yale Water and Sewage Trust, Payne County. Recommended for Approval. Mr. Freeman said this item is a request by the Yale Water and Sewage Trust for a \$405,000.00 increase in CWSRF loan funds. He said the request is the result of bids on the project coming in higher than the engineer's estimate. The request will increase the loan amount from \$2,585,000.00 to \$2,990,000.00. He said that eight construction bids were received ranging from \$2,515,000.00 to \$3,327,312.00; all other provisions of the loan agreement will remain the same as approved in March. He said the loan proceeds are for construction of a lift station, new head works, improvements to the flow equalization basin, to rehabilitate the aeration station and clarifier, construct a second clarifier, improve the chlorination and dechlorination feed systems, and to install a SCADA system. Mr. Freeman said that even with the increase in the loan size, Yale's debt coverage ratio stands at a strong 2.9-times. Staff recommended approval.

Ms. Shane Frye, City Manager, Mr. Roger McMullen, City Attorney, and financial advisor representatives from MFS were present in support of the request.

Chairman Herrmann asked what has driven the increase, and Mr. McMullen said not one item in particular, just increases in all of the various component parts than what had been estimated.

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

Mr. Fite moved to approve the increase in obligation of funds, and Mr. Knowles seconded.

AYE: Feaver, Fite, Lambert, Sevenoaks, Taron, Drummond, Knowles,
Herrmann

NAY: None

ABSTAIN: None

ABSENT: Nichols

D. Consideration of and Possible Action on a Proposed Order Approving Increase in Obligation of Clean Water Funds for Pawnee Public Works Authority, Pawnee County. Recommended for Approval. Mr. Freeman said this item is a request from the Pawnee Public Works Authority for a loan increase from \$6,550,000.00 to \$6,955,000.00. The additional funding request is a result of the construction bids coming in higher than the engineer's estimate. He said that five bids were received ranging from \$6,664,288.00 to \$8.3 million. The funds will be used to construct a 1/2-MGD sequencing batch reactor wastewater treatment plant and a new lift station. All other provisions of the loan agreement originally approved by the Board will remain the same. The debt coverage ratio stands at 1.8-times. Staff recommended approval.

Mr. Tom Briggs, Mayor and Ms. Nita Franks, City Clerk, were present in support of the loan increase request.

Mr. Fite asked what company would build the facility and Mr. Briggs answered the company had not yet been selected, but W.M. Crouch is the low bid on the project. Mr. Briggs added there was quite a spread in the bids submitted which was not expected. He said it involved a lot of dirt work, relocating the new facility out of the floodplain. Mr. Drummond asked about Pawnee's water supply as regards current conditions, and Mr. Briggs said the city has two sources, the city's lake and Lone Chimney Lake.

Chairman Herrmann stated staff had recommended approval, and Mr. Drummond moved to approve the request for increase in obligation of funds. Mr. Fite seconded the motion.

AYE: Feaver, Fite, Lambert, Sevenoaks, Taron, Drummond, Knowles,
Herrmann

NAY: None

ABSTAIN: None

ABSENT: Nichols

E. Consideration of and Possible Action on a Proposed Order Approving Loan Funding Application for Tulsa Metropolitan Utility Authority, Tulsa County. Recommended for Approval. Mr. Freeman stated that this item is the first of two requests by the Tulsa Metropolitan Utility Authority. This request is for a \$15,560,000.00 State Loan Program Revenue Bond loan, also known as the FAP Program. Tulsa is requesting the loan for design and construction of sewer rehabilitation work on an area-wide basis in conjunction with its 2010 Street Improvement package. Proceeds will also be utilized for the Lower Joe Creek Relief line

and ongoing sanitary sewer system rehabilitation and improvements. Mr. Freeman noted provisions of the loan agreement. Mr. Freeman said Tulsa has been a long-time customer of the Board's for over twenty years and during that time period, the water and sewer connections have increased approximately 14%; Tulsa's debt-coverage ratio is 1.38-times. Staff recommended approval.

Mr. Bob Shelton, City Engineer, was present in support of the application.

Ms. Lambert moved to approve the FAP loan to the Tulsa Metropolitan Utility Authority, and Ms. Feaver seconded.

Mr. Sevenoaks asked how the debt coverage ratio is determined, and Mr. Freeman said it is looked at two ways, first, by liens and second liens for the actual cash flow of 1.38 or a senior lien debt-coverage ratio, which would be 2.4-times.

AYE: Feaver, Fite, Lambert, Taron, Drummond, Knowles, Herrmann

NAY: None

ABSTAIN: Sevenoaks

ABSENT: Nichols

F. Consideration of and Possible Action on a Proposed Order Approving Clean Water Funding Application for Tulsa Metropolitan Utility Authority, Tulsa County. Recommended for Approval. Mr. Freeman stated that this item is for consideration of a \$23,480,000.00 Clean Water SRF loan request by the Tulsa. He said the loan proceeds requested are for improvements to the Northside wastewater treatment plant head works, two anaerobic digesters and chlorine basin improvements to eliminate affluent foaming at the plant. Loan proceeds will also be used to fund a belt filter press system at the Southside wastewater treatment plant. The remaining funds will be used for system-wide treatment plant rehabilitation, and improvement of lift stations. Mr. Freeman noted provisions of the loan agreement. Staff recommended approval.

Mr. Shelton was present in support of the application.

Mr. Drummond asked if the Mayor's proposal to change the way the city's public works is organized would have any impact on this project. Mr. Sevenoaks explained the TMUA is actually independent of the city, and the Board is making the loan with the Utility Authority, a borrower that has its own source of revenue and ability to repay.

Chairman Herrmann stated he would accept a motion, and Mr. Drummond moved to approve the loan request. Mr. Knowles seconded the motion.

AYE: Feaver, Fite, Lambert, Taron, Drummond, Knowles, Herrmann

NAY: None

ABSTAIN: Sevenoaks

ABSENT: Nichols

G. Resolution Authorizing the Issuance of Oklahoma Water Resources Board State Loan Program Revenue Bonds, Series 2011 in Aggregate Principal Amount not to Exceed \$17,000,000; Approving and Authorizing Execution of a Nineteenth Supplemental Bond Resolution (that Provides for the Issuance of Said Bonds and the Creation of a Program Wide General Debt Service Reserve Fund); 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 explained this item is the authorizing resolution to fund the TMUA loan, agenda item 2.E. on today's agenda. He read the resolution authorizing the specific items of issuance of OWRB State Loan Program Revenue Bonds in a principal amount not to exceed \$17 million, authorizing execution of a 19th supplemental bond resolution, and creation of a program-wide general debt service fund, authorizing issuance to be on a negotiated basis, approving preliminary official statement, directing deposit of the proceeds with the State Treasurer for remittance to the Board's trustee bank, BancFirst, approving promissory note and loan agreement and directing payments for the cost of issuance an authorizing other such documents necessary to close the issue. Staff recommended approval.

There were no questions by members, and Ms. Lambert moved to approve the resolution. Dr. Taron seconded the motion.

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

H. Report on Recent Financing Activity Regarding the Oklahoma Water Resources Board's Clean Water and Drinking Water State Revolving Fund Programs. Mr. Freeman stated this item regards the two SRF bond issues that will be closed Tuesday and Wednesday this week. He reviewed the details of the loan closing stating one is in the amount of \$85 million for Clean Water SRF funding, and one in the amount of \$57 million for the Drinking Water SRF loan funding. He distributed a detailed report of the transactions and reviewed certain aspects including naming entities involved, the bond issuance just approved will be before the Bond Oversight Council on April 28, the members of the underwriting team and underwriting counsel, the financial package backing the bond issuance for both the CWSRF and the DWSRF, rating agency presentations and components supporting the Fitch AAA rating and Standard and Poor's AAA rating, and overview of the marketing process. Mr. Freeman said bonds were marketed the week of March 21 and he described the process and the market conditions that week; he was pleased with the overall transaction, and said the true interest cost for the CWSRF was 3.484% for 20 year issuance and for the DWSRF, 4.47% for the 30 year issue. He described the sources and uses for the issuances; for the CWSRF there was \$147 million total with \$39 million available for additional loans and reimbursing \$35 million to the OWRB, and \$55 million available for loans, and nearly \$100 million for the DWSRF. Mr. Sevenoaks asked about the reimbursement, and Mr. Freeman said it is structured because of TIPRA so the 30% can be met within the first year. Mr. Fite asked about the cost of issuance fees, and Mr. Freeman itemized the fees and described the proposal process, and concluding with the breakdown of the retail

individual accounts and retail investment advisers. Chairman Herrmann asked if most of the investors were in Oklahoma, and Ms. Ann Burger Entrekinn answered there was significant amount for Oklahoma specific, she said they were very pleased with the amount of retail participation; there is not a lot of supply at the OWRB rating.

There were general questions by members to staff about the bond issuance, the condition of the municipal finance market, and complimented staff on the transaction.

Chairman Herrmann asked that the Agency Budget Report be considered out of order because Ms. Storck needed to depart the meeting. He also noted an item of New Business that Ms. Cunningham will address under the Summary Disposition Agenda.

6. AGENCY BUDGET REPORT.

Ms. Amanda Storck addressed the members and stated the budget report had been provided. She said 25% of the fiscal year is remaining, with 43% of the budget remaining; however, contracts are typically paid at the end of the year, so that will not be carried over. Next month there will be a budget revision as the Water Quality Division received additional 319 funding that needs to be spent before the end of the year. Mr. Sevenoaks asked what the funding was for and Mr. Smithee said for revegetation work at Lake Eucha and revegetation work at Fort Cobb. Mr. Sevenoaks asked about the grant funding process regarding 319 funds and the Oklahoma Conservation Commission. Mr. Strong said all grant funding comes through the Office of the Secretary of Environment to be distributed, and the OCC is the lead technical agency for 319 projects. This funding was supplemental funding regionally competitive and not a state allotment of 319 money. There were several great projects proposed which EPA funded.

Ms. Storck mentioned other items of interest such as the IT group working with Mr. Arthur and the Comprehensive Water Plan Update Regional Water Plans, and the Accounting/Accounts Payable group along with Human Resources are working to get on the Time and Labor and Grants system and are working daily with the Office of State Finance to get data transferred. Mr. Strong said the effort to get on the same accounting system was a project the OWRB was working on as an "early adopted" prior to the Governor making it a priority. Mr. Fite asked about the changes in IT and its effect, and Mr. Strong answered it is unclear at this point whether there will be IT consolidation or whether the employees will remain at this agency as employees of the OSF; there were no planned IT purchases due to budget restraints.

Ms. Lambert asked about funding for the OCWP; Ms. Storck answered the REAP water projects funding comes to the Board through 2014 (although that could change through legislation). Mr. Sevenoaks asked about preparing the budget for different levels of cuts, and Ms. Storck said that the divisions will be working on that in the next weeks, and this early in the session, it is not known what the percentage cut will be, but she is anticipating 5% and 10% as they have heard the cuts may be 7-8%. Mr. Sevenoaks asked if the agency is looking at personnel or program cuts, and Ms. Storck said that the divisions decided what they wanted to do with their individual budgets, and because the Administrative Divisions charges the other divisions an indirect cost, when there are reductions Administration is affected, too. She said the agency has already been delaying hiring and not filling positions; there are currently 86

employees, down from an authorized 102. She said there were three positions frozen for three years because of three voluntary buyouts.

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.

Chairman Herrmann asked Ms. Julie Cunningham to introduce the New Business item. Ms. Cunningham stated that there is an application for development in a floodplain. She said this item would typically be under section 3.O. and is a routine application. She said the request is from Northeastern State University that would like to begin a construction project on a dorm, and rather than waiting until next month, they would like to go ahead and start the project. She said the project is noncontroversial and they would like to go out for bids on May 15.

Mr. Drummond recognized the university has had flooding issues in the past. Ms. Cunningham stated the university was required to notify the county, city and the public, which has been done, and the City of Miami floodplain administrator has approved the project. The project will be constructed two feet above the BFE (base flood elevation limit).

Chairman Herrmann clarified this is an item of New Business that he has asked to be considered along with the Summary Disposition Agenda items.

Mr. Sevenoaks commented it had not been posted. Mr. Couch, OWRB General Counsel, stated that is correct. Mr. Sevenoaks confirmed action can be taken on an item that has not been posted under New Business, and Mr. Couch stated that is correct. Chairman Herrmann said it will be handled under Summary Disposition, but is an item of New Business.

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. Action will include the New Business item as described above.

There were no requests to transfer items from the Summary Disposition Agenda to the Special Consideration Agenda, and no other amendments to the Summary Disposition 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.

There were no further questions about items on the Summary Disposition Agenda. Chairman Herrmann stated he would accept a motion to approve the agenda, as added to with the one item of New Business.

Mr. Drummond moved to approve the Summary Disposition agenda as added to, and Mr. Knowles seconded.

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

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>
SODA				
a.	FAP-10-0012-R	Rural Water District #1	Atoka	\$ 99,999.00

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

1. Interagency Agreement with The Department of Environmental Quality for sharing office space at the Woodward and McAlester offices.
2. Agreement with the Office of the Secretary of the Environment for Oklahoma's FY 2011 319(h) Non-Point Source Special Projects Program.
3. Interagency Agreement with the Oklahoma Department of Environmental Quality regarding the Drinking Water State Revolving Fund.
4. Agreement between OWRB and Oklahoma City Water Utilities Trust for the Vegetated Wetland Project at Atoka Lake.

E. Applications for Temporary Permits to Use Groundwater:
None

F. Applications to Amend Temporary Permits to Use Groundwater:

1. Terry White, Harmon & Jackson Counties, #1979-506
2. Chesapeake Energy Corporation, Oklahoma County, #2004-520

G. Applications for Regular Permits to Use Groundwater:

1. St. Crispin's Episcopal Conference Center, Inc., Seminole County, #2011-502

- H. Applications to Amend Regular Permits to Use Groundwater:
 - 1. Wilmot Farm, L.L.C., Beaver County, #2005-545

- I. Applications for Regular Permits to Use Stream Water:
 - 1. Robert T. Jennings, Kiowa County, #2010-033
 - 2. St. Crispin's Episcopal Conference Center, Inc., Seminole County, #2011-002
 - 3. Tishomingo National Wildlife Refuge, Johnston County, #2011-003

- J. Applications to Amend Regular Permits to Use Stream Water:
 - 1. Charles W. & Mildred L. Sisler, Tulsa County, #2000-005
- K. Applications for Term Permits to Use Stream Water:
 - 1. Michael Dean Haydon, Canadian County, #2010-018
 - 2. Michael Smith, Pushmataha County, #2011-001

- L. Reductions/Cancellations of Stream Water Rights:
 - 1. Defaults (Uncontested)
 - a. Max Coon, Washita County, #1970-414
 - b. Mable Mahseet Estate, Caddo County, #1969-072C
 - c. Mrs. Winston Adams, Washita County, #1953-311
 - d. Leo Kamphaus, Washita County, #1955-569
 - e. Leo Kamphaus, Washita County, #1955-1545
 - f. Hubert Kamphaus, Washita County, #1959-045
 - g. Virdeen Ferrell, Kiowa County, #1960-153
 - h. Steve Jennings (Ricky & Sedra Farrow), Caddo County, #1977-149
 - i. Steve Jennings (Ricky & Sedra Farrow), Caddo County, #1978-080
 - j. Thelma Little, Caddo County, #1954-407
 - 2. Corrections/Excuses Accepted
 - a. Public Service Company of Oklahoma, Caddo County, #1950-208
 - b. Donald F. Dudley, Caddo County, #1971-258
 - c. Oklahoma Tourism and Recreation Department, McCurtain County, #1974-292
 - d. Dale Jackson, Pushmataha County, #1998-005
 - e. Matthew & Karen Throener, Caddo County, #1999-031

- M. Well Driller and Pump Installer Licensing:
 - 1. New Licenses, Accompanying Operator Certificates and Activities:
 - a. Licensee: Red River Resources, LLC DPC-0805
 - 1. Operator: Harlan Burris OP-1816
 - Activities: Groundwater wells, test holes and observation wells
 - b. Licensee: Chisholm Irrigation DPC-0813
 - 1. Operator: Brent Kroeker OP-1821
 - Activities: Pump installation
 - c. Licensee: Joseph Lee Redman DPC-0815
 - 1. Operator: Lee Redman OP-1823

Activities: Groundwater wells, test holes and observation wells
Pump Installation

2. New Operators, Licensee Name Change, and/or Activities for Existing Licenses:

- a. Licensee: Sunbelt Industrial Services, Inc. DPC-0701
- 1. Operator: Mark Hickox OP-1820
- Activities: Monitoring wells and geotechnical borings
- b. Licensee: *Lake Country Drilling* *Item corrected* DPC-0674
- 1. Operator: Jason Little OP-1822
- Activities: Heat exchange wells
- c. Licensee: First Priority Irrigation DPC-0768
- 1. Operator: Frank Wiebe OP-1653
- Activities: Groundwater wells, test holes and observation wells

N. Dam and Reservoir Construction:

- 1. South Caddo County Conservation District, Caddo County, #OK11038

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

- 1. Oklahoma Department of Transportation, Beckham County, #FP-11-01
- 2. Oklahoma Department of Transportation, Kay County, #FP-11-03
- 3. Oklahoma Department of Transportation, Pottawatomie County, #FP-11-04
- 4. Oklahoma Department of Transportation, Noble County, #FP-11-05
- 5. Oklahoma Department of Transportation, Payne County, #FP-11-07
- 6. Oklahoma Department of Transportation, Noble County, #FP-11-08
- 7. Oklahoma Department of Transportation, Cleveland County, #FP-11-10
- 8. Oklahoma Department of Transportation, Rogers County, #FP-11-11
- 9. Oklahoma Department of Transportation, Grady County, #FP-11-12
- 10. Oklahoma Department of Transportation, Comanche County, #FP-11-13

P. Applications for Accreditation of Floodplain Administrators:

Names of floodplain administrators to be accredited and their associated communities are individually set out in the April 12, 2011 packet of Board materials.

8. New Business - Permit Applications for Proposed Development on State Owned or Operated Property with Floodplain Areas

FP-11-20	Northeastern Oklahoma A&M College	NEO @ Miami, Oklahoma 200 I Street NE, Miami, Oklahoma 74354	NEO Student Housing & Site Grading. BFE 774.0ft
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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, began his report complimenting the OWRB staff, and said that while completion of the plan is not done, a major milestone has been reached with completing what is being called major components of the "Interim Draft" of the Oklahoma Comprehensive Water Plan and making that available on the website. He illustrated visually via computer presentation the OWRB website page and links to orient the members and public to the various components of the plan, with special attention to three sections: statewide water assessment (looking holistically at supply/demand water budget across the state; regional and statewide opportunities and solutions (hot spots identified); and water policy and related recommendations for Oklahoma. He spoke particularly in regard to the water policy recommendations that have been developed by three groups--public input, OCWP workgroups, and OWRB (Board members and staff)--through work performed the past three years culminating in 39 recommendations and 17 identified priority recommendations which are open for discussion by the Board and the public. He said that each part of the plan is important, but realizing that the members may not be able to read every part of every section, he directed their attention to this section as one of the most important for the Board's review. He noted the detailed reports by the groups and other detailed studies and information contained in the draft plan. Mr. Arthur said the 13 regional basin plans will be placed on the website for review as that region's Feedback and Implementation Meeting (FIM) is scheduled to take place, and the next step is to conduct the FIM meetings, and he described the format. The basin plans will be coming to the Board for its approval over the next months.

Chairman Herrmann asked that Board members to attend the FIM in their area if possible. He said he is truly impressed with the comprehensive nature of the interim report, particularly the technical information on each region regarding supply, demand and climate change. Mr. Arthur said that it had been challenging to take the difference bits and pieces of the technical information and stitch them together into some sort of a fabric that makes sense and tells a story and gives a path forward; he said it was designed in a manner that can move toward implementation. The members commented on the breakdown of potential financial forecast, how the public is notified of the FIM in the areas and notification to providers, legislators, city officials, etc., via press releases tailored to the region for the local papers, email contact, speaking engagements and other avenues, and the effect of the current drought on public interest in the plan. Other general comments were made and Chairman Herrmann commended the staff on the release of the interim draft of the plan.

B. Update on Oklahoma Dam Safety Program. Ms. Julie Cunningham, Chief of the Planning and Management Division, addressed the members and said she wanted to update the members on the dam safety program. She said the Board approves development in floodplain areas under items on the Summary Disposition Agenda. Ms. Cunningham introduced Mr. Bob Fabian, program manager, and other staff members involved in the program, noting the cross-division engineers that work for Financial Assistance as well as Planning and Management.

Through staff's efforts on a large imaging project, many boxes of files have been imaged and disposed.

Ms. Cunningham said there are over 4,600 dams in the state in the national registry and Oklahoma is fourth in the nation for number of dams. The jurisdiction for state-regulated dams are dams that are 6-25 feet in height, a capacity of 15 acre feet, and 25 feet and above in height, and capacity of 50 acre feet. She said there are 4,000 low hazard dams, over 200 significant hazard dams, and 328 high hazard dams. She said the majority of the dam owners are private owners, 46% are Conservation District Watershed dams; the agencies work hand-in-hand to coordinate activities. She described the criteria for the three levels of dam classifications, and reviewed 2007 report data saying that Oklahoma has a much higher ratio of dams regulated per employee than the national average and is significantly under in funding. She said staff is creative in overseeing the dams across the state, and there is increasing need in hazard class changes as people move from the urban areas and locate homes below a dam. The last two years, the agency has received twice the federal funds but also has a state match, but that is expected to return to base levels; problems foreseen in the future is the technical expertise by individuals retiring and the lack of engineers in the public sector. The OWRB now requires owners of low hazard dams to be responsible for the inspections; the agency is sharing engineers and environmental specialists from other divisions as well as bathymetric mapping funded by FEMA and contract with the Association of Dam Safety Officials for engineering services. Ms. Cunningham asked Mr. Bob Fabian, program director, for further description of major program elements.

Mr. Fabian provided a "dam safety 101" for the members and audience, and spoke to the aspects of the application and construction process for new dams and rehabilitation of existing dams, annual dam safety inspections and reports required, the concern for uncontrolled seepage and erosion, wet spots, cracks and shifting, water running down the spillway, maintenance issues, vegetation, debris blocking the spillway, new requirements for hazard reclassifications of dams due to downstream development (costing owners of SCS dams from \$500,000 to \$2 million to rehabilitate to high hazard), emergency action plans and public outreach and education. There are approximately 2300 non-SCS (private) dams the agency regulates, with 1400 having been reviewed via aerial photography; as many as 100 dams may be reclassified to high hazard. The watershed dams are serviced by the Natural Resources Conservation Service. Federal dams are under federal jurisdiction.

Mr. Drummond asked about enforcement capability of the agency. Mr. Fabian said the options are hearings to demonstrate modeling and take evidence, enforcement hearing accessing fines up to \$500 per day, and finally seeking a court injunction.

Dr. Taron asked about timing for inspections and reports, and Mr. Fabian explained grant funding through FEMA is to enhance and improve state programs. Mr. Fite asked about annual emergency drills, Mr. Fabian said staff encourages development of response plans, and described the recommended action, and he also mentioned public outreach and education efforts with local communities. Mr. Fabian concluded his report directing the members to the "Dam Safety Guidance Manual" produced by the OWRB through a Federal Emergency Management Agency, National Dam Safety Program Grant.

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 Special Consideration 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.

This item was considered prior to the Summary Disposition Agenda items.

7. CONSIDERATION OF SUPPLEMENTAL AGENDA ITEMS, IF ANY

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

8. NEW BUSINESS

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

The New Business item for the Board's consideration was considered along with the Summary Disposition Agenda items, item 3.B.

9. ADJOURNMENT

There being no further business, Chairman Rudy Herrmann adjourned the meeting of the Oklahoma Water Resources Board at 11:56 a.m. on Tuesday, April 12, 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

_____/s/_____
Kenneth K. Knowles

_____/s/_____
F. Ford Drummond

_____/s/_____
Joseph E. Taron

ATTEST:

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