

**MINUTES OF THE SEPTEMBER 10, 2013
BOARD OF DIRECTORS MEETING OF
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

The Board of Directors of North Plains Groundwater Conservation District met in regular session September 10, 2013, at 9:30 a.m. in the Conference Room of the Hampton Inn, 2010 South Dumas Avenue, Dumas, Texas 79029. The following persons were present:

Members Present:

Gene Born; President
Daniel L. Krienke, Director;
Bob Zimmer, Secretary;
Phil Haaland, Director; and,
Brian Bezner, Director.

Staff Present during part or all of the meeting:

Steve Walthour, General Manager;
Dale Hallmark, Assistant General Manager and Hydrologist;
Kirk Welch, Assistant General Manager/District Outreach;
Kristen Alwan, Executive Assistant;
Paul Sigle, Agricultural Engineer; and,
Odell Ward, GIS and Natural Resources Tech Lead.

Others present during part or all of the meeting:

Ashley Handy;
Sabrina Leven;
C.C. Sysombath;
Emmett Autrey;
Scott Clawson;
Mark Howard;
Steve Yoder;
Amy Hashke;
Casey Kimbrell;
F. Keith Good, District General Counsel; and,
Ellen Orr, Paralegal.

President Born declared a quorum present and called the meeting to order at 9:32 a.m.

Director Phil Haaland gave the invocation and President Born led the pledge.

President Born recessed the regular Board meeting at 9:34 a.m. and conducted a Public Hearing for the purpose of adopting the 2014 proposed tax rate of North Plains Groundwater Conservation District.

Director, Justin Crownover, arrived to participate in the meeting at 9:35 a.m.

The General Manager provided commentary on the procedures required for North Plains Groundwater Conservation District to adopt the 2014 proposed tax rate.

President Born asked for public comment on the 2014 proposed tax rate of North Plains Groundwater Conservation District. No public comment was made.

President Born adjourned the Public Hearing on the proposed 2014 tax rate of the District at 9:39 a.m. and reconvened the regular Board meeting.

At 9:42 a.m., Director Harold Grall arrived to participate in the meeting.

President Born asked if there were persons present who desired to make public comment. No public comment was made.

Danny Krienke moved to remove item 2a from the Consent Agenda and to approve the remaining items listed on the Consent Agenda, consisting of the approval of the unaudited District expenses presented to the Board from August 1, 2013 through August 31, 2013, including the General Manager's Expense and Activity Report; and the approval of payment of professional services and out-of-pocket expenses to Lemon, Shearer, Phillips & Good, P.C. in the amount of \$3,667.50 for August 1, 2013, through August 31, 2013. Justin Crownover seconded the motion and it was unanimously approved by the Board.

Danny Krienke moved to approve the revised Minutes of the regular Board Meeting of August 13, 2013. Phil Haaland seconded the motion and it was unanimously approved by the Board.

Bob Zimmer moved to approve the Minutes of the Finance Committee Meeting of August 13, 2013. Brian Bezner seconded the motion and it was unanimously approved by the Board.

Danny Krienke moved to approve the Minutes of the Ag Committee Meeting of August 13, 2013. Bob Zimmer seconded the motion and it was unanimously approved by the Board.

On August 13, 2013, the Board proposed adopting the 2013 effective tax rate calculated from the 2012 total tax rate 0.026016 per \$100 of taxable value and ordered a hearing to take public comment before considering the new tax rate. The General Manager had calculated the effective rate incorrectly at \$0.021063/\$100. The error occurred in summing the total taxable value of property in the eight counties by accounting for a single county twice. The General Manager recalculated the proper effective tax rate as \$0.025652/\$100 of taxable value. The General Manager revised the notice and republished the notice on August 20, 2013. The effective tax rate is the maximum rate unless the District publishes notices and holds hearings to raise the rate. Below is the revised notice. The new effective rate reduces a property owner's taxes by 1.4% compared to 2012.

2013 Property Tax Rates for North Plains Groundwater Conservation District

This notice concerns 2013 property tax rates for North Plains Groundwater Conservation District. It presents information about three tax rates. Last year's tax rate is the actual rate the taxing unit used to determine property taxes last year. This year's effective tax rate would impose the same total taxes as last year if you compare properties taxed in both years. This year's rollback tax rate is the highest tax rate the taxing unit can set before taxpayers can start tax rollback procedures. In each case these rates are found by dividing the total amount of taxes by the tax base (the total value of taxable property) with adjustments as required by state law. The rates are given per \$100 of property value.

	General Fund
Last year's tax rate:	
Last year's operating taxes	\$2,011,515
Last year's debt taxes	\$ -
Last year's total taxes	\$2,011,515
Last year's tax base	\$ 7,731,839,537
Last year's total tax rate	0.026016/\$100
This year's effective tax rate:	
Last year's adjusted taxes (after subtracting taxes on lost property)	\$2,037,249
÷ This year's adjusted tax base (after subtracting value of new property)	\$ 7,941,693,420
= This year's effective tax rate (Maximum rate unless unit publishes notices and holds hearings.)	0.025652/\$100

This year's rollback tax rate:
 Last year's adjusted operating taxes
 (after subtracting taxes on lost property
 and adjusting for any transferred function,

tax increment financing, state criminal justice mandate, and/or enhanced indigent health care expenditures)	\$2,037,249
÷ This year's adjusted tax base	\$ 7,941,693,420
= This year's effective operating rate	0.025652/\$100
x 1.08 = This year's maximum operating rate	0.027704/\$100
= This year's total rollback rate	0.027704/\$100

Statement of Increase/Decrease

If North Plains Groundwater Conservation District adopts a 2013 tax rate equal to the effective tax rate of 0.025652 per \$100 of value, taxes would increase compared to 2012 taxes by \$18,165.

Schedule A

- Unencumbered Fund Balances

The following estimated balances will be left in the unit's property tax accounts at the end of the fiscal year. These balances are not encumbered by a corresponding debt obligation.

Type of Property Tax Fund	Balance
Funds Held Account	\$500,000

This notice contains a summary of actual effective and rollback rates' calculations. You can inspect a copy of the full calculations at 603 E 1st Street, Dumas TX 79029.

Name of person preparing this notice: Steven D. Walthour, P.G.

Title: General Manager

Date prepared: August 20, 2013

Danny Krienke moved that the Board adopt the 2013 tax rate equal to the effective tax rate of 0.025652 per \$100 of taxable value. Phil Haaland seconded the motion and it was unanimously approved by the Board.

The Board discussed items in Chapters 9 and 10 of its existing Rules and areas which it should address in any proposed new rules, including:

Chapter 9 - Waste of groundwater /Chapter 10 -Deposits and fees/Administrative and Civil Procedures

- Chapter 9 - What should be the criteria for determining the waste of groundwater?

Chapter 10- A clean up of deposits and fees, as well as, review of how to potentially address the PGMA areas that do not pay taxes.

A Schedule of Well Permits was presented to the Board for its review. Danny Krienke moved to remove DA-3959, OC-5229, OC-5227 and HN-5184 from the Schedule of Well Permits and to approve the remainder of the Schedule of Well Permits because the Wells are properly equipped and otherwise comply with District Rules. Bob Zimmer seconded the motion and the motion passed unanimously.

COUNTY	OWNER	WELL	METER LOCATION	CL	MAX	QTR	SEC	BLK	SUR	YARDS	YARDS
										N S	E W
DALLAM	KERWIN SCHMIDT	DA-3876	WELL	B	400	NE	21	6	CSS	502N	200E
DALLAM	BEZNER L & R LTD	DA-3959	WELL	C	800	SE	65	5	CSS	118S	130E
DALLAM	HIDDEN VALLEY FARMS	DA-4120	WELL	B	400	NE	2	2	CSS	303N	593E
DALLAM	KATHERINE ALVER	DA-4202	WELL	C	800	NW	6	48	H&TC	106N	104W
DALLAM	FRED AWE	DA-5024	WELL	C	800	SE	28	2	B&B	858S	145E

DALLAM	FRED AWE	DA-5025	WELL	C	800	SW	28	2	B&B	846D	524W
DALLAM	FRED AWE	DA-5028	WELL	C	800	NE	27	2	B&B	440N	109E
DALLAM	FRED AWE	DA-5029	WELL	C	800	NW	27	2	B&B	107N	437W
DALLAM	FRED AWE	DA-5030	WELL	C	800	NW	27	2	B&B	477N	615W
DALLAM	FRED AWE	DA-5031	WELL	C	800	NE	27	2	B&B	467N	689E
DALLAM	FRED AWE	DA-5035	WELL	C	800	NE	28	2	B&B	103N	478E
DALLAM	FRED AWE	DA-5036	WELL	C	800	NE	28	2	B&B	293N	130E
DALLAM	BUDDY WARREN FAMILY ENTERPRISES	DA-5339	WELL	C	800	NW	29	1	B&B	234N	656W
DALLAM	SCHARTZ LAND	DA-5586	WELL	D	1800	NE	47	2	B&B	505N	330E
DALLAM	MELLEMA FARMS	DA-5600	WELL	C	800	SE	19	1	CSS	762S	30E
DALLAM	MELLEMA FARMS	DA-5601	WELL	C	800	SW	20	1	CSS	18.5S	631W
DALLAM	STEVEN YODER	DA-5602	WELL	C	800	NE	17	7	CSS	104N	117E
DALLAM	S&A PROPERTIES	DA-5627	WELL	B	400	NW	4	1	WT WHEATLY	478N	849W
DALLAM	DYKE ROGERS	DA-5658	WELL	D	1800	SE	51	47.5	H&TC	436S	547E
DALLAM	DYKE ROGERS	DA-5659	WELL	D	1800	NW	52	47.5	H&TC	100N	156W
DALLAM	DYKE ROGERS	DA-5660	WELL	D	1800	NE	51	47.5	H&TC	855N	837E
DALLAM	DYKE ROGERS	DA-5661	WELL	D	1800	NE	51	47.5	H&TC	105N	776E
DALLAM	DYKE ROGERS	DA-5662	WELL	D	1800	NW	51	47.5	H&TC	400N	393W
DALLAM	DYKE ROGERS	DA-5663	WELL	D	1800	SW	51	47.5	H&TC	415S	443W
DALLAM	JAY WILLARD	DA-5731	WELL	C	800	SE	23	7-T	T&NO	108S	150E
DALLAM	JAY WILLARD	DA-5732	WELL	C	800	SE	23	7-T	T&NO	441S	458E
DALLAM	M&J WILLARD LTD	DA-5733	WELL	C	800	NW	21	7-T	T&NO	710N	719W
HARTLEY	DON OPLIGER FARMS	HA-4498	WELL	C	800	SE	20	12	CSS	114S	435E
HARTLEY	RANDALL LENZ	HA-4805	WELL	B	400	NW	95	4	CSS	257N	651W
HARTLEY	RANDALL LENZ	HA-4806	WELL	B	400	NW	94	4	CSS	411N	697W
HARTLEY	SKYWARD DAIRY	HA-4876	WELL	C	800	SE	127	48	H&TC	428S	468E
HARTLEY	COVER FARMS	HA-4958	WELL	D	1800	NE	56	21	CSS	761N	275E
HARTLEY	GREG HOWARD	HA-4965	PIVOT	C	800	NE	294	44	H&TC	646N	492E
HARTLEY	GREG HOWARD	HA-4967	PIVOT	D	1800	NE	0	0	AW HILL	680N	343E
HARTLEY	GREG HOWARD	HA-5143	PIVOT	C	800	NE	27	3	B&B	27N	543W
HARTLEY	JTJ FARMS	HA-5249	WELL	C	800	NW	51	2	B&B	288N	109W
HARTLEY	JTJ FARMS	HA-5250	WELL	C	800	NE	51	2	B&B	107N	158E
HARTLEY	FARWELL ABSTRACT	HA-5367	WELL	B	400	NW	2	0	ME COLE	103N	102W
HARTLEY	BSI FARMS LLC	HA-5402	WELL	D	1800	SW	0	0	J BEATY	171S	406E
HARTLEY	TIM SCHAFER	HA-5412	WELL	C	800	NW	109	48	H&TC	437N	418W
HARTLEY	GARY & EMILY BROWN	HA-5418	WELL	C	800	SE	138	48	H&TC	117S	348E
HARTLEY	KIRK CARSON	HA-5491	WELL	C	800	NW	85	2	B&B	431N	434W
HARTLEY	PAUL GORE	HA-5587	WELL	D	1800	NE	18	1	WACO MFG	621N	607E
HARTLEY	ROBERT CARL MITCHELL	HA-5607	WELL	C	800	SE	4	1	ETRR	767S	455E
HARTLEY	JAMES BOREN	HA-5608	WELL	D	1800	SW	81	21	CSS	110S	760W
HANSFORD	MACK MCLAIN	HN-4974	WELL	D	1800	SW	22	1	CIF	33S	0W
HANSFORD	NEED IT MORE	HN-5184	WELL	D	1800	SE	121	4-T	T&NO	101S	104W
HANSFORD	GRUVER ISD	HN-5351	WELL	D	1800	NE	305	2	GH&H	104N	208E

HANSFORD	MIKE MCLAIN	HN-5406	WELL	C	800	NW	249	2	GH&H	608N	201W
HANSFORD	SCOT MARTIN	HN-5409	WELL	D	1800	SW	121	4-T	T&NO	756S	745W
HUTCHINSON	WC WOMBLE	HU-3877	WELL	B	400	SW	44	5-T	T&NO	876S	829W
HUTCHINSON	WC WOMBLE	HU-3878	WELL	B	400	NE	44	5-T	T&NO	872N	550E
HUTCHINSON	WC WOMBLE	HU-3913	WELL	B	400	SE	44	5-T	T&NO	461S	423E
HUTCHINSON	CHARLES RONALD COOK	HU-4802	WELL	C	800	NE	14	M-16	AB&M	855N	584E
HUTCHINSON	WOMBLE CATTLE INC	HU-5096	WELL	C	800	SW	6	M-24	TC&RY	228S	630W
HUTCHINSON	TONY HARPER	HU-5294	WELL	D	1800	SW	0	0	WM NEIL	311S	1712W
LIPSCOMB	SCOTTIE SCHILLING	LI-5209	WELL	D	1800	SW	80	10	HT&B	418S	464W
MOORE	THERON CULWELL	MO-3704	PIVOT	B	400	NW	228	3-T	T&NO	513N	19W
MOORE	DARREL HARBERT	MO-4891	PIVOT	B	400	SW	329	44	H&TC	130S	530W
MOORE	DARREL HARBERT	MO-4892	PIVOT	B	400	SW	329	44	H&TC	297S	254W
MOORE	CASEY KIMBRELL	MO-5112	WELL	C	800	NW	154	3-T	T&NO	531N	103W
MOORE	JANET DRAKE	MO-5421	WELL	D	1800	SW	342	44	H&TC	438S	789W
MOORE	TEXAS BEEF	MO-5431	WELL	B	400	SE	162	3-T	T&NO	836S	436E
MOORE	TEXAS BEEF	MO-5432	WELL	B	400	NE	162	3-T	T&NO	104N	501E
MOORE	TEXAS BEEF	MO-5433	WELL	B	400	NE	199	3-T	T&NO	105N	441E
MOORE	JERRY THOMPSON	MO-5494	PIVOT	B	400	NW	315	44	H&TC	428N	102W
OCHILTREE	NEED IT MORE	OC-5227	WELL	D	1800	SE	135	4-T	T&NO	108S	629E
OCHILTREE	NEED IT MORE	OC-5229	WELL	D	1800	SE	135	4-T	T&NO	543S	121E
OCHILTREE	TODD REINART	OC-5295	WELL	D	1800	NW	26	44	G ANDERSON	617N	633W
OCHILTREE	JIM DAVIS	OC-5298	WELL	D	1800	SE	2	0	WBD SMITH	508S	203E
OCHILTREE	TIM WILHELM	OC-5502	WELL	C	800	NE	14	R	B&B	622N	280E
OCHILTREE	VICKY BLACK	OC-5510	WELL	C	800	SE	56	11	W AHRENBECK	336S	32E
SHERMAN	TERRY HAGER	SH-4235	WELL	C	800	NE	148	1-C	GH&H	836N	774E
SHERMAN	WAYNE CARTRITE	SH-4350	WELL	B	400	SE	4	3-T	T&NO	406S	446E
SHERMAN	W&C LAND AND CATTLE	SH-5397	WELL	B	400	SE	61	1-T	T&NO	109S	284E
SHERMAN	W&C LAND AND CATTLE	SH-5398	WELL	C	800	SE	61	1-T	T&NO	463S	110E

Danny Krienke moved to approve Well Permit DA-3959 because the Well is properly equipped and otherwise complies with District Rules. Bob Zimmer seconded the motion and it passed by the majority vote of the Board with Brian Bezner abstaining from the vote.

Danny Krienke moved to approve Well Permit OC-5229, OC-5227 and HN-5184 because the Wells are properly equipped and otherwise comply with District Rules. Phil Haaland seconded the motion and it passed by the majority vote of the Board with Justin Crownover abstaining from the vote.

As the District ends its fiscal year, the General Manager has reviewed the District 2012 – 2013 Budget. To cover costs in the Administrative and Conservation Demo Project categories, the General Manager requests that the board amend the 2012-2013 budget as follows:

- Administrative from 128,000.00 to 135,000.00 representing an increase of 7,000.00;
- Capital Outlay from \$305,000.00 to \$255,000.00 representing a decrease of \$50,000.00; and
- Conservation Demo Project from \$282,350.00 to \$325,350.00 representing an increase of \$43,000.

These amendments allow movement of funds without increasing the District's overall budget.

Phil Haaland moved that the Board amend the 2012-2013 budget as follows:

- Administrative from 128,000.00 to 135,000.00 representing an increase of 7,000.00;
- Capital Outlay from \$305,000.00 to \$255,000.00 representing a decrease of \$50,000.00; and
- Conservation Demo Project from \$282,350.00 to \$325,350.00 representing an increase of \$43,000.

Brian Bezner seconded the motion and it was unanimously approved by the Board.

At the end of each fiscal year, the Board requires that the District's Auditor perform a financial audit of the District's operations. As a result of the audit and in consultation with the Auditor the District may be compelled to amend its books pursuant to fiscal policy, state and/or local law. The general manager requested that the Board direct the General Manager to amend the 2012-2013 Budget, if necessary, based on consultation with the Auditor.

Bob Zimmer moved that the Board direct the General Manager to amend the 2012-2013 Budget if necessary based on any consultations with the Auditor and to report any changes to the Board for its review. Phil Haaland seconded the motion and it was unanimously approved by the Board.

Jim Davis notified the District that he is protesting a saltwater disposal well that is close to a well on his property. He is concerned with the potential for contamination from the well. Attached is his correspondence. Stakeholders in the District have requested that the District take action to intervene in the construction of saltwater disposal wells. While the District is mandated by Chapter 36 of the Water Code to protect and preserve its groundwater resources, regulation of saltwater disposal wells related to oil and gas production is solely managed by the Railroad Commission. The Commission has the authority to issue a permit which would contain special conditions applicable to this well which would insure the residents of District are entitled to future water monitoring in a cooperative effort between the operator of the well and the District.

Since the District is concerned about protecting water quality of the aquifers in our area, the District could use the protest process through the commission to set special conditions for constructing the disposal well that would require the permit applicant of a proposed saltwater disposal well to agree to baseline water quality sampling for the life of the well.

This process is successfully used by Hemphill County Underground Water Conservation District to the point that with some operators contact the district to reach an agreement to do the baseline sampling before the proposed well is noticed. A sample of the agreement and correspondence that Hemphill uses was presented to the Board.

The General Manager recommended that the District work to develop a process consistent with Hemphill County UWCD so that saltwater disposal permit applicants would be treated the same regardless of what district within which they are located.

Danny Krienke moved that the Board direct the District staff and the District's general counsel to develop a process consistent with Hemphill County UWCD so that saltwater disposal permit applicants would be treated the same regardless of what district within which they are located and to bring the developed proposal back to the Board for its review and discussion. Harold Grall seconded the motion and it was unanimously approved by the Board.

Steve Walthour presented the following report to the Board regarding the demonstration programs of the District:

200-12

The 2013 200-12 Demonstration Project is in full swing. All eleven producers have corn ranging from milk stage to starch stage as of August 28th. AquaSpy® has completed the installation of all soil moisture probes. All probes appear to be fully functional. Better Harvest has collected plant samples and began making fertilizer recommendations.

EPIC

The Extension Agents are continuing to monitor their demonstration sites. The county agents participated in an AquaSpy® meeting with David Sloan on August 14th to discuss the progress of the EPIC Project. All of the county agents participated in the irrigation field days during the week of August 20th.

TWDB Grant

The Texas Water Development Board Agricultural Water Conservation Grant financial quarter ended on August 31st. As of the end of the quarter, there is \$6,976.40 left within the budget.

Public Outreach

The 2013 200-12/EPIC Irrigation Field Days were held on the following dates:

Aug. 20: Hutchinson County Irrigation Field Day, Morse Community Building, Morse

Aug. 21: North Plains Irrigation Field Day, North Plains Research Field, Etter.

Aug. 22: Ochiltree County Irrigation Field Day, Veterans Building (Expo Grounds), Perryton.

Aug. 23: Dalhart Irrigation Field Day, Rita Blanca Coliseum, Dalhart.

During the field days, Danny Krienke, Phil Haaland, and Harold Grall 200-12 demonstration sites were showcase during the Moore, Ochiltree, and Dalhart county field days. HydroBio ARS®, Better Harvest®, AquaPlanner, and AquaSpy® all had representatives presenting a presentation of their product during the field days. USDA NRCS and TWDB had representatives attend the field days.

Upcoming presentations of 200-12 Project information include:

Oct. 10-11, National Ground Water Association, Groundwater and Food Prod. Conference, Dallas, TX

Dec. 3-5, Amarillo Farm and Ranch Show, Amarillo, TX.

Jan. 28, 2014, Colorado Farm Show, Greeley Colorado.

The General Manager and Assistant General Manager, Dale Hallmark presented a report to the Board on the Groundwater Availability Model Task Run 13-025. In August, the District received Groundwater Availability Model Task Run 13-025 (Total Estimated Recoverable Storage for Aquifers in Groundwater Management Area 1. Texas Water Code, 36.108 (d), states that, before voting on the proposed desired future conditions for a relevant aquifer within a groundwater management area, the groundwater conservation districts shall consider the total estimated recoverable storage as provided by the executive administrator of the Texas Water Development Board (TWDB) along with other factors listed in 36.108(d).

Texas Administrative Code Rule 356.10 defines the total estimated recoverable storage as the estimated amount of groundwater within an aquifer that accounts for recovery

scenarios that range between 25 percent and 75 percent of the porosity-adjusted aquifer volume. The attached report discusses the methods assumptions, and results of an analysis to estimate the total recoverable storage for the Blaine, Dockum, Ogallala (including the Rita Blanca), and Seymour aquifers within Groundwater Management Area 1. The District contains the Ogallala and Dockum aquifers.

The General Manager reported to the Board on compliance matter. The General Manager recommended that the Board cancel the Show Cause Order for Oppliger Farms for overproduced properties due to receipt of the required payment of fees and installation of flow meters being fulfilled.

The following compliance matters were reported to the Board:

Allen Bueber – A deteriorated well was discovered on Mr. Bueber's property that was claimed by him to be a stock well. Later, a fully equipped irrigation well was found in its place, without the District's knowledge. This well also does not meet current spacing rules.

Doug Lathem – Filed 2012 Production Report on a property which showed to be overproduced. Doug did not pay the required fee as set by Board. If Mr. Lathem pays the required fees before September 10, 2013, or otherwise reaches an agreement with the District, the General Manager will not seek additional action.

Bob Zimmer moved to cancel the Show Cause Order for Oppliger Farms. Brian Bezner seconded the motion and it was unanimously approved by the Board.

During a meeting of the Ag Committee held on August 23rd, the committee decided to request bid to meet the following requirement:

- Submersible Pump
- Variable Frequency Drive
- 350 gallons per minute
- 30 pounds per square inch at the discharge
- Pump set at 600 feet
- SDR 9 Poly Pipe

Etter Water Well Service, Dalhart Butane & Equipment, Diamond M Water Well Service, Rita Blanca Well Service and Burkett Drilling were solicited for bids. Etter Water Well Service, Rita Blanca Well Service and Burkett Drilling decline bidding due to not having equipment to install the poly pipe. Dalhart Butane & Equipment and Diamond M Water Well Service bids were presented to the Board.

The General Manager recommended that the Board accept the bid of Dalhart Butane & Equipment totaling \$42,336.47 as the most responsive bid to repair an irrigation well at the North Plains Research Field.

Phil Haaland moved that the Board accept the bid of Dalhart Butane & Equipment totaling \$42,336.47 as the most responsive bid to repair an irrigation well at the North Plains Research Field. Bob Zimmer seconded the motion and the motion passed by the majority vote of the Board with Brian Bezner abstaining from the vote.

By consensus, the Board set its next regular Board meeting for October 15, 2013 at 9:30 a.m.

Bob Zimmer moved to go into Executive Session in compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, §551.071, to obtain legal advice from its attorney regarding pending compliance matters. Harold Grall seconded the motion and it was unanimously approved by the Board.

Executive Session: At 11:09 a.m., the Board went into Executive Session to seek legal advice from its attorney. At 12:32 p.m., Director Harold Grall moved that the Board reconvene into regular session. Justin Crownover seconded the motion and it was unanimously approved by the Board.

Harold Grall moved to issue a Show Cause Order to Allen Bueber to appear before the District on October 15, 2013 at 9:30 a.m. to show cause why Bueber's operating authority or permit should not be suspended, cancelled, or otherwise limited and/or why Bueber should not be subject to an injunction or civil penalties as set forth in the District's Rules for failure to register a Well, or to obtain a Well Permit for a Well as required by District Rules 6 and 12. Brian Bezner seconded the motion and it was unanimously approved by the Board.

District Directors reported to the Board regarding meetings and/or seminars attended, weather conditions and economic development in each Director's precinct.

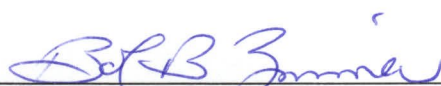
The Ag Committee reported that it may meet before the next regular Board meeting.

The Property Committee reported that it is waiting on a response on a parcel of real property.

Steve Walthour presented the General Manager's Report, including information concerning upcoming meetings and conferences and the General Manager's activity summary.

Phil Haaland moved to adjourn the meeting. Bob Zimmer seconded the motion and it was unanimously approved by the Board. President Born declared the meeting adjourned at 12:45 p.m.


Gene Born, President


Bob Zimmer, Secretary