OKLAHOMA WATER RESOURCES BOARD
OFFICIAL MINUTES
August 9, 2011

1. Call to Order

The regular monthly meeting of the Oklahoma Water Resources Board was called to order by Chairman Linda Lambert at 9:30 a.m., on August 9, 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 August 2, 2011 at 5:35 p.m. at the Oklahoma Water Resources Board's offices.

A. Invocation

Chairman Lambert asked Mr. Ed Fite to provide the invocation.

B. Roll Call

Board Members Present
Linda Lambert, Chairman
Ford Drummond, Vice Chairman
Joe Taron, Secretary
Marilyn Feaver
Ed Fite
Kenneth Knowles (joined the meeting at 11:20 a.m.)
Rudy Herrmann
Richard Sevenoaks
Tom Buchanan

Board Members Absent
None

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

Amy Ford, Citizens for Protection of Arbuckle Simpson Aquifer, Durant, OK
Julie Aultman, Ardmore, OK
Marty Smith, Bokchita, OK
Scott Dewald, Oklahoma Cattlemens Association, Oklahoma City, OK
Marla Peek, Oklahoma Farm Bureau, Oklahoma City, OK
Jim East, Strategies for Oklahoma, Tulsa, OK
Jim Rodriguez, Oklahoma Aggregates Association, Oklahoma City, OK
Gary Froeming, Unimin, Rodd, OK
Sue Ann Nicely, Oklahoma Municipal League, Oklahoma City, OK
Pennie Emery, Oklahoma for Responsible Water Policy
Chris Cochran, BOSC, Dallas, TX
Barney Austin, INTERA, Austin, TX
Erin Boeckman, eCapitol, Oklahoma City, OK
Angie Burckhalter, Oklahoma Independent Petroleum Association, Oklahoma City, OK
Dave Taylor, Waurika Lake Master Conservancy District, Waurika, OK
Ken Senour, Guernsey Inc., Oklahoma City, OK
Rebecca Poole, Oklahoma Department of Environmental Quality, Oklahoma City, OK
Jim Barnett, Kerr Irvine Rhodes Ables, Oklahoma City, OK
Nate Ellis, Public Finance Law Group, Oklahoma City, OK
Vicki Reed, Oklahoma Department of Environmental Quality, Oklahoma City, OK
Shawn Lepard, COWRA, Oklahoma City, OK
Greg Buckley, City of Muskogee, OK
Charlette Hearne, Oklahomans for Responsible Water Policy, Broken Bow, OK
Tom Liu, Bank of America Merrill Lynch, New York, NY
Curt Shermire, Bank of America Merrill Lynch, Austin, TX
Mike Mathis, Chesapeake Energy, Oklahoma City, OK
Charlie Swinton, BancFirst, Oklahoma City, OK
Merri Gum, Lepard Consulting, Oklahoma City, OK
Fred Fischer, Hooker, OK
Bodie Bachelor, Centennial Law, Duncan, OK
Mike Langston, Oklahoma Water Resources Research Institute, Stillwater, OK
Joe Painter, Tetra Tech, Oklahoma City, OK

C. APPROVAL OF MINUTES

Chairman Lambert stated the draft minutes of the July 12, 2011, meeting had been distributed. She said if the members had an opportunity to review the draft minutes she would

accept a motion. There were no corrections, and Mr. Fite moved to approve the minutes of the July 12, 2011, Regular Meeting, and Dr. Taron seconded.

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

Prior to the Executive Director's report, Chairman Lambert commented it will be a long day as there is much important business to attend; there would be breaks, and a light lunch will be provided for the Board. She also noted the list of committee members and thanked the Board members for their service.

D. EXECUTIVE DIRECTOR'S REPORT

Mr. J.D. Strong, Executive Director, allowed Mr. Arthur to make a special presentation. Mr. Arthur recognized Mr. John Rehring of CDM, who is leaving the firm. Mr. Arthur said he had worked with Mr. Rehring on the Comprehensive Water Plan for the past several years. He said Mr. Rehring was the "brains" behind the technical work, and there have been many others instrumental in the development of the plan, but Mr. Rehring's dedication, as he lived the company moto, "Think, Listen, Deliver." He thanked him for his work, and extended best wishes. Mr. Rehring thanked the Board for the opportunity and said they should be proud of the work by the staff, he considered it an honor and privilege to have worked on the project.

Mr. Strong said regarding a legislative update there is not much activity in that regard, but the Joint Committee on Water, which had been established in July, met on August 4 and the first meeting will be August 17 in the House Chambers for a briefing on "Water Law 101." He said a committee meeting has been tentatively set for every two weeks, holding an October meeting in conjunction with the Water Conference on October 19; wrapping up the committee work in November, hopefully having legislation in December. The committee will stay formed through the legislative session. He distributed a committee membership. Congressionally, Congressman Lankford has been a champion in the SRF program, and in the Interior appropriations bill for the House, heard a couple of week ago, continues to reduce funding to 2008 levels, and restriction to use 30% EPA for principal forgiveness, which does not allow the Board to maximize the revolving nature of the program to assist smaller communities. The Congressman has offered an amendment which failed but was successful in getting Chairman Simpson's attention, and he agreed to work with Congressman Lankford to make it more flexible for states.

Mr. Strong noted recent and upcoming meetings: state agencies will meet with staff regarding the monitoring recommendation in the OCWP; the State Environmental Agencies held its semi-annual meeting with the Corps of Engineers on matters of mutual interest; management retreat was conducted at the Chickasaw Cultural Center on July 22; Western States Water Council met in Oregon July 26-29, and conducted work on the SRF issue; Kansas-Oklahoma Arkansas River Compact Commission met on July 27; he met separately with Tourism and

Recreation Director Debi Snodgrass and Attorney General Pruitt regarding water matters; toured Anchor Stone facility near Tulsa; the Sulphur Pipeline meeting on August 18; Dean Couch will attend the WSWC Indian Water Rights Settlement Conference August 23-26; the Red River Valley Association meets August 25; and a meeting is set August 29 at the request of the state of Arkansas to discuss progress made in the Illinois River watershed to reduce nutrients. Regarding the drought, we have now eclipsed the record for the hottest average temperature in July for the nation indicating we are in a significant drought and staff has been on the phone and in the field night and day and weekends to work with citizens to make water available--without enforcement action--mostly in west central and northwest Oklahoma (20 counties). Mr. Strong concluded his report noting the September 13 meeting of the Board is designed for public input before the Board's final decision on the Water Plan, and the Board will accept written comments as well as oral comments at the meeting (May 31 was the first deadline for comments), asking the public to focus on the recommendations, but all comments on any aspect of the plan will be accepted.

E. Monthly Budget Report **Ms. Amanda Storck**

Ms. Amanda Storck addressed the members and stated the agency budget has been approved; the only expenditures appearing in the report are salary and salary expenses.

There were no questions by members.

2. FINANCIAL ASSISTANCE DIVISION

A. Consideration of and Possible Action on a Proposed Order Approving Clean Water Funding Application for Muskogee Municipal Authority, Muskogee County. Recommended for Approval. Mr. Joe Freeman, Chief, Financial Assistance Division, stated to the members that this first item is a $12,775,000.00 Clean Water State Revolving Fund Loan request from the Muskogee County Municipal Authority. The Authority is requesting the loan to conduct a sewer system evaluation survey, rehabilitate 8 collection system subbasins, rehabilitate 14 existing lift stations, replace approximately 17,500 linear feet of concrete gravity sewer lines. The loan will be funded through the OWRB's Clean Water SRF, and Mr. Freeman noted provisions of the loan agreement. Muskogee has been an excellent loan customer of the Board since the early 1990s, and currently has seven outstanding loans, with an approximate outstanding balance of $25 million. The Authority's debt coverage ratio stands at 1.6-times. Staff recommended approval.

Mr. Greg Buckley, City Manager, and Mr. Rick Smith of Municipal Finance Services, were present in support of the loan request.

Mr. Sevenoaks asked if the city was under a consent order and if the loan would cover the order. Mr. Buckley responded the city is under a consent order, but this loan will not cover what is needed, this is Phase I, and he expected to obtain funding through a five-year capital improvements program; DEQ has approved the schedule. Mr. Herrmann asked what the city expected to be the useful life of the project, and Mr. Buckley answered the sewer lines should be 40-50 years, and the lift stations with good maintenance should last about 15-20 years.

Chairman Lambert stated she would entertain a motion to approve the application of the Muskogee Municipal Authority. Mr. Sevenoaks moved to approve the CWSRF loan to the Muskogee Municipal Authority, and Mr. Herrmann seconded.

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

B. Resolution Authorizing the Issuance of Oklahoma Water Resources Board State Loan Program Revenue Bonds, Series 2011B in Aggregate Principal Amount not to Exceed $42,000,000; Approving and Authorizing Execution of an Twentieth Supplemental Bond Resolution Providing for the Issuance of said Bonds; Waiving Competitive Bidding on the Bonds and Authorizing the Sale Thereof by Negotiation and at a Discount Pursuant to the Terms of a Contract of Purchase Pertaining Thereto; Approving a Preliminary Official Statement with Respect to said Bonds; Directing Deposit of Proceeds Derived from the Issuance of the Bonds in the State Treasury and Requesting the State Treasurer to Remit Such Proceeds to the Bond Trustee; Ratifying and Approving the Form of Promissory Note and Loan Agreement to be Executed by Borrowers in the State Loan Program; Authorizing Execution of Such Other and Further Instruments, Certificates and Documents as may be Required for the Issuance of the Bonds; Directing Payment of Costs of Issuance and Containing Other Provisions Relating to the Issuance of the Bonds. Recommended for Approval. Mr. Freeman stated to the members that this item is an authorizing resolution for the approval of a new FAP bond issue to partially fund a water treatment plant for the Broken Arrow Municipal Authority. The remainder of the financing will be in the form of a Drinking Water State Revolving Fund loan which is anticipated to be brought before the Board at next month's meeting. The reason for two loans for the project is because of reaching capacity in meeting Drinking Water SRF loan demand. Mr. Freeman noted the items that would be authorized by the resolution: issuance of bonds not to exceed $40 million dollars, executing a 20th supplemental bond resolution for the issuance of the bonds, authorizing the issuance on a negotiated basis, approving preliminary official statement, directing deposits of the proceeds with the State Treasurer for remittance to BancFirst--Trustee Bank, approving form of promissory note and loan agreement and directing payment of the cost of issuance and authorizing other documents necessary to close the issue. Staff recommended approval of the resolution.

There were no questions or discussion, and Chairman Lambert said she would entertain a motion to approve authorizing the issuance of revenue bond series 2011B in the amount of $42 million.

Mr. Herrmann moved to approve the resolution authorizing the issuance of bonds, and Mr. Drummond seconded.

AYE: Drummond, Herrmann, Sevenoaks, Taron, Buchanan, Feaver, Fite, Lambert
NAY: None
ABSTAIN: None
ABSENT: 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 Lambert asked if there were requests to move any items to the Special Consideration agenda. Ms. Cunningham asked the Board to withdraw item 3.D.11., an agreement with the Oklahoma Corporation Commission. She also asked withdraw items 3.M.1c., 3.M.1.d., and 3.M.2.b, all well driller applicants that have not completed the permitting process as yet.

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.P.

Chairman Lambert said there is also a Supplemental Agenda item (6.1.A.) a contract with the Oklahoma Floodplain Managers Association which she recommended the Board consider with the Summary Disposition Agenda items. There was no discussion.

Chairman Lambert asked for a motion to approve the Summary Disposition Agenda as amended, and the Supplemental Agenda. Mr. Herrmann moved to approve, and Dr. Taron seconded.

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

The following items were approved:

C. Financial Assistance Division Items:

1. Rural Economic Action Plan (REAP) Grant Applications**:**

Item No.	Application No.	Entity Name	County	Amount Recommended
None				

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

1. Specific Cooperative Agreement with USDA, Agricultural Research Service for the project "Monitoring and Evaluating Water Resources in Central Oklahoma Watersheds".

2. Memorandum Agreement with Applied Energy Services, Shady Point, Inc. and USGS for water monitoring and data collection.

3. Memorandum of Agreement for OWRB/4-H Speech Contest and Recognition Program.

4. Interagency Agreement with the Oklahoma Wheat Utilization, Research and Market Development Commission to provide IT support.

5. Intergovernmental Agreement with Oklahoma State University Department of Zoology for probabilistic monitoring of select Oklahoma waterbodies.

6. Memorandum Agreement with the City of Norman and USGS for water monitoring and data collection.

7. Agreement with Office of the Secretary of the Environment for the Clean Water Act FY 2011 §604(b) Water Quality Management Planning Program, CA# C6-40000049

8. Supplemental Agreement No. 5 with Corps of Engineers for Planning Assistance to States in support of the Oklahoma Comprehensive Water Plan.

9. Contract for Professional Services with CR Watts L.L.C. for assistance in implementing the National Floodplain Insurance Program and other floodplain management responsibilities of the Board.

- *10. Intergovernmental Agreement between the Oklahoma Water Resources Board and The Board of Regents of the University of Oklahoma by and through University Outreach/College of Continuing Education's Forum & Conference Services for Hosting FY2012 Floodplain Management Course and Workshops.* *Item withdrawn*

- *11. Interagency Agreement with Oklahoma Corporation Commission on Providing Funds for Well Plugging. Item withdrawn*

- *12. Memorandum Agreement with Oklahoma Department of Wildlife Conservation and USGS for water monitoring and data collection.* *Item added*

E. Applications for Temporary Permits to Use Groundwater:

1. Jim & Judy Grellner, Kingfisher County, #2011-547
2. R. Dean Smith, Caddo County, #2011-554
3. Jimmy & Faye Purvine and Carol Purvine, Dewey County, #2011-557
4. Tom Hill & Cheryl Lindsey, Grant County, #2011-562
5. Wayne & Dona Caulder, Kingfisher County, #2011-566

F. Applications to Amend Temporary Permits to Use Groundwater:

1. Buddy James Thompson Living Trust, Cheryline Thompson Living Trust and Leslie Dwayne Thompson, Jackson County, #1998-635
2. Todd Vaverka, Kingfisher County, #2001-530

G. Applications for Regular Permits to Use Groundwater:

1. Ed Friesen, Okfuskee County, #2010-501
2. Brad Harrision, Washita County, #2011-524
3. Jack & Sharon Damron, Beckham County, #2011-555
4. Jake Damron, Beckham County, #2011-556
5. L & G Investments, L.P. and LRW Properties, L.P., Texas County, #2011-561
6. Clint & Kendra Thomason, Cimarron County, #2011-565

H. Applications to Amend Regular Permits to Use Groundwater:

1. Kent D. & Denise R. Miller and Wade D. & Danielle Miller, Ellis County, #1976-526
2. Guymon Meyer Farm, L.L.C., Texas County, #2006-510A

I. Applications for Regular Permits to Use Stream Water:

1. Robert C. Ross, Jr., Muskogee County, #2011-014
2. Darrell & Debora Dunn, Jackson County, #2011-015
3. Matthew Neil & Lisa L. Moreland, Grant County, #2011-025
4. White Brothers Cattle, Grady County, #2011-026
5. Virgil Keith McDonald, Coal County, #2011-028

J. Applications to Amend Regular Permits to Use Stream Water:

None

K. Applications for Term Permits to Use Stream Water:

1. Select Energy Services, Grant County, #2011-021

L. Reductions/Cancellations of Stream Water Rights:

None

M. Well Driller and Pump Installer Licensing:

1. New Licenses, Accompanying Operator Certificates and Activities:

a.	Licensee:	Giles Engineering	DPC-0827
1.	Operator:	Gary L. White	OP-1844
	Activities:	Monitoring wells and geotechnical borings	
b.	Licensee:	Fryar & Son Water Well Service	DPC-0829
1.	Operator:	William L. Fryar	OP-1848
	Activities:	Pump installation	
• *c.*	*Licensee:*	*Harrison & Cooper*	*DPC-0831*
	Operator:	*Kenny Cooper*	*OP-1849*
	Activities:	*Groundwater wells, test holes and observation wells*	

Monitoring wells and geotechnical borings *Item withdrawn*

- *d. Licensee: Parker & Son Welding* *DPC-0825*
  - *1. Operator: Brian Parker* *OP-1842*
    - *Activities: Pump installation* *Item withdrawn*
  - *2. Operator: Ronald D. Parker* *OP-1843*
    - *Activities: Pump installation* *Item withdrawn*

2. New Operators, Licensee Name Change, and/or Activities for Existing Licenses:
   - a. Licensee: D.B. & E. DPC-0251
     - 1. Operator: Justin Waggoner OP-1841
       - Activities: Groundwater wells, test holes and observation wells
       - Pump installation
   - *b. Licensee: Shaddon Laverty Water Well Drilling, LLC* *DPC-0717*
     - *1. Operator: Levi Gaisford* *OP-1840*
       - *Activities: Groundwater wells, test holes and observation wells*
       - *Pump installation* *Item withdrawn*
   - c. Licensee: George & Sons DPC-0707
     - 1. Operator: Colby George OP-1845
       - Activities: Groundwater wells, test holes and observation wells
   - d. Licensee: Geotechnical Services, Inc. DPC-0385
     - 1. Operator: Shawn Gensler OP-1846
       - Activities: Monitoring wells and geotechnical borings
     - 2. Operator: Audie Thornburg OP-1847
       - Activities: Monitoring wells and geotechnical borings

N. Dam and Reservoir Construction:
None

O. Permit Applications for Proposed Development on State Owned or Operated Property within Floodplain Areas:
1. Oklahoma Department of Transportation, Craig County, #FP-11-19
2. Oklahoma Department of Transportation, Ottawa County, #FP-11-22
3. Oklahoma Department of Transportation, Craig County, #FP-11-23

P. Applications for Accreditation of Floodplain Administrators:
Names of floodplain administrators to be accredited and their associated communities are individually set out in the August 9, 2011 packet of Board materials

6. CONSIDERATION OF SUPPLEMENTAL AGENDA ITEMS

A. Contracts and Agreements Recommended for Approval.
1. Contract with Oklahoma Floodplain Managers Association, Inc. for providing advanced training classes and educational publications to support the National Flood Insurance Program and Oklahoma's flood loss reduction goals and objectives.

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

A. Review and Discussion of Schedule Relating to Consideration of Draft 2012 Update of the Oklahoma Comprehensive Water Plan, Schedule for Public Comment, and Possible Action to Revise Schedules. Mr. Kyle Arthur, Director of Planning, addressed the members and stated this item is for the review of what the schedule is, if members are still agreeable: from where we are, to where we are going, where we have been. He said regarding the "The Big Eight" recommendations, six recommendations have been previously presented and the remaining two recommendations will be presented today, so the Board will review and finalize those priorities; present discussion on the final executive report, and presentation of the 13 draft watershed planning region reports. On August 26, the final water plan executive report and all other documents will be on the agency website for public review to prepare for the September 13 meeting which is the final Water Board review and public comment on that draft comprehensive water plan; discussion by the Board and possible action to request any changes in response to what is heard from the public. He said the members also have the opportunity today to make changes to what has been presented thus far. On October 17, that Board meeting will be held in conjunction with the Governor's Water Conference, and pending satisfactory accomplishment of all those things that have preceded it, the plan will be presented for adoption at that meeting. At the Governor's Water Conference then on October 18-19, the plan will be presented.

Chairman Lambert stated that in between these dates, staff is working diligently to refine all aspects of the plan based on the Board discussions. There were no comments, nor requests for revisions to the timeline as presented.

B. Review and Discussion of Components of 2012 Update of the Oklahoma Comprehensive Water Plan (The slide presentation is available on the website, and certain slides as indicated will be included with the minutes report.)

1. Overview and Status of All Chapters and Components - Mr. Arthur said this item is essentially the components of the Executive Report, and he spoke to the members about what the water plan is and what the plan is not. He again reviewed the goals of the 2012 OCWP Water Plan Update, and noted these goals have been accomplished (see attached slide), and while not always easy, they were done and done successfully: explored water use sector demands, identified reliable supplies, performed technical studies, employed stakeholder engagement, ensure programs create reliability, and make implementable recommendations.

Mr. Sevenoaks asked what is meant by "implementable," and Mr. Arthur responded, those recommendations that are a priority and needed to be done immediately and can be done. Mr. Sevenoaks asked if that meant further studied or recommendations, and Mr. Arthur said either one of those; it is up to the Board to decide; the staff has provided its best recommendations. Mr. Buchanan asked if that meant engineering and scientific; and Mr. Arthur said yes, it is justifiable, doable and makes sense. Mr. Strong added that because of the extensive public input process, it is implementable politically as well; it has public support. Mr. Sevenoaks said the Board will be "handing it off to the politicians," who will interject the policies they want but the Board should provide the recommendations. Mr. Strong clarified that there has been four years of public input and staff has worked hard not to pre-suppose what the

public thought was important about water management in Oklahoma for the next 50 years. Now we know the things that are extremely important to the public as we went around the state, and we learned what is not as important and what is very divisive as well.

Mr. Arthur continued with the reminder of the "three-legged stool" which has been referred to as a reliable water supply plan has--both from a public input perspective and technical perspective--water rights, available "wet" water, infrastructure, and is based on good science, good data, and good public input and expert technical evaluation, developed defensible methodologies vetted through a number of groups. He said the entire body of recommendations presented to the Board supports the "stool concept" and what the plan is and what the plan is not (see slides attached). He said the plan is extremely "foundational," and while it may not have gone as deep exploring some issues, it does provide a foundation to do so as we move out toward implementation in the future; he likened the plan to the builders in the Bible--building on rock or sand--and he felt the OWRB has built a rock-solid foundation upon which to implement the plan. He noted several components about the plan: it met a statutory mandate and is a driver for economic development, well-vetted and scientifically sound, a living document, a picture of where we are and what we have, what the future will look like, and a strategy on how to get us there. Mr. Arthur also reviewed "What the plan is not" but emphasized stakeholders will continue to have input in the future as the plan is implemented.

Ms. Feaver asked if there was a general assumption by the public the plan would resolve some the complex issues, and is that where some of the criticism that has been received? Mr. Arthur responded that yes, he believed there was an expectation of that, and those issues were discussed and he anticipated what would be presented at the September meeting is a hesitation about the aggressiveness with which we are proposing to explore these in the future. He continued reviewing the Executive Report, which he explained is one volume containing very specific information; a synthesis of technical studies and results and the water policy recommendation. The eight components include: an introduction, history of water resources planning in Oklahoma, water management in Oklahoma, statewide summary of surface and groundwater resources, statewide water assessment, regional and statewide opportunities and solutions--supply, options, hot spot, tools, water infrastructure needs--water policy recommendations and implementation, and appendix (slides attached). The second part of the OCWP is the watershed planning region reports. He asked the Board for input about any changes they would like to see made to the Executive Report.

Chairman Lambert asked Mr. Arthur to explain "hot spots." He replied that after forecasting demand and supply, these are areas where there are gaps or shortages have been identified, where they are the gaps biggest, most frequent and the most severe -- for surface and groundwater.

2. Draft Priority Recommendations

Mr. Strong said that today staff would present the last two of the eight priority recommendations that have not been discussed, and then review the other six for any additional input, as well as review the other recommendations remaining in the plan on what belongs, what does not. He said the key questions asked of staff in developing the priority recommendations were, what is the urgency (there were 70 recommendation in the April draft of the plan, so which

address urgent needs), what issues identified through public input and technical study process could be resolved by implementation of these recommendations, and what is the estimated time line and cost of the program that might be implemented out of these recommendations. He asked the Board's input on all of these (8) recommendations as well as the remaining recommendations.

a. Water Project and Infrastructure Funding. (The entire 40-page power point presentation is available on the OWRB website; certain slides are attached to the minutes as referenced.)

To address Oklahoma's considerable drinking water and wastewater infrastructure need and the inability of current programs to meet that need, a team of financial and water/wastewater infrastructure professionals, led by the OWRB, should investigate development of a more robust state funding program to meet the state's projected $166 billion water and wastewater infrastructure need between now and 2060. Any potential program should include a specific mechanism to address the significant financing requirement of small communities in the state, as well as encourage regionalization of water/wastewater systems, where appropriate.

Mr. Joe Freeman, Chief, Financial Assistance Division, addressed the members to discuss the water policy recommendation regarding infrastructure needs and financing. He said the agency had retained the services of CDM to perform a needs assessment, and the services of the Board's financial advisors, First Southwest, to review the water and wastewater needs assessment. He said he would provide a brief overview of the current financing programs, then present an analysis of the capacity and structure of the current program, and review a comprehensive model which has been developed to be a tool in analyzing funding gaps and funding strategies. He will present financial scenarios to using the model to assist in evaluating the alternatives available. He said he will also review a program staff developed quantifying the socio-economic and environmental impact of financial investment of Oklahoma's water and wastewater, as well as reviewing the challenging we face in meeting the ever-mounting funding needs of smaller borrowers.

Mr. Freeman reviewed the current five funding programs of the Board's: Emergency Grants, Rural Economic Action Plan Grants, State Revenue Bond Issue Loan Program (FAP), Clean Water State Revolving Fund Loan Program (CWSRF), and Drinking Water State Revolving Fund Loan Program (DWSRF), the total funds spent since the inception of the programs, and the balance of funds available in each program (see slides attached). He identified the source of funding, project funding to date, current balances, and the historical and current operation of each program. The DWSRF, CWSRF and the FAP have funded on a combined basis over $2.49 billion in water and wastewater related projects and have saved communities over $870 million in debt service costs. Mr. Freeman said there is a current commitment of $304 million in the CWSRF, and $371 million in the DWSRF so requiring much debt issuance in the future to meet the current funding need; he said he wanted to show the Board where it is financially, the programs are virtually "maxed out", and the program will operate over the next few years, but later in the presentation he will show the challenges faced as well as ideas for addressing those challenges.

Regarding the FAP program information, Mr. Buchanan asked about the Gross Production Tax contribution amount on the slide and the time frame for collection. Mr. Freeman said the $1.845 billion indicated reflects a 6-months collection; there is a cap amount on the fund annually for what the OWRB can receive. Mr. Buchanan asked the source of the Emergency Grant program and Mr. Freeman answered the funds are derived from the interest earnings on the FAP loan program.

Mr. Freeman mentioned the Funding Agency Coordinating Team, a group of federal and state organizations that offer financing to eligible Oklahoma public entities for water and wastewater projects that meet quarterly with the purpose of facilitating infrastructure funding through communication and streamlined application processes. The members are the OWRB (funding 60-70% of all water and wastewater construction in the state), the USDA Rural Development (serves communities under population of 10,000), Oklahoma Department of Commerce (community development block grant program), Council of State Governments are invited, Indian Health Services (several Tribal Nations receive funding directly), Community Resources Group (provide small loans under $100,000 for short payback period), and Oklahoma Department of Environmental Quality (involved with DWSRF and provide information regarding communities out of compliance).

The Board recessed for a short break (11:00-11:07 a.m.).

Mr. Freeman stated he has attempted to present the urgency in the financial assistance programs funding situation; short term demand or reduced demand can still be met; however, there is substantial aging infrastructure in Oklahoma -- in fact across the country--and results of surveys and assessments conducted in numerous communities in Oklahoma shows substantial numbers, a need for clean water for economic development for future growth, and new ways to address drinking water is necessary, and needs on for both programs is approaching $300 million each. Mr. Freeman invited Mr. Brian Mitchell, CDM to explain to the members how the 2007 analysis provided dollar amounts for water projects.

Mr. Mitchell said that during the planning process, many questions were asked about what is the cost of the needs across Oklahoma? No one had a way to quantify it, but those that deal in water and wastewater knew that every four years the Environmental Protection Agency provides a nationwide, state-by-state assessment for infrastructure needs and those numbers are very large--in the billions. Regarding the 50-year water plan, how to correlate to the needs of Oklahoma on a longer term. Mr. Mitchell said they began the analysis looking at the initial survey of water providers--750 surveys were targeted and over 500 responded. The analysis used the same categories as EPA--small provider = 3,300 and less; medium = 3,300-100,000, and large = 100,000-larger. A provider of each size was examined for each region, following the steps used by EPA (even though used on a national level) to come up with costs for infrastructure needs, determine capital needs (using CDM construction company estimates), to determine the expense of the projects as they are coming of age, and applying that on a region-by-region basis. Reservoir projects are different as many are funded with federal dollars at the onset, and there are several that involve partnerships that split the cost with the federal government and CDM attempted to estimate the expense for the municipal water provider, the public water supply that Oklahomans (not municipalities) will be paying; these are also analyzed

on a regional basis and then added into the total number--approximately 37 billion over the next 50 years (EPA uses 20 years). Mr. Mitchell noted that today the Board loaned Muskogee $12.7 million, which project will exceed its design life before the 50-year time frame--pipelines, 40 to 50 years and pumping facilities, 20 years--these facilities will be severely rehabilitated perhaps three times within the 50-year planning window, which equals significant costs, just as a perspective.

Mr. Herrmann asked about the number; Mr. Mitchell said 37 billion in costs. Mr. Sevenoaks asked if that figure represented what the state will spend on infrastructure needs over the next 50 years just to stay where we are? Mr. Mitchell answered yes, and to inflate that with the values over time, it would be an even larger number. Mr. Strong clarified that number - 37 billion - represented the needs in 2007 dollars, and the funding may come from the state or other funding mechanisms.

Mr. Freeman presented a slide showing a table illustrating the costs determined as a result of the CDM analyses for drinking water needs. Mr. Freeman noted that for small communities (under 3,300), DWSRF eligible, the total need is projected to be $17.2 billion, and non-eligible $177.8 million, a total of 17.4 billion-- only 45% of the whole need, and serving only 13% of the population. He said he would address the challenges of meeting the needs of small providers later in the presentation.

He described the situation for medium communities: total of $14.7 billion for 39% of states' needs serving 51% of the population; and for large communities: total of $4.6 billion for 12% of needs serving 36% of the population. And for the large communities --- Oklahoma City, Tulsa , Lawton, Norman -- the total need is by far the smallest because their systems are in better condition. Reservoirs equaled 4% of the states' needs. The challenge is in the small communities. Mr. Herrmann noted the reservoir costs are only for rehabilitation, not new construction. (The slide attached indicated needs broken into time periods of the Present -2000; 2010-2040, and 2041-2060 (50-year planning period of the OCWP) in 2007 dollars, need by category and need by percent of population.

Mr. Freeman presented a chart indicating the projections in 2007 dollars adjusted to more accurately calculate costs closer to time of construction, and at a rate of 2.98%, representing the average US Consumer Price Index over the last 15 years, plus 50 basis points, totaling about $87 billion dollars in drinking water infrastructure need for the cost inflation adjusted estimate for the total period, with the emphasis on the years 2041-2059. He said the financial ability to address the needs is the DWSRF and the FAP, and he reviewed the total amount of funding that has been provided through these programs adding that current federal legislation proposes to cut the CAP funding to 2008 levels, or $13.8 million and he explained the ultimate leverage amount would be approximately $5.9 million coming into the state, and may not be funded past 2013. He said this is a snapshot of the challenge we have with the amount of monies we have now, how much we can leverage in the future, and the huge gap that exists.

Mr. Sevenoaks asked if a community cannot borrow from the OWRB, where will its funding come from, and Mr. Freeman said that is an excellent question, and he hoped to have recommendations for the Joint Legislative Committee.

Mr. Freeman and Mr. Mitchell presented the same analysis (with some minor differences) of funding needs for the wastewater treatment needs -- Clean Water SRF. In 2010 dollars, a need of $42.9 billion: small communities = $10 billion, 24% of need serving 13% of population;

medium communities = $28 billion, 65% of need serving 51% of population, and larger communities $3.9 billion, representing 9% of need and serving 36% of population. Nonpoint source analysis requires $430 million, and stormwater management needs of $240 million, for a total of $43 billion in wastewater treatment needs through 2060. (see attached slides)

Mr. Drummond asked if projections were used that would reflect the population in 2060 for towns as some communities are static, and others getting smaller. Mr. Freeman answered the Department of Commerce growth numbers were used.

Continuing, Mr. Freeman said the needs for clean water, and the total with inflationary numbers, is estimated at $79 billion, with the greatest need between 2021-2040. The main source of funding has been the EPA CAP Grants and Mr. Freeman discussed federal funding and the impacts to the CWSRF, resulting in $4.9 million to revolve. With the existing funds and including possible CAP grants (2008 level), the agency would have approximately $38 million to fund the needs that far exceed that amount. The financial assistance program would be available for funding, but will fall far short.

Mr. Freeman said that given the magnitude of the gap that is projected, staff recommends that the current FAP program be restructured, or create a new program in order to begin to meet the needs. He recommended that the Board utilize the same framework and statutory authority that provided for the creation of the FAP, as this will allow the maximum flexibility in creating the program guidelines, legal parameters and bond requirements. Given the AAA ratings on the DWSRF, CWSRF and FAP programs, it is recommended that the current operation is not changed, but the borrower credit analysis, loan administration and on-going surveillance of those programs be the foundation for any new program. He asked how would a new program be analyzed and developed, and he discussed the proposal for a 50-year strategic plan model to be a tool in analyzing various alternatives related to the funding gap. He discussed the comprehensive model components. He mentioned nonperpetuity program--which he did not recommend--and a perpetuity program. He presented a scenario, same as the model for the SRF, capitalization impacts with creating a perpetuity program--it would be a program that requires less capitalization over time than a nonperpetuity and would save money overtime; additional coverage would provide additional benefits from a credit perspective. He provided two tables that showed what would be needed based on a $1 billion construction funding, and he also reviewed with the members the impact of the credit and rating agency considerations (see attached).

Mr. Freeman discussed with the members the challenges facing the program with small issuers. He said that he is constantly pressured to finance more small systems, but believes it is a potential threat to the rating. Analysis has shown that 46% of the state's drinking water needs and 24% of the wastewater needs are in small systems, and he discussed strategies for creating a small issuer loan program (see attached slides)

Mr. Sevenoaks asked if a model that included subsidized interest rates would be outdated, and Mr. Freeman said any number of factors can be plugged into the model. Mr. Sevenoaks was concerned the subsidized interest rate would be going away, and he was concerned about looking outside the box to find different ways to find money. Mr. Freeman said the model has been used to show where there is no subsidy at all. Mr. Herrmann said there is another source of cash, the ratepayers are going to need to be prepared to pay more money.

Mr. Herrmann was concerned about using consistent numbers--what set for what purpose--in order to avoid sensationalizing; looking at 2007 or 2010 dollars, and building in inflation in terms of building a financial strategy. Mr. Strong added that building water and wastewater in 2021, will cost and should be equated to dollars in 2021, and Mr. Herrmann expressed to be careful not to provide information where people will draw the wrong conclusion.

Mr. Freeman concluded his presentation summarizing the recommendation to create a new or restructured FAP program, as well as a smaller issuers loan program, retain FAP reserve fund earnings (eliminate emergency grant program), maintain Gross Productions Tax on oil, recommend redirection of all or a portion of REAP funds, work with Joint Legislative Committee to identify other state funding sources, explore new alternative funding sources, encourage Congress to maintain or increase federal SRF funding, and consider necessity of subsidy reduction. Regarding a timeline, he recommended a team of infrastructure financial professionals and other financial experts to look over the recommendations for plausibility, hopefully by the end of the month in preparation of meeting with the Joint Legislative Committee on October 19 at the Governor's Water Conference.

Mr. Buchanan asked if a new program for small communities would cost them more and Mr. Freeman said he hoped that the same interest rate as the larger communities could be offered otherwise, unless the Board sets some restrictions. Mr. Sevenoaks said regionalization will need to be promoted because the smaller communities will not be able to stand on their own in ten years. Mr. Strong added the recommendations in the presentation to get a team to explore a more robust financing program…the timeline is quick, and he suggested vote October 17 on final water plan recommendation, what will be presented to the Legislative Committee will be more full vetted than what is presented here. Chairman Lambert said it needed to come to the Board; Mr. Sevenoaks asked if the Board would be voting on the recommendation at the Board meeting or vote on moving the recommendation forward? Mr. Strong clarified (reading from the stated recommendation) gather the team and meet over the next several months. Mr. Sevenoaks asked if other states had a program we could copy; Mr. Strong said we are looked at as a leader and they have the same situation Oklahoma does. Mr. Sevenoaks supported approving the frame work and taking time for exploration; Mr. Strong said the team will get together and talk about how to develop a more robust program, it may take more than six months. Mr. Freeman said he tried to lean away from recommending continued study, but to set down and develop a program. The members agreed an outline could be developed within the next months and the program could be refined through the living document of the Water Plan.

Mr. Knowles joined the meeting at about 11:20 a.m. and the Board took a 30 minute break for lunch (12:00 - 12:30 p.m.)

b. Water Efficiency and Reuse

Mr. J.D. Strong said this Big 8 recommendation is fairly intuitive, and a big part of the supply/demand equation is saving water and making the most of the water we do have, and is a critically important issue in the water plan. There were quite a few recommendations from the public input process that dealt with this issue of water conservation, water efficiency, water reuse, better use of marginal quality waters and are pulled together into the proposal here:

To address water shortages forecasted in the 2012 Update of the OCWP, as well as avoid the costly development of new supplies, the OWRB should collaborate with various representatives of the state's water use sectors –with particular emphasis on crop irrigation, municipal/industrial, and thermoelectric power –to incentivize voluntary initiatives that would collectively achieve an aggressive goal of maintaining statewide water use at current levels through 2060. In its associated evaluation of appropriate programs and policies, the OWRB should identify the optimum financial incentives, as well as recognize the potential for lost water provider revenues resulting from improved conservation. In particular, the OWRB should consider the following:

•Implementation of incentives (tax credits, zero-interest loans, cost-share programs, increasing block rate/tiered water pricing mechanisms, etc.) to encourage improved irrigation and farming techniques, efficient (green) infrastructure, retrofitting of water-efficient infrastructure, use of water recycling/reuse systems in new buildings, promotion of "smart" irrigation techniques, control of invasive species, and use of marginal quality waters (including treated gray and waste water).

•Establishment of education programs that modify and improve consumer water use habits.

•The applicability of existing or new financial assistance programs that encourage Oklahoma water systems to implement leak detection and repair programs that result in reduced loss and waste of water

Mr. Strong reviewed the Important Elements of the Recommendation:
Reducing forecasted 2060 demand to current levels: by developing programs and policies that are *voluntary*, offering financial incentives to encourage the adoption of practices, the development and employment of technologies, and the use of equipment, fixtures and infrastructure that reduce demand and increase supply, and by creating education programs that change consumer behavior and instill an ethic of conservation. (See attached bar graph of Demand Projections Characterize the Need for Water.) He said this is a picture of what use would look like by water use sectors from now to 2060 without implementing an aggressive approach of efficiency of water, but establishing a goal that by 2060 we are at the same level we are today (2010 numbers) knowing it will take time to develop and put into place the programs. He reviewed a pie chart illustrating 2060 demand and projected use by sector so that we know where we need to focus voluntary, incentive-based efforts for conservation going forward.

Mr. Strong explained what is meant by water use efficiency and reuse: water use efficiency refers to conservation through such things as specific consumer decisions and activities, employing more efficient equipment and technology, and the adoption of voluntary programs and policies, and "reuse" is the utilization of either untreated (gray) or treated wastewater instead of freshwater or potable water for appropriate purposes; the effect on supply and demand; how these issues were explored through the OCWP process; municipal/industrial conservation analysis; irrigation conservation analysis; other savings; conservation-associated cost savings; energy/water nexus savings; municipal and industrial (M&I) and agriculture statewide demand projections and water savings for conservation scenarios (AFY=acre feet per year) both moderate and aggressive water conservation efforts; gaps/depletions mitigation

statewide to 2060 and conservation measure impact--he mentioned that in the 12 "hot spot" areas, staff expected the greatest challenges in meeting demand with available supplies. Mr. Strong stated that it is estimated that there is a greatest effect in the areas that are predicted to have the greatest issues and concerns in meeting future demand; surface water moderate levels with one-half of surface water shortages can be addressed, and more aggressively 60% can be addressed; 50% in the alluvium groundwater basins at moderate levels with 75% at more aggressive levels and 35% and almost 90% of bedrock groundwater basins when addressed by these measures. Regarding the number of the 82 basins that can be "taken of the table" when employing conservation measures: (baseline/Scenario I/Scenario II) surface water = 55/42/33; alluvial groundwater = 63/51/41; and bedrock 34/26/23, and with more aggressive conservation measures greater declines going from 55 basins experiencing a shortage in surface water down to 33 experiencing a shortage, as is the same for alluvial groundwater and bedrock groundwater basins.

Mr. Strong continued speaking to further benefits to conservation:

Reduce capital needs for forecasted infrastructure needs: stretch supplies and thereby reduce *$166 billion* need, Drought Mitigation: reduces demand; stretches supplies, delays or avoids acute drought restrictions, More water for non-consumptive uses: protect Oklahoma's 3rd largest industry – tourism & recreation, equally important to fish & wildlife, both sport industry and ecological protections (e.g., endangered species protection), can reduce impacts of drought on non-consumptive ne

Reuse of Wastewater**:** Includes uses for gray water and treated wastewater. Gray water uses include subsurface landscape irrigation of non-edible plants, for example.
Treated Wastewater uses were analyzed by the OCWP Marginal Quality Water Workgroup: determined it to be a viable source for non-potable uses, matched greatest supply availability with greatest demand, M&I landscape irrigation, crop irrigation, and power and industrial use are most likely the most cost-effective and viable uses, may require slightly greater levels of treatment beyond that required for discharges depending upon site-specific conditions.

Mr. Strong showed three map charts of M&I use, treated wastewater for thermoelectric power use, and treated wastewater for crop irrigation use (see attached). Gray water is used by OG&E from North Canadian River, and PSO use near Lawton; also the City of Guymon uses gray water.

Mr. Strong concluded his presentation with the question, "How do we get there?" He said the state would need to work with key sectors and data from OCWP to develop the most viable options for Oklahoma; in response, develop programs and policies that encourage voluntary conservation activities; provide financial incentives in the form of tax credits, grants, low/zero interest loans, etc. as a part of programs, where applicable; promote and facilitate research that helps develop technologies to achieve conservation savings, such as "smart" irrigation. He suggested Oklahoma could be a leader in research and development as well as technology in these sectors; few states have taken the leap to be leaders in water conservation and do only because they are forced to. Oklahoma could make it a priority to develop technologies, and new job and business creation, and to research better efficiencies in crop irrigation, for example with our state land grant universities.

He said benefits of water efficiency and reuse make more supply available for non-consumptive and consumptive uses; allow for greater economic development with reduced impact on water availability and shortages; create savings in energy, operational and future infrastructure costs for utilities and ratepayers; lower operational costs for irrigators and the opportunity for increased acres in crop production with minimal to no net increase in water use (i.e., limitation in water is limiting crop production); create business growth opportunities for Oklahoma in the water efficiency technology sector; and be a national leader in conservation and water efficiency.

Chairman Lambert asked if there is anything to be learned from others? Mr. Strong said there are states doing many things in conservation and have been for years but are having to out of necessity because they are made to. He said he is suggesting the Oklahoma could use the opportunity to be a leader, to be proactive before a crisis. He compared work done in the Office of Secretary of Environment regarding energy conservation and water conservation; a change in consumer practices and behaviors is needed.

Mr. Drummond said the best way to change people's behaviors is to change how your price things, and infrastructure financing needs for the next 50 years will require a change in market price to invest in infrastructure. He said that right now there is not an abundance [of water] because of the drought, and he suggested that drought be included with this subject and is something that should be high on the agenda for the water plan. Mr. Strong referred to the drought mitigation benefit and said there are real world situations going on across the state right now, were conservation efficiency measures in place - because of the weather pattern we are in now - might be different. Mr. Herrmann mentioned climate change impacts, and conservation does not mean constraining growth, but a vehicle to achieve increased levels of economic prosperity, and Mr. Strong said climate change is included in the executive report, and usually results in cost savings and more profitability because water costs are not getting cheaper. Mr. Buchanan mentioned the work done by the Marginal Quality Water Workgroup and brackish water reuse; Mr. Strong those technologies are becoming more feasible and actually implemented in other areas of the country, and is being looked at in Oklahoma.

Chairman Lambert and Mr. Strong asked for comments from the members and there was some discussion about looking at the CDM report on conservation one and two, and tease out costs/benefit and what is saved in all water use sectors.

c. Review of Previously Presented Recommendations

Mr. Strong introduced the item regarding the six priority recommendations that have been presented to the Board at the previous Board meetings. He said that staff has listened to the Board's feedback and has modified in slight ways some of the recommendations relative to what was presented at the June and July meetings.

The Division Chief presented the priority recommendation, justification for the recommendation to be listed as priority, support for the recommendation through the OCWP technical process, and estimated implementation costs. (associated slides on website are indicated for each recommendation).

1. Water Quality & Quantity Monitoring Better Data for Improved Decision-Making: Mr. Derek Smithee said the item was first presented as water monitoring and technical

studies, that has now been divided into two recommendations: *water quality and quantity monitoring* and *technical studies and water management and supply reliability*, and he reviewed the recommendation (see slides #81-86 on the OWRB website).

The State Legislature should provide a dedicated source of funding to enable the State of Oklahoma to accurately assess the quality and quantity of its water resources, thereby ensuring improved water quality protection, accurate appropriation and allocation, and long-term collection of data to inform water management decisions. Such funding should be directed toward development and maintenance of a permanent statewide water quality and quantity monitoring program(s), specifically allowing for: •Integration of all state surface and groundwater quality and quantity monitoring programs into one holistic, coordinated effort. •Stable and dedicated appropriations for the Cooperative Stream Gaging and Beneficial Use Monitoring Programs. •Creation of an ambient groundwater quality monitoring program .•Full implementation of a statewide program for the collection of biological data to provide a better indication of long-term water quality.
management decisions.

2. Water Supply Reliability Ensuring Water Availability for Future Growth. Ms. Julie Cunningham reviewed with the members the modified recommendation. (slides #86-91)

To address projected increases in water demands and related decreases in availability, as well as to ensure the fair, reliable, and sustainable allocation of Oklahoma's water supplies, the Oklahoma Water Resources Board should implement the following recommendations: •Address the growing backlog of maximum annual yield studies and required 20 year updates on groundwater basins within the state –including characterizations of the valid interactions between surface and groundwater sources –to accurately determine water available for use•Develop stream water allocation models on all stream systems within the state to assess water availability at specific locations, manage junior/senior surface water rights under various drought scenarios, anticipate potential interference of use, and evaluate impacts of potential water transfers.•Facilitate a workgroup of stakeholders, researchers and other professionals to investigate:•transitioning from an average annual to seasonal stream water allocation program; and•implementation of a conjunctive surface water/groundwater management program.

3. Instream/Environmental Flows Recognizing Nonconsumptive Water Needs and Supporting Recreational & Local Economic Interests. Mr. Smithee reviewed the recommendation with the members. (slides #92-95).

The establishment of an instream flow program should be investigated and evaluated to preserve water quality, protect ecological diversity, and sustain and promote economic development, including benefits associated with tourism, recreation, and fishing. The process developed by the OCWP Instream Flow Workgroup should be implemented and followed to ascertain the suitability of such a program for Oklahoma. The OWRB should seek express authority from the State Legislature prior to promulgating rules to accommodate and protect instream flows.

4. State/Tribal Water Consultation& Resolution, Building Cooperation to Avoid Future Conflict & Remove Uncertainties to Water Use . Mr. Dean Couch presented the recommendation regarding tribal resolution. (slides #96-99)

To address uncertainties relating to the possible validity of water rights claims by the Tribal Nations of Oklahoma and to effectively apply the prior appropriation doctrine in the fair apportionment of state waters, the Oklahoma Governor and State Legislature should establish a formal consultation process as outlined in the OCWP Report on Tribal Issues and Concerns.

5. Excess & Surplus Water Protecting Local Water Needs While Addressing Statewide Demands. Mr. Kyle Arthur summarized the recommendation as presented at the previous meeting, and reviewing the calculation method with the members. (slides #100-107)

The OWRB adopts the following definition and procedure for determining excess and surplus water for inclusion in the OCWP update:

"Excess and surplus water "means the projected surface water available for new permits in 2060, less an in-basin reserve amount, for each of the 82 basins as set forth in the 2012 OCWP Watershed Planning Region Reports; provided that nothing in this definition is intended to affect ownership rights to groundwater and that groundwater is not considered excess and surplus water.

(1)Each of the 82 OCWP watershed planning basins shall be considered an individual stream system wherein water originates (i.e., area of origin) for purposes of appropriation and permitting. (2)The total annual amount of available stream water for new permits in 2060 is equal to the total Surface Water Permit Availability amount as set forth in the OCWP Watershed Planning Region Reports minus the amount of the annual Anticipated Surface Water Permits in 2060 also set forth in those reports. The in-basin reserve amount is equal to 10% of the total Surface Water Permit Availability amount plus 10% of the annual Anticipated Surface Water Permits in 2060 (3)In considering individual applications for permits to transport and use more than 500 acre-feet of stream water per year outside the stream system wherein the water originates, the Board shall determine whether there is "unappropriated water available in the amount applied for" by considering only the remaining amount of excess and surplus water calculated for the stream system where the point of diversion is proposed, and for stream systems located downstream from this proposed point of diversion.(4)The Board will also exclude from consideration for any permit for out-of-basin use:(a)the quantity of water adjudicated or agreed by cooperative agreement or compact to be reserved for Federal or Tribal rights, and (b)the quantity of water reserved for instream or recreational flow needs established pursuant to law.

6. Regional Planning Groups Addressing Regional Variability through Direct Local Input . Mr. Kyle Arthur reviewed the recommendation with the members for 13 regional planning groups. (slides #108-111)

The OWRB should form a workgroup to investigate and make appropriate recommendations to the State Legislature related to the creation of at least 13 Regional Planning Groups to assist in planning and implementing OCWP initiatives at the regional level. These regional groups should consist of local stakeholders, as well as appropriate agency representatives, charged with developing regional water plans in a manner consistent with the

OCWP and its implementation priorities. Such plans would include the identification of specific projects, studies, programs, research and other evaluations designed to address the unique needs and issues identified by Regional Planning Group participants. The State Legislature should establish regular appropriations to the OWRB to coordinate the activities of these groups.

Board members asked questions and made comments at the time of each presentation. Their remarks included topics concerning water quality monitoring activities in the Ogallala, estimation of riparian domestic use in the stream water use model, use of the instream flow work group to look at water quantity issues, and if that there are state studies on groundwater/stream interaction. There was discussion about informing the public about potential changes to Oklahoma water law and the water plan draft recommendations do not propose sweeping changes to existing law but ultimately there may be some significant changes, but must only be presented to the Legislature to make changes. The members expressed a desire of looking at the criteria for groundwater permits and adding as a bullet under "water availability," incorporating the sustainable use of groundwater supplies within the water law moving beyond the 20-year mining definition. They said collection of more data makes better decisions, and regional planning groups could be the solution for managing water use in the different regions of the state.

There was much discussion about the instream flow work group recommendations and if it would look at nonconsumptive use set-aside and reservoir management, the step in the instream workgroup process in regards to answering legal and policy questions and obtaining authority from the Legislature, the recommendation to continue to study rather than making a final decision about determining instream flows, and the difficulty in quantifying cultural and religious concerns by Tribes. The group looked at its charge as not only reactive to current problems but also proactive in preventing problems that may occur over the next 50 years, that the method to permit stream water theoretically permitting the stream "dry" after considering domestic use (which is also a consumptive use), the issue very complex and it is a 50-year plan and a better approach is to work through the issue rather than waiting on a crisis for the courts to decide, and a pilot study is suggested for the Outstanding Resource Water/Scenic Rivers.

In the course of conversation, Mr. Strong talked about discussion with the Corps of Engineers and releases from Sardis to save the endangered mussel and also the least tern in the Tulsa area on the Arkansas River below Keystone.

Regarding the Tribal claims, negotiations could be Tribe-by-Tribe for the 38 separate recognized Tribal governments and could be conflicting claims that vary and differ among the Tribes. Regarding excess and surplus water, an applicant can apply for water within the basin if water is available, if water is to be transferred out of the basin, the amount can only be taken from the "excess and surplus" amount; that there is no distinction between the terms "excess and surplus" and that is quoted in the statutes.

There were no further comments or questions about the Big 8 Priority Recommendations.

Chairman Lambert stated there are two more items to be presented to the members, review and discussion of supporting recommendations and presentation of the draft watershed region report; however, Mr. Arthur will present one report and the members can review the remaining reports at their leisure. She asked the members if they are willing to allow the

meeting to continue until it is concluded --preferable by 3:15 p.m.-- in order to determine whether a quorum of members would be present. Mr. Herrmann departed the meeting at 2:20 p.m.; Mr. Sevenoaks, and Ms. Feaver and Dr. Taron departed at about 3:00 p.m. The members remaining until adjournment were Mr. Buchanan, Mr. Drummond, Mr. Fite, Mr. Knowles, and Chairman Lambert.

3. Review and Discussion of Supporting Recommendations and Initiatives and Other Recommendations and Possible Action to Revise Prioritization of Recommendations. Mr. Arthur explained that this item is for the consideration of recommendations that are different than the Big 8; these are other supporting recommendations and initiatives that did not rise to the level, based upon analysis and opinion, but there are some things that should be supported, and how the Board should decide it wants to consider these items. A number of the recommendations were combined and are included in the Big 8 recommendations.

Mr. Arthur said the first section recommendations are categorized and in bolded type, information about that recommendation - what it is about, why it is there, where did it come from, etc., -- is indicated by non bolded type beneath. He said these recommendations came through the public input process, and Mr. Strong added that in some cases, part of the recommendation is currently being dealt with (i.e., interstate stream compacts, or by other agencies), but because there was such a menu of recommendations by the public, staff wanted to bring them to the Board's attention in case there was something the Board wanted to bring up to the level of a priority recommendation. (see slides #114-123)

Supporting Recommendation and Initiatives

A. Identified by OCWP public input participants as those necessary to the future use, management and protection of Oklahoma's water resources.

•Interstate Water Issues
•Navigation
•Nonpoint Source Pollution
•Regionalization of Water Supply Systems
•Reservoir Maintenance & Development
•Source Water Protection
•Water Emergency & Drought Planning
•Water Supply Augmentation

B. Submitted by various OCWP workgroups and agencies commissioned to investigate specific water-related issues.

•Agricultural Water Research
•Climate & Weather Impacts on Water Management
•Water Quality Management
•Water Management & Administration
•Water-Related Research
•Permit Condition Associated with Protecting Reservoir Yield and Defining Interference

C. Submitted by various OCWP workgroups and agencies commissioned to investigate specific water-related issues

•Interstate Water Issues

•Interstate Water Sales
•Interagency Coordination
•General Conditions on Permits
•Riparian Rights to Reasonable Use
•Statewide Water Planning
•Water Dispute Resolution
•Water Emergency & Drought Planning
•Water Sales & Transfers
•Water Use Permitting

D. Submitted by the OWRB by virtue of its unique statutory authority and experience in managing Oklahoma's water resources
•Water Management & Administration
•Water-Related Research
•Permit Condition Associated with Protecting Reservoir Yield and Defining Interference

Additional Issues for Consideration
E. Submitted by various OCWP workgroups and agencies commissioned to investigate specific water-related issues
•Interstate Water Issues
•Interstate Water Sales
•Interagency Coordination
•General Conditions on Permits
•Riparian Rights to Reasonable Use
•Statewide Water Planning
•Water Dispute Resolution
•Water Emergency & Drought Planning
•Water Sales & Transfers
•Water Use Permitting

The members asked questions and made comments about interstate water issues as regards only streamwater; regionalization regards shared water systems rather than the recommended regional planning groups, incorporating drought planning and emergency planning into the water efficiency and water supply augmentation recommendations, whether to categorize water use during drought (preferences among uses suggested by Legislature in 1957 but controversial and ultimately rejected), and permit condition association with protecting reservoir yield and defining interference,

The members agreed to include these recommendations in the Plan appendix.

4. Presentation and Discussion of 13 Draft Watershed Planning Region Reports.

Mr. Kyle Arthur distributed a copy of the Central Watershed Planning Region Report, which originally began as a fact sheet, and he described the information contained within section of each report (see slides 125-144 on the OWRB website, as well as review each basin report):

•Introduction (Regional Overview)
•Regional Summary
•Water Supply:
–Physical Water Availability
–Permit Availability
–Water Quality
•Water Demand
•Public Water Providers
•Water Supply Options
•Basin Summaries & Data/Analysis

The members talked about the reservoir information (new or existing) that was provided by the engineering firm of Guernsey, Inc., of Oklahoma City, that the needs of each region contained and were summarized for the FIM meetings, the public water supply response section information was derived from the Provider Survey, and that these report are the bulk of the resources that went into the Plan.

Chairman Lambert asked for any final reflections, and Mr. Fite spoke about the information regarding the financial infrastructure presentations and the big challenges in the future, keeping rural areas healthy with looking to funding for small communities is positive, regionalization could go further, and he would like to see more dialogue about instream flow methodologies. He said others have said the OCWP appears to be a consumptive document, but the Plan could balance a healthy economy with a healthy environment, and he would have comments in the future. He said there had been many citizens involved and we owe a great debt to the volunteers.

Mr. Buchanan added to the dialogue on instream flows and agreed it is important and has to be talked about. He mentioned terms such as urgency and implementable and questioned that instream flow belonged in those categories; he expressed his desire that there is an urgency that reservoir yield be considered implementable and urgent, and could be brought up to the level of the Big 8 recommendations. Chairman Lambert asked if he would like for the Board to consider that; Mr. Strong asked if Mr. Buchanan's proposal is to lower the priority of instream flow and raise the priority of reservoir yield, Mr. Buchanan said that is correct because of implementability, urgent need, and lack of consensus.

Mr. Fite countered that he had been blessed with instream flow his entire life, southwestern Oklahoma does not have that luxury; eastern Oklahoma has distinct eco-regions that are important and he tries to understand other parts of the state. Mr. Buchanan suggested instream flow could be considered by the regional groups; Mr. Fite said he wants to be objective and used Optima Reservoir as an example and the issues across the state he supports for all citizens. Chairman Lambert suggested that dialogue be brought to the September meeting an in-depth dialogue on reservoir yield, and have the opportunity at the October meeting to consider to raise it up or keep where it is.

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.

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

6. CONSIDERATION OF SUPPLEMENTAL AGENDA ITEMS, IF ANY

The Supplemental Agenda items were considered under the Summary Disposition Agenda.

7. 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.

Chairman Lambert stated to the members that regarding the September Board meeting, it may be as long as today, and suggested the agenda be broad enough to consider public input, reflect on the water plan, and if necessary recess to the next morning. It was decided the September 13, 2011, meeting be moved up to 8:30 a.m.

The October Board meeting will be on Monday, October 17, 2011, prior to the Governor's Water Conference.

8. ADJOURNMENT

There being no further business, Chairman Lambert adjourned the meeting of the Oklahoma Water Resources Board at 3:35 p.m. on Tuesday, August 9, 2011.

OKLAHOMA WATER RESOURCES BOARD

_____/s/_____
Linda P. Lambert, Chairman

_____/s/_____
F. Ford Drummond, Vice Chairman

_____/s/_____
Edward H. Fite

_____/s/_____
Kenneth K. Knowles

_____/s/_____
Marilyn Feaver

_____/s/_____
Richard Sevenoaks

_____/s/_____
Rudolf J. Herrmann

_____/s/_____
Tom Buchanan

ATTEST:

_____/s/_____
Joseph E. Taron, Secretary
(SEAL)