

OKLAHOMA WATER RESOURCES BOARD
OFFICIAL MINUTES
June 18, 2013

1. Call to Order

The regular monthly meeting of the Oklahoma Water Resources Board was called to order by Chairman Ford Drummond at 9:35 a.m., on June 18, 2013, in the Second Floor Board Room of the Oklahoma Water Resources Board Offices, located at 3800 N. Classen Boulevard, Oklahoma City, Oklahoma.

The meeting was conducted pursuant to the Oklahoma Open Meeting Law with due and proper notice provided pursuant to Sections 303 and 311 thereof. The agenda was posted on June 14, 2013, at 4:15 p.m., at the Oklahoma Water Resources Board's offices.

A. Roll Call

Board Members Present

Ford Drummond, Chairman
Bob Drake
Marilyn Feaver
Ed Fite
Rudy Herrmann
Jason Hitch
Richard Sevenoaks

Board Members Absent

Linda Lambert, Vice Chairman
Tom Buchanan, Secretary

Staff Members Present

J.D. Strong, Executive Director
Jerry Barnett, 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
Josh McClintock, Director of External Affairs
Mary Schooley, Executive Secretary

Others Present

Brett Kimbro, Stephens County Rural Water District #5, Marlow, OK
Ben Oglesby, Municipal Finance Services, Edmond, OK
Michael Taylor, Oklahoma Department of Environmental Quality, Oklahoma City, OK
Pennie Embry, Oklahomans for Responsible Water Policy, Eufaula, OK
Johnnie M. Fox, Okmulgee County Rural Water District #4, Henryetta, OK
Maxine Gresham, Okmulgee County Rural Water District #4, Henryetta, OK
L. Dee Oliphant, McClain County Rural Water District #8, Purcell, OK
Dave Taylor, Waurika Lake Master conservancy District,
J.R. Welch, McClain County Rural Water District #8, Wayne, OK
Brain Woodard, Oklahoma Independent Petroleum Association, Oklahoma City, OK
Jim Barnett, Doerner Saunders Daniel Anderson, Oklahoma City, OK
Mike Mathis, Chesapeake Energy, Oklahoma City, OK
Arnella Karges, State Chamber of Commerce, Oklahoma City, OK
Deena Suddath, BancFirst, Oklahoma City, OK
Charlie Swinton, BancFirst, Oklahoma City, OK
Roger Sullins, Okmulgee County Rural Water District #4
Danny Walker, Okmulgee County Rural Water District #4, Okmulgee, OK
Bodie Bachelor, Centennial Law Group, Duncan, OK
Marie Price, Journal Record, Oklahoma City, OK

B. APPROVAL OF MINUTES

Chairman Drummond said the draft minutes of the May 21, 2013 Regular Meeting had been distributed, and asked if there were corrections to the minutes. There were none, and Mr. Drummond stated he would entertain a motion to approve the minutes.

Mr. Herrmann moved to approve the minutes of the May 21, 2013, meeting and Mr. Sevenoaks seconded.

AYE: Hitch, Herrmann, Sevenoaks, Feaver, Fite, Drake, Drummond
NAY: None
ABSTAIN: None
ABSENT: Lambert, Buchanan

C. EXECUTIVE DIRECTOR’S REPORT

Mr. Strong began his report stating it has been a busy month with the close of the Legislative Session, and also because of the State’s victory in its defense on the Tarrant Case and the 9-0 unanimous decision by the Supreme Court, which is essentially over as there is no appeal. He thanked the other compact states and western states for their assistance with amicus briefs, and other states that contributed as well, which he mentioned; the only state to side with Tarrant, was Texas. The Chickasaw/Choctaw case is still pending, and there will be time in the Executive Session for an update. Regarding the Arbuckle-Simpson matter, he reminded the members there was a petition for reconsideration, and that request is still pending. Mr. Herrmann asked as a matter of practicality, what happens to the Tarrant County permit applications there were filed six years ago, and the application process for Oklahoma City. Mr. Strong responded that won’t be discussed in this setting, but hasn’t been contemplated as yet. Mr. Drake stated that even with the recent rains, the creeks within the Chickasaw National

Recreation Area are still dry, the springs has not regenerated. Mr. Strong added as a drought report, there were many reservoirs levels that have not recovered as yet, especially northwest, southwest and Panhandle areas. He said with all the rains central and eastern Oklahoma has received, recharge of the reservoirs has not occurred, i.e., Lugert Altus and Canton Lake being the worst examples and are still 20% below full.

Mr. Strong asked Mr. McClintock to present the legislative report and announced that this would be his last report as he has chosen to return to private sector business by consulting in governmental work. He thanked him for his service to the Board and his work on the state legislative and congressional front.

Mr. McClintock stated that the state report is one page, with only bills on the “water list” that made it through the legislative process, and all have been signed by the Governor, with the exception of the veto of the Scenic Rivers bill. He said that HB 1482 eliminated an old study group that has not met in a number of years; HB 1922 was the Scenic Rivers bill; HB 1923 created the Drought Relief Fund; HB 2193 implements the financing mechanism for State Question 764; and SB 965 redraws the OWRB districts (Mr. Strong will address later in the meeting). He noted the federal report which has been provided, and he noted the House has begun the process to move 12 separate appropriations bills, and the Energy and Water Subcommittee released its draft bill which cuts over \$2.9 billion in spending and reduces both the Army Corps of Engineers and Reclamation budgets by \$104 million; the COE bill is cut 2% but still \$50 million above the President’s request-- much geared toward inland waterways--and Reclamation’s is \$85 million below the President’s request, and he expected that many of the grant programs the OWRB attempts to access that will be harder to come by. He said the Office of Management and Budget has asked all agencies to reduce their current budget by 5% and for the next year, reduce by 10% which is part of the sequester and budget control act. He added every state and local budget that received federal funds will feel the effects of that over the 10-year process which amounts to an \$80 billion dollar across-the-board cut for this year, and next year it will be \$109 billion dollar cut through 2021. The Senate passed its Water Resources Development Act and the House is working on its bill and Brittnee Preston of Congressman Mullin’s office is on the subcommittee staff that is writing the bill; they will meet with Committee staff and the top priorities are the statewide issues that Mr. Strong has been working with them on. He learned Murphy Barrett, Senator Inhofe’s staffer on the Environmental and Public Works Committee has now joined the House Transportation and Infrastructure Committee staff so she is well versed in these issues. The members complimented Mr. McClintock on his professionalism and responsiveness, and thanked him for his service.

Mr. Strong said that Mr. Barnett has accepted the General Counsel role, and has hired a new staff attorney beginning in July, Ms. Sara Gibson, an attorney at the Department of Environmental Quality, and he enumerated her experience.

Mr. Strong reported on his recent trip to Washington, D.C., and meetings with Congressional members and staff June 3-5, meeting with counterparts from Kansas and Texas and met with key members of the respective delegations in regard to WRDA. He was impressed with Congressman Mullin’s enthusiasm; met with Congressman Lankford, Texas’s members Johnson and Williams (both on the T&I Committee), and Kansas representative Jenkins as well as T&I Committee minority and majority staff regarding the tri-state water priorities for WRDA—funding the states to develop comprehensive water plans, and Congress funding those priorities—not earmarks but priorities identified by the states.

The OWRB management team will meet June 19 to review the strategic plan, and hear presentations by Dr. Ulrich from Oklahoma State University Business School. Mr. Strong will meet with the Oklahoma Rural Water Association and representative from Iraq, sponsored by the State Department, about financing infrastructure and regulations of water quality. He will attend

the summer meeting of the Western States Water Council in Casper, WY, where he chairs the Water Quality Committee and will be discussing fracking issues; he will be speaking at EFO's summer meeting June 28, and the USCOE Change of Command is July 12 in Broken Arrow. He reminded the Board the next meeting is July 16, and election of officers will be on the agenda. Mr. Strong concluded his report stating the Kansas-Oklahoma Arkansas River Compact Commission will be meeting in Oklahoma City on July 24, 2013.

Chairman Drummond asked, and Mr. Strong stated he will discuss SB 965 in his presentation under item 4. regarding the update on the Oklahoma Comprehensive Water Plan. He has prepared a map of the new districts and said the bill goes into effect next year with the two positions that expire in May of 2014 which will be the first position that transitions to the new geographic representation format. Mr. Herrmann's position will transition to a Tulsa County seat, and Mr. Drake's position transitions to the new South Central region seat; both could continue to serve. He added that the map will demonstrate that the way the transition is phased in, every sitting Board member could continue to serve, with the exception of Mr. Sevenoaks and Ms. Feaver because there are two members from Tulsa County and two members from southwest Oklahoma; there is a new seat for southeast Oklahoma and northwest Oklahoma. Current members will serve out their existing term; new terms are also seven year terms, and the interest groups that are represented added oil and gas and expounded on the irrigations representative—surface water irrigation and groundwater irrigation. There were no other questions of Mr. Strong.

Chairman Drummond noted that Board Secretary Tom Buchanan was not present today, and he has appointed Mr. Ed Fite to serve as Acting Secretary for today's meeting.

D. Monthly Budget Report

Ms. Amanda Storck presented the budget report as prepared and distributed. She said the agency is very close to having all the bills for the current fiscal year sent out but a recent glitch in the system put things behind a couple of days. She said the agency was required to move budget from the 400 fund (federal) to the 214 fund (OWRB revolving fund), making a negative reflection, and she explained that while a negative balance is shown, it is not actually negative. It was a statewide server issue that has been resolved, and staff is now able to get back on track. Mr. Hitch asked and Ms. Storck responded about the Help Desk process at OMES. Mr. Strong added it is much less hands-on when the work has to be contracted out to another agency.

Ms. Storck said she is working on getting the FY 2014 budget in, there are new requirements for this year's budget which she said it is basically standstill, with perhaps some reduction in a few areas.

Mr. Sevenoaks asked about delayed billing for the previous fiscal year and if there were any areas that the agency was not able to collect, and Mr. Storck answered there was \$385,000 with FEMA which was approved, but not sent. It has not been sent with this year's bills, and she had received notice it was approved but the funds have not been received as yet. Mr. Strong stated it is believed it will be paid, and in the end there will have been zero dollars lost. Ms. Storck stated the agency partners have been great in working through the problems in a timely fashion, and the billing was prolonged unnecessarily, but the end result is the money has been received, just a year late.

2. FINANCIAL ASSISTANCE DIVISION

A. Consideration of and Possible Action on a Proposed Order Approving State Loan Program Revenue Bond Loan Funding Application for Rural Water District No. 4, Okmulgee County. Recommended for Approval. Mr. Joe Freeman, Chief, Financial Assistance Division, stated to the members that this item is a \$780,000.00 loan request from the Okmulgee County Rural Water District No. 4. The district is requesting the loan to refinance debt used for the installation of new water lines, two storage tanks, and a storage building. He said the loan will be funded through the FAP State Revenue Bond Loan Program; he noted provisions of the loan agreement. Mr. Freeman stated that based on interest rate market conditions at the time the District passed its authorizing resolution, it is estimated the savings will be approximately \$138,000.00, and the amortization of the debt will be shortened by approximately 5 years. He said the District's water connections have been stable over the past ten years, and the debt coverage ratio stands at approximately 1.84-times. Staff recommended approval.

Representing the District was Ms. Johnnie Mae Fox, District Chairman; Maxine Gresham, Board Member; Mr. Danny Walker, Manager; and Roger Sullins, Operator.

Mr. Drake moved to approve the FAP loan to Okmulgee RWD #4, and Mr. Fite seconded.

AYE: Hitch, Herrmann, Sevenoaks, Feaver, Fite, Drake, Drummond
NAY: None
ABSTAIN: None
ABSENT: Buchanan, Lambert

B. Consideration of and Possible Action on a Proposed Order Approving State Loan Program Revenue Bond Loan Funding Application for Rural Water District No. 8, McClain County. Recommended for Approval. Mr. Freeman stated this item is \$1,555,000.00 loan request by McClain County Rural Water District No. 8. The District is requesting the loan to install 3,200 feet of water line, and construct a 93,000-gallon water storage standpipe. In addition, the proceeds will refinance debt that was for construction of a water treatment plant and a clearwell. The loan will be funded through the FAP State Bond Loan Program, and Mr. Freeman noted provisions of the loan agreement. It is estimated based upon the rates at the time of calculations the District will save \$388,000.00. He said the District's water connections have grown by 32% over the past ten years, and the debt coverage ratio stands at approximately 2.12-times. Staff recommended approval.

Mr. Junior Welch, Secretary of the Board, and Dee Oliphant, Counsel, were present in support of the loan request.

Chairman Drummond asked if there were refinancing capacity issues with the State Loan Program. Mr. Freeman answered that at this time there are no issues with the State Revenue Bond Loan Program; and because of State Question 764, as of July 12 additional capacity will become available.

There were no other questions, and Chairman Drummond stated he would entertain a motion.

Mr. Herrmann moved to approve the State Loan Program Revenue Bond loan to the McClain County RWD #8, and Mr. Sevenoaks seconded.

AYE: Hitch, Herrmann, Sevenoaks, Feaver, Fite**, Drake, Drummond
NAY: None
ABSTAIN: None
ABSENT: Buchanan, Lambert

(**Mr. Fite was absent during the vote; however, prior to adjournment of the meeting, he asked that his vote be reflected as “aye.”)

C. Consideration of and Possible Action on a Proposed Order Approving State Loan Program Revenue Bond Loan Funding Application for Antlers Public Works Authority, Pushmataha County. Recommended for Approval. Mr. Freeman stated that this item is a \$3,550,000.00 loan request by the Antlers Public Works Authority. The loan proceeds will be used to refinance debt for the construction of a new water treatment plant, new water lines, renovation of standpipes, wastewater treatment plant expansion, installation of sewer lines, and install manholes. The loan will be funded through the State Loan Program Revenue Bond Loan Program, and Mr. Freeman noted provisions of the loan agreement. He said that over the last ten years, the sales tax revenue has increased over 35% and water and sewer connections have increased by 25%. Antlers has one loan outstanding with the Board that is secured with a lien on sewer revenues, and a ¼-cent sales tax. He said that in conjunction with the closing of the proposed loan, the Board’s collateral will be increased with the addition of water revenues and another ½-cent sales tax. The estimated savings to Antlers is approximately \$1,030,000.00 million; the overall debt-coverage ratio stands at approximately 1.32-times. Staff recommended approval.

Representing Antlers was Mr. Joel Taylor, City Manager.

Mr. Herrmann asked and Mr. Taylor responded the plant has been in operation four years. Mr. Herrmann asked and he and Mr. Freeman discussed the interest rates and debt coverage ratio. If the interest rates increase to the point where the 1.25-debt coverage requirement is jeopardized, the loan will not be made. Ms. Feaver asked the population of Antlers and Mr. Taylor answered, 2,468; the Authority serves about 1,200 customers.

Mr. Hitch moved to approve the FAP loan to the Antlers PWA, and Mr. Fite seconded.

AYE: Hitch, Herrmann, Sevenoaks, Feaver, Fite, Drake, Drummond

NAY: None

ABSTAIN: None

ABSENT: Buchanan, Lambert

D. Consideration of and Possible Action on a Proposed Order Approving State Loan Program Revenue Bond Loan Funding Application for Rural Water and/or Sewer and/or Gas and/or Solid Waste Management District No. 5, Stephens County. Recommended for Approval. Mr. Freeman stated to the members that this item is a \$4,350,000.00 loan request from Stephens County Rural Water, Sewer, Gas and Solid Waste Management District No. 5. He said the District will use the loan to refinance previous loans for the construction of storage tanks, water lines, boost pump stations, and to purchase water rights. He said the loan will be funded through the FAP State Loan Program Revenue Bond Loan funding at a fixed rate of interest, and he noted other provisions of the loan agreement. The original estimated savings for the District was approximately \$1.6 million. Over the past ten years, the District has had an estimated 60% increase in water connections, and the debt coverage ratio stands at approximately 1.9-times. Staff recommended approval.

Mr. James Harmon, Board Secretary and Mr. Brett Tiberow, District Manager, were present in support of the loan request. Mr. Sevenoaks asked about the area served, and Mr. Harmon responded 160 miles of line was added, increasing the customers served to over 2,000. Mr. Herrmann asked about collateral on an aged system, and Mr. Harmon said the entire system is not 32 years old.

Mr. Drake moved to approve the State Loan Program loan to Stephens County RWGSWMD, and Mr. Sevenoaks seconded.

There were no other questions, and Chairman Drummond called for the vote.
AYE: Hitch, Herrmann, Sevenoaks, Feaver, Fite, Drake, Drummond
NAY: None
ABSTAIN: None
ABSENT: Buchanan, Lambert

Mr. Freeman expounded on Mr. Herrmann's questions about aged collateral, saying that that staff looks at the useful life of all the remaining assets to determine the actual remaining useful life – this project is 26 years – so the board is paying off some of the earlier days of the Berkadia loan for an eleven year loan; the collateral has a life of 26 years which has been determined by the engineers. Mr. Hitch asked if the Berkadia loan is outstanding with the Board, and Mr. Freeman said, no, that Berkadia is a financing company; the loan was originally a Farmers Home loan that was passed down from GMAC and sold off through an asset sales program in the late 1980s-early 1990s.

E. Consideration of and Possible Action on a Proposed Order Approving State Loan Program Revenue Bond Loan Funding Application for Atoka Municipal Authority, Atoka County. Recommended for Approval. Mr. Freeman stated this item is a \$6,300,000.00 loan request by the Atoka Municipal Authority. He said the Authority has requested the loan to sandblast and repaint a 200,000-gallon water storage tank, to refinance debt which was for construction of a new water treatment plant, and for painting a water storage tank. Mr. Freeman said the loan will be funded through the FAP State Revenue Bond Loan Program at a fixed interest rate; he noted other provisions of the loan agreement. The debt coverage ratio stands at approximately 2.13-times. Staff recommended approval.

Mr. Freeman stated that Bond Counsel Mr. Alan Brooks was present representing Atoka; he added that since the application was originally received and the Board packet originally prepared, interest rates changed so staff is asking for approval, but will not move forward with the closing unless the interest rate market changed. At that time, the Board would consider a resolution at the July Board meeting for a potentially different supplemental bond resolution. He suggested that everything be in place in the event the interest rate market changed and became beneficial to Atoka, and the loan could then be closed at that time.

Mr. Brooks spoke to the matter saying he had met with Atoka the previous night, and would not recommend based on where rates were yesterday moving forward with refinancing based on the fact that the savings are not sufficient to justify it; the first day of April the saving was about \$720,000.00 and have moved about .5%. He said he would like to modify that he will continue to monitor rates and if they rebound between now and when the OWRB re-prices bonds and this transaction makes sense, then move forward and close with the four other loans approved today. To the extent it doesn't make sense at that point in time, he said they would continue to monitor rates and possibly be part of a future bond financing.

Chairman Drummond commented there is turmoil in the market and he asked if the refinancing requests would slow down, and Mr. Freeman stated he believed they would. Chairman Drummond asked if staff anticipated having problems remarketing bond issues, and Mr. Freeman said he did not anticipate any problems. Mr. Sevenoaks asked about financing paint and repair as a capital expenditure not operational expenditure, and Mr. Brooks said they would capitalize the expenditure.

There were no other questions, and Chairman Drummond said he would entertain a motion.

Mr. Herrmann moved to approve the State Loan Program Revenue bond loan request to the Atoka Municipal Authority, and Mr. Sevenoaks seconded.

AYE: Hitch, Herrmann, Sevenoaks, Feaver, Fite, Drake, Drummond
NAY: None
ABSTAIN: None
ABSENT: Buchanan, Lambert

F. Consideration of and Possible Action on a Proposed Resolution Authorizing the Reallocation of Revolving Fund Revenue Bonds, Series 2012B Proceeds. Recommended for Approval. Mr. Freeman said this last item is a resolution to authorize the reallocation of bond proceeds from the Board's series 2012B bond issue. He said in March the Board applied for the 2013 Capitalization Grant from EPA for the Clean Water SRF loan program, and have been notified the award should be received by July 1. He said that the grant in the amount of \$10,786,000.00 which requires 20% of state matching funds of \$2,157,000.00. Currently, there is \$712,000.00 in matching funds available from match from previous bond issue allocations. Mr. Freeman said the resolution before the Board will allocate \$1.5 million from the 2012B bond issue for the remaining 2013 CAP grant match. The plan has been reviewed by the Board's bond and tax counsels and by the Board's financial advisors. Staff recommended approval.

There were no questions, and Chairman Drummond stated he would entertain a motion.

Mr. Fite moved to approve the resolution authorizing reallocation of revenue bond proceeds, and Mr. Herrmann seconded.

AYE: Hitch, Herrmann, Sevenoaks, Feaver, Fite, Drake, Drummond
NAY: None
ABSTAIN: None
ABSENT: Buchanan, Lambert

3. SUMMARY DISPOSITION AGENDA ITEMS

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

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

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

B. Discussion, Questions, and Responses Pertaining to Any Items Remaining on Summary Disposition Agenda and Action on Items and Approval of Items listed.

Chairman Drummond asked if there are amendments to the Summary Disposition Agenda, and Ms. Julie Cunningham asked that agenda item 3.E.12, temporary groundwater permit #2013-558, be withdrawn from the Board's consideration.

Mr. Sevenoaks asked about item 3.D.12, regarding contract for legal services from the Attorney General's office. Mr. Barnett explained that is \$5,200 per month to keep going the pipeline of work that is ongoing now, and Mr. Strong added that has helped to catch up on the backlog of protested permit hearings

There being no other questions, Chairman Drummond said he would entertain a motion to approve the Summary Disposition Agenda.

Mr. Fite moved to approve the Summary Disposition agenda (as amended), and Mr. Hitch seconded.

AYE: Hitch, Herrmann, Sevenoaks, Feaver, Fite, Drake, Drummond
NAY: None
ABSTAIN: None
ABSENT: Buchanan, Lambert

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>
		GGEDA		
a.	FAP-08-0004-R	Oaks Public Works Authority	Delaware	\$ 99,999.00
		KEDDO		
b.	FAP-11-0008-R	Haileyville Public Works	Pittsburg	99,999.00

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

1. Joint Funding Agreement with U.S. Geological Survey for the Continuation of the Monitoring Program FY14.
2. Memorandum Agreement with USGS and Lugert-Altus Irrigation District for water monitoring and data collection.
3. No- Cost Time Extension Agreement with Emily H. Mezell for professional legal services as Hearing Examiner in administrative hearings.
4. Memorandum Agreement with USGS and Oklahoma Department of Wildlife Conservation for water monitoring and data collection.
5. Interagency Agreement with Oklahoma Department of Environmental Quality for sharing office space at OWRB's Woodward and McAlester offices.
6. Memorandum Agreement with USGS and Applied Energy Services, Shady Point, Inc. for water monitoring and data collection.
7. Amendment of Agreement with Meshek & Associates, PLC for Professional Engineering Services for Dam Breach Analysis and Mapping.
8. Renewal Agreement with Meshek & Associates, PLC for Extension of Time for Cooperating Technical Partnership Program Assistance for creation and maintenance of flood hazard data.
9. Third Extended and Amended Agreement with American Municipal Tax-Exempt Compliance Corp. for arbitrage rebate calculation and consulting services.
10. Professional Services Engagement Letter with Crawford & Associates, P.C. to provide accounting services related to the Board's financial assistance programs.

11. Contract with Oklahoma Rural Water Association to provide technical assistance and training to rural water system operators and rural water district and corporation board members.
12. Contract with Attorney General's Office for Legal Services.
13. Lease Agreement with Office of Management and Enterprise Services, Division of Capital Assets Management for OWRB Tulsa Office.
14. Memorandum Agreement with USGS and the City of Moore for water monitoring and data collection.
15. Memorandum Agreement with USGS and Poteau Valley Improvement Authority for water monitoring and data collection.
16. Service Agreement with Oklahoma Office of Management and Enterprise Services, Information Services Division to provide information technology personnel and services.
17. Memorandum Agreement with USGS and Arkansas-Oklahoma Arkansas River Compact Commission for water monitoring and data collection.
18. Memorandum Agreement with USGS and CP Kelco for water monitoring and data collection.
19. Second No-Cost Time Extension Agreement with Amec Environment & Infrastructure, Inc. for professional engineering services for allocation modeling of a portion of Canadian River System.
20. Memorandum Agreement with USGS and The City of Lawton for water monitoring and data collection.

E. Applications for Temporary Permits to Use Groundwater:

1. West Davis Rural Water Corporation, Garvin County, #2012-695
2. Mark A. & Dianna J. Franz, Washita County, #2013-505
3. Gregory Farms, Major County, #2013-507
4. Gregory Farms, Major County, #2013-509
5. Hughes County Rural Water District No. 1, Hughes County, #2013-517
6. Greg Strawn, Lori Strawn and Jimmie Strawn, Harmon County, #2013-526
7. Harmon Water Corporation, Harmon County, #2013-527
8. David B. & Laura L. Hunter, Woodward County, #2013-535
9. Earl Smalley Jr. Revocable Trust, Caddo County, #2013-537
10. Scott & Helen Harvey, Caddo County, #2013-541
11. Steve Blevins Revocable Trust, Beckham County, #2013-545
- 12. *The William Donald Bennett and Linda G. Bennett Vincent Trusts, Caddo & Washita Counties, #2013-558 Item withdrawn*

- F. Applications to Amend Temporary Permits to Use Groundwater:
1. M & K Horn Farms, L.L.C., Washita County, #1976-563
 2. Town of Elgin, Comanche County, #2000-566
- G. Applications for Regular Permits to Use Groundwater:
1. Randal D. Haley, Canadian County, #2012-679
 2. Tim C. Haley, Canadian County, #2012-682
 3. John Patrick Bourk, Cimarron County, #2013-513
 4. Max & Sally Huling, Beaver County, #2013-524
 5. Max & Sally Huling, Beaver County, #2013-525
 6. Stanley & Teresa L. McCuiston, Tillman County, #2013-538
 7. Justin & Jodee Woodruff, Beckham County, #2013-539
 8. Tanya Bryant Meixner & Harmon Meixner and Alice Ross Bryant Slater & Dave Slater, Texas County, #2013-540
 9. Logan Brakhage and Devin Brakhage, Cimarron County, #2013-546
 10. Mitchell IV G, L.L.C., Texas County, #2013-550
 11. Tommie Ogston, Cimarron County, #2013-552
 12. Leaming Partnership, L.L.C., Texas County, #2013-554
 13. Edwin Glynn & Karen Stringer, Beckham County, #2013-556
- H. Applications to Amend Regular Permits to Use Groundwater:
1. Pony Creek Farms, Inc., Texas County, #1973-306B
 2. Tommy & Cathy Mitchell, Texas County, #1978-564
 3. Wayne Gibson, Beckham County, #1979-503
 4. Clyde Fischer, Texas County, #1993-576
 5. Tommy & Cathy Mitchell, Texas County, #1996-554
 6. Hughes County Rural Water District No. 1, Hughes County, #2007-538
- I. Applications to Amend Prior Rights to Use Groundwater:
1. City of Hollis/Hollis PWA, Harmon County, #1948-055
 2. Margie E. Propps Revocable Trust, Caddo County, #1955-1194
 3. Gunter Peanut Company, Inc. and Jeff & Lori Cart, Caddo County, #1958-296
- J. Applications for Regular Permits to Use Stream Water:
1. William Bailey Cook, III, Pontotoc County, #2012-019
 2. William H. Laycock, Hughes County, #2012-070
 3. Steve Conrad, Muskogee County, #2013-002
 4. WHB Cattle L.P., Grady County, #2013-004
 5. Michael & Lotsee Spradling, Rogers County, #2013-006
 6. John Bret Fugate, Tulsa County, #2013-009
 7. Jannis Ferne McVey Family Trust, dated May 28, 1997, Grady County, #2013-010
 8. Patsy A. Keith, Thomas A. Keith and Lisa R. Keith, Muskogee County, #2013-011
 9. Pates Farm, Inc., Sequoyah County, #2013-012
 10. Chase Burns, Caddo County, #2013-015
- K. Applications to Amend Vested Rights to Use Stream Water:
1. Gerald A. & Lucy C. Beecher, Kingfisher County, #1950-142

L. Well Driller and Pump Installer Licensing:

1. New Licenses, Accompanying Operator Certificates and Activities:
 - a. Licensee: Cherokee Nation, Engineering & Sanitation Facilities Construction DPC-0885
1. Operator: Audie Murphy OP-1977
Activities: Pump installation
 - b. Licensee: Jettco Well Service DPC-0887
1. Operator: Ricky Jett OP-1980
Activities: Pump installation
 - c. Licensee: Hagger Well Service DPC-0889
1. Operator: James W. Hagger OP-1981
Activities: Groundwater wells, groundwater test holes and observation wells
Pump installation
 - d. Licensee: Hollifield Service Co., LLC DPC-0891
1. Operator: Tim J. Hollifield OP-1986
Activities: Heat exchange wells
2. New Operators, Licensee Name Change, and/or Activities for Existing Licenses:
 - a. Licensee: Don Strawn Drilling, Inc. DPC-0189
1. Operator: Michael Collins OP-1983
Activities: Groundwater wells, groundwater test holes and observation wells
Pump installation
 2. Operator: James Lemaster OP-1408
Activities: Pump installation
 3. Operator: Joseph T. Bell OP-1985
Activities: Pump installation
 4. Operator: Jason E. Hilterbran OP-1984
Activities: Pump installation
 - b. Licensee: Envirotech Engineering & Consulting, Inc. DPC-0283
1. Operator: Kevin G. Jones OP-1987
Activities: Groundwater wells, groundwater test holes and observations wells
Monitoring wells and geotechnical borings

M. Dam and Reservoir Construction:

1. City of Ada (Wintersmith Dam), Pontotoc County, #OK11028

N. Applications for Accreditation of Floodplain Administrators:

Names of floodplain administrators to be accredited and their associated communities are individually set out in the June 18, 2013 packet of Board materials.

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

A. Update Report on Oklahoma Comprehensive Water Plan Activities. Mr. J.D. Strong, OWRB Executive Director provided an update to the members on the status one year following approval and presentation of the Update of the Oklahoma Comprehensive Water Plan (OCWP) to the Governor and Legislature. He said the presentation will illustrate the unbelievable progress that has been made in implementing the provisions of the Plan over the past year. Mr. Strong began the presentation with an overview of the goals of the Plan and then reviewed the implementation of the OCWP Priority Recommendations, and the status of each priority. He said that the agency division chiefs and every staff person deserve credit for the success of the Plan, as well as agency partners, legislature and

governor in the ability to implement the Plan. (The following link to the agency website contains the PowerPoint presentation, and the printed version is included in the minutes record.

<http://www.owrb.ok.gov/news/news2/presentations.php#year1> .)

Mr. Strong reviewed the six goals of the update, noting its precedent as the most comprehensive and vetted water plan in state history and includes an executive report containing the synthesis of the OWCP technical studies and results and eight Priority Recommendations. The OCWP also includes the equally valuable separately published 13 Watershed Planning Region Reports containing the technical analyses, including options to address identified water shortages within in each region. There were four large over-arching categories named Foundational Tasks which included looking at the demand projections, supply/gaps, supply alternatives and public participation and policy development, and Mr. Strong expounded on the aspects of each of the foundational tasks: Demand projections for each of the major water user groups and conservation analysis; growth projections in the four largest sectors and how that is illustrated in the different regions of the state; identifying water supply projections and comparing that to anticipated gaps and depletions employing stakeholder workgroups and applying various “tools” which were developed and now available for water users across the state, and identifying water quality issues.

Mr. Herrmann asked questions about whether the “stress test” of the past year (drought) had proved this information to be useful, and Mr. Strong responded that the “hot spots” that had been identified in the planning process and now continue to experience extreme drought were projections in the 50-year plan--although some areas were already in drought conditions—when the Plan was released in February 2012, but we are able to use the information to know that we should focus on these areas moving forward and have alternatives identified. The information presented was provided to stakeholders through the local and regional input and feedback and implementation meetings.

Mr. Hitch asked what water sources were looked at—particularly in regard to bedrock aquifers—and Mr. Strong replied that all water sources were reviewed. What identified an area as being a “hot spot” in the Panhandle area was the depletion of the bedrock aquifer that caused that particular basin to be highlighted. Mr. Hitch asked about whether the analysis focused on the Ogallala or the three area aquifers, and Mr. Strong said that could be a combination of all three, but in all cases the combination of factors was considered, and he noted other areas on the map and expounded on the particular issue. Ms. Cunningham added that in some areas not only was the available “wet” water considered, but also the water rights in the area, some areas may be limited and others may not have many. Mr. Strong addressed the seasonal deficits and anticipated gaps as illustrated, assistance from partners and stakeholders on infrastructure needs, and water supply options and alternatives suggested to investigate in order to meet identified needs, and finally he reviewed the public/stakeholder participate and policy development when hundreds of stakeholder and citizen meetings, seminars and planning, legislative and Tribal liaison meetings that ultimately led to the “Big 8” OCWP Priority Recommendations and Supporting Recommendations.

Mr. Strong continued his presentation regarding the OCWP Priority Recommendations. He addressed what has been accomplished over the past year since the Plan was delivered to the Legislature and Governor. Regarding the Water Infrastructure Funding Priority, \$82 billion dollars in water and wastewater infrastructure needs by 2060 were identified, noting the five successful OWRB grant and loan programs can only address 4-9% of this need, the Legislature authorized State Question 764--passed by voters in November 2012--Water Infrastructure Credit Enhancement Reserve Fund and in 2013, and HB 2193 authorizing the OWRB to administer the fund, allowing the OWRB to begin to tackle a large portion of that need. Addressing this priority met with great success, along with the track record of the Board’s financing programs, Board members, and partners.

Another priority, Conservation, Efficiency, Recycling, & Reuse, Mr. Strong said rather than building more reservoirs or drilling more wells, another option is to meet needs through alternative sources of water as well as curbing demands through conservation efficiency. The Water for 2060 Act, carried by Speaker Kris Steele, (established in 2012) sets the statewide goal of consuming no more fresh water in 2060 than we consume today, and created the Water for 2060 Advisory Council which will make recommendations and develop a blueprint got going forward; all appointments are made, and information is available on the agency website. There are many communities across the nation that have used less water while experiencing growth, and research throughout the planning process showed the 2010 baseline for municipal & industrial and agriculture demands of 1.4 million acre feet of use can be accomplished.

Priority Recommendation Water Quality and Quantity Monitoring received great success, Mr. Strong said, prioritized the need for improved decision-making for the data collection and reversing the erosion of support for the statewide monitoring program that provides data for making decision regarding very important issues such as who gets a large permit for water, and what are the impacts of water use going forward, etc. He said the Legislature approved in the last session \$1.5 million funding (base appropriation) to restore and enhance the permanent statewide groundwater and stream water monitoring network, and create the first comprehensive groundwater monitoring network, obtaining more frequent site visits, and establishing new parameters, eventually comprising of 1,200 wells (mostly existing wells) in four phases, requiring a partnership between the OWRB and landowners, which upon questions from Mr. Hitch and Ms. Feaver, Mr. Smithee and Mr. Strong described, as well as corresponding with the USGS and others.

Another successful priority recommendation, Water Supply Reliability, the 2012 Legislature appropriated \$1.3 million/year in Gross Production Tax proceeds through FY2016 (formerly used to fund the water plan) to address the backlog of aquifer yield studies (by 2022) and stream water allocation models, as well as further analysis of groundwater-surface water interactions, seasonal permitting and conservation-oriented permitting approaches. Progress is being made currently as nine stream systems have been completed (includes more basins), 42 remaining, as well as five major groundwater basins unstudied and two major groundwater basins overdue. Mr. Strong stated staff estimates to have completed the allocation models in 2017—five years early, and is contracting work to US Geological Survey and AMEC while prioritizing the 12 “hot spot” basins. Mr. Strong explained to Mr. Hitch about the factors that go into stream allocations regarding i.e., what is available on a monthly average, historical records, current permits, etc., as well as factors of the water permitting process.

Mr. Strong also reviewed the major groundwater basin study process as illustrated, noting it is much more complicated. Mr. Herrmann asked about the “hash marks” within the Ogallala basin, and Mr. Strong explained another aquifer below the Ogallala was identified as the Dacum Dakota (unstudied), which the marks indicate, similar to the Boone overlying the Roubidoux in northeastern Oklahoma. Mr. Hitch asked how the multi-layered aquifers are studied, and Mr. Strong and Ms. Cunningham answered there is some 3D seismograph, but mostly flow models and log data, and they discussed possibly using oil and gas log data targeted at a certain depth.

OCWP Priority Recommendation, Instream/Environmental Flow, recommended the assessment of the suitability and structure of a potential instream flow program for Oklahoma. The Instream Flow Workgroup reconvened in March 2013, conducting two meetings.

Regional Planning Groups is an OCWP Priority Recommendation that has not come to fruition. This recommendation came from the hundreds of Oklahomans that participated in the water planning process and want a bigger stake in water planning. Mr. Strong stated this did not come from the OWRB, but the Board is credited with recognizing this is what the people wanted to the extent the Board made it a priority in the Plan.

Mr. Strong added discussion on Senate Bill 965 as there was some confusion the new geographic composition of the Board is regional planning. He reviewed the new composition – adding the Panhandle, Northwest, and Southeast, but explained this is not regional planning. Mr. Herrmann noted that while there is no formal regional planning, nothing prevents the citizens of the area from meeting and conducting their own planning, and Mr. Strong said as we move from planning to implementation, staff can take the information from the Plan (watershed plans) and actively work with citizens. Mr. Sevenoaks asked and Mr. Strong explained there is some informal planning in some areas that has been done, i.e., Northwest. Ms. Feaver asked if the Plan based the regional planning groups upon the watersheds, and Mr. Strong replied, yes, there was 2012 legislation that originally mirrored the 13 watershed, but that was later combined into nine which continue to be watershed based. Ms. Feaver noted that in order to conduct drought and conservation planning, watershed boundaries would be best; Mr. Strong said the watershed is the boundary Mother Nature follows, and the 1995 used the county-based boundaries, but it is more difficult to translate the data and water resources into political boundaries.

Regarding the OCWP Priority Recommendation Excess and Surplus Water, Mr. Strong stated that is done, charts were included in the OCWP that shows the calculations for excess and surplus water in the 82 basins, it was required to be included in the Plan by statute, with the overarching goal that areas of origin will never be made water deficient. He stated it will continue to be an evolving issue as the Board continues to make real-world calculations while processing applications, particularly large applications for out of basin transfer of water.

And, OCWP Priority Recommendation State/Tribal Consultation and Resolution, making sure we avoid future conflicts and remove those uncertainties, the Board said the Governor, State Legislature, and Tribes should make formal consultation a high priority. Mr. Strong said we are well on the road to consultation and hopeful resolution with two of the 38 federally-recognized Tribes in Oklahoma, and there are other claims.

Mr. Strong stated it is important to remind ourselves we have a number of Supporting Recommendations and Initiatives, most capturing ongoing efforts that the OWRB does, as well as a number of sister state agencies and other partners in the water world. He mentioned *water emergency and drought planning* and noted the activity over the past year because of the state's significant drought conditions, particularly the publication of the Regional Planning Guide, resources from the Bureau of Reclamation regarding drought planning, and \$3 million appropriated this session for emergency drought planning.

Finally, Mr. Strong concluded his presentation regarding the funding, and he reviewed the State Auditor's report regarding the state appropriated dollars, which funds were leveraged with funding from the Corps of Engineers, Bureau of Reclamation and US Geological Survey, the state Water Resources Research Institute and State Gross Production Tax. There were many funding partners as well as in-kind partners involved in the water planning process over the past five years. He reviewed the table from the State Auditor's Report indicating a total expenditure of \$13,376,796 spent on the 2012 Update of the Oklahoma Comprehensive Water Plan process, which he illustrated through dollars spent with contractors (state, federal, other), which came from a mixture of funds, and the work conducted by each contractor and subcontractors, as well as OWRB expenditures. Success at the end of the day will be known in 2060, but the goal was to make sure there is reliable water supply for all Oklahomans through 2060 and beyond, he said, and added it was successful because of citizens that engaged and took ownership; having this success a year later indicates the priorities the citizens wanted to provide reliable water supplies were captured and going forward, but it will not happen without making tough decisions, which should be done through seeking new partnerships and funding. Mr. Strong stated the report will be available on the website.

The members complimented Mr. Strong on the comprehensiveness of the plan (mentioned Arkansas's currently planning efforts), that in reviewing the plan and there has been a year of implementation that has had meaningful impact, that there was a lot of "blood, sweat, and tears" put into developing the Plan, that so much has been accomplished is amazing, and there is still momentum. Mr. Strong thanked the Board for its support.

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 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 to the Special Consideration Agenda for the Board's consideration.

6. PROPOSED EXECUTIVE SESSION

Chairman Drummond

As authorized by the Oklahoma Open Meeting Act in Section 307(B)(4) of Title 25 of the Oklahoma Statutes, an executive session may be held for the purpose of confidential communications between a public body and its 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 a pending investigation, litigation or proceeding in the public interest.

Pursuant to this provision, the Board proposes to hold an executive session for the purpose of discussing Chickasaw Nation and Choctaw Nation v. Fallin, et al., Oklahoma Water Resources Board v. United States on behalf of the Choctaw Nation et al. and Tarrant Regional Water District v. Herrmann, et al.

Statement by legal counsel advising on whether disclosure of the discussion of the litigation will seriously impair the ability of the Board and State to conduct the present and proposed litigation in the public interest.

Chairman Drummond read the statement above regarding the purpose of the Board's proposed executive session.

General Counsel Jerry Barnett stated that it is his advice that disclosure of the discussion of the litigation as listed on the agenda will seriously impair the ability of the Board and State to conduct the litigation in the present and proposed litigation in the public interest.

A. Vote on whether to hold Executive Session upon determination that disclosure of the discussion of the litigation will seriously impair the ability of the Board and State to conduct the present and proposed litigation in the public interest. Before it can be held, the Executive Session must be authorized by a majority vote of a quorum of members present and such vote must be recorded.

Mr. Drake moved that the Board enter into Executive Session, and Mr. Hitch seconded.

AYE: Hitch, Herrmann, Sevenoaks, Feaver, Fite, Drake, Drummond

NAY: None

ABSTAIN: None

ABSENT: Buchanan, Lambert

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

Chairman Drummond designated Executive Secretary Mary Schooley to keep written minutes of the Executive Session.

C. Executive Session, if authorized.

The Board entered Executive Session at 11:45 a.m. on Tuesday, June 18, 2013.

Return to open meeting and possible vote or action on any matter discussed in the Executive Session.

Mr. Drake moved to return to Regular Session, and Mr. Herrmann seconded.

AYE: Hitch, Herrmann, Sevenoaks, Feaver, Fite, Drake, Drummond

NAY: None

ABSTAIN: None

ABSENT: Buchanan, Lambert

The Board returned to Regular Session at 12:07 p.m. on Tuesday, June 18, 2013.

7. VOTE(S) ON POSSIBLE ACTION(S), IF ANY, RELATING TO MATTERS DISCUSSED IN EXECUTIVE SESSION IF AUTHORIZED.

The Board did not vote on any matter discussed in Executive Session.

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.

There were no New Business items for consideration. However, Mr. Strong asked to return to the Executive Director's report so that he may update the members regarding the

Arbuckle-Simpson matter now awaiting a decision by the State Supreme Court on a request for reconsideration.

Mr. Fite stated he was called out of the room by Secretary Sherrer and could not vote on item 2.B., McClain County Rural Water District #8; he asked that his vote be reflected as, "aye."

Chairman Drummond reminded members the next meeting will be July 16, 2013.

9. ADJOURNMENT

There being no further business, Chairman Drummond adjourned the meeting of the Oklahoma Water Resources Board at 12:10 p. m. on Tuesday, June 18, 2013.

OKLAHOMA WATER RESOURCES BOARD

_____/s/_____
F. Ford Drummond, Chairman

_____/s/_____
Linda P. Lambert, Vice Chairman

_____/s/_____
Edward H. Fite

_____/s/_____
Rudolf J. Herrmann

_____/Absent_____
Marilyn Feaver

_____/s/_____
Richard Sevenoaks

_____/s/_____
Bob Drake

_____/Absent_____
Jason W. Hitch

ATTEST:

_____/s/_____
Tom Buchanan, Secretary
(SEAL)

7/12/2013