

**MINUTES OF THE JANUARY 12, 2015
BOARD OF DIRECTORS MEETING OF
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

The Board of Directors of North Plains Groundwater Conservation District met in regular session January 12, 2015, at 9:00 a.m. in the Conference Room of the Hampton Inn, 2010 South Dumas Avenue, Dumas, Texas 79029. The following persons were present:

Members Present:

Bob Zimmer; President
Danny Krienke, Secretary;
Harold Grall, Vice-President;
Gene Born, Director;
Justin Crownover, Director;
Mark Howard, Director; and
Zac Yoder, Director.

Staff Present during part or all of the meeting:

Steve Walthour, General Manager;
Kristen Lane, Executive Assistant;
Pauletta Rhoades, Finance and Administration Coordinator;
Paul Sigle, Agricultural Engineer; and,
Laura West, Production Monitoring Coordinator.

Others present during part or all of the meeting:

Coy Barton;
Scott Clawson;
Ashley Handy;
Dee Vaughan;
Sabrina Leven;
Louis Leven;
William Leven;
F. Keith Good, Attorney;
Haley Rader, Attorney; and,
Ellen Orr, Paralegal.

President Zimmer declared a quorum present and called the meeting to order at 9:03 a.m.

President Zimmer gave the invocation and led the pledge.

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

Mark Howard moved to remove the Minutes of the regular Board meeting on December 16, 2014 from the Consent Agenda and to approve the remaining items on the Consent Agenda which include: the Minutes of the December 8, 2014 Board of Directors Meeting; the review and approval of un-audited District expenditures for December 1, 2014 through December 31, 2014, 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 \$9,041.77 for December 1, 2014, through December 31, 2014. Danny Krienke seconded the motion and it was unanimously approved by the Board.

Zac Yoder stated that the statements that were contained in the proposed Minutes of the December 17, 2014 Board Meeting regarding the General Manager presenting a

proposed Rule being worked on by Gene Born and Zac Yoder concerning Well Borehole Annulus Completion Requirements and Mr. Krienke's proposed revision to Rule 7.5.2 needed to be corrected in the proposed Minutes. Mr. Yoder stated that he was not working on a Rule with Gene Born concerning Well Borehole Annulus Completion Requirements. Mr. Yoder also stated that he was not concerned about how much work that Mr. Krienke's proposed revision to Rule 7.5.2 [to grant a 7.5 acre-foot production limit to be utilized over a five- (5) year period] would be for the District, but was concerned about placing the District in a position it did not want to be in by shutting the Wells off.

The proposed Minutes of the December 16, 2014 Board Meeting were amended as follows:

The General Manager presented a proposed Rule being worked on by Gene Born and Zac Yoder concerning Well Borehole Annulus Completion Requirements.

Zac Yoder stated that he was concerned ~~worried about how much work for the District~~ ~~Danny's idea would be~~ about placing the District in a position it did not want to be in by shutting a producers Wells off when the 7.5 acre-foot production limit is encountered early in the five- (5) year period. Harold Grall and Justin Crownover stated that they wondered if Danny's idea would force individuals to produce from lands that they normally would not. Harold Grall said he liked the idea of having a 2.5 acre-foot limit on each individual Section.

Zac Yoder moved to approve the Minutes of the December 17, 2014 Board of Directors Meeting as amended. Danny Krienke seconded the motion and it was unanimously approved by the Board.

Barton, Brandon and Company submitted a letter confirming their understanding of the audit and non-audit services which it is to provide to the District for year-end September 30, 2015. The letter outlines the following requirements to be fulfilled by the Barton, et al, agency:

- Coy Barton will be the partner in charge of all work performed by Barton, Brandon and Company.
- Barton, Brandon and Company will report on the audit of basic financial statements.
- Barton, Brandon and Company will perform additional procedures enabling them to issue a second report in which they will test and report on the District's internal controls over financial reporting and the District's compliance with laws and regulations and other matters as required by *Government Auditing Standards*.

The letter also outlined the responsibilities of the North Plains Groundwater Conservation District's management in the auditing process for 2015. A copy of the letter from Barton, Brandon and Company was presented to the Board for its review.

Gene Born moved that the Board approve the letter of engagement for Audit and Non-Audit Services to be performed by Barton, Brandon and Company for the District's 2015 fiscal year. Justin Crownover seconded the motion and it was unanimously approved by the Board.

Barton, Brandon and Company has submitted one invoice for auditing services and preparation of the North Plains Groundwater Conservation District Annual Financial Report for the year ended September 30, 2014 totaling \$21,950.00. The General Manager has reviewed this invoice for the District's audit for the year ended September

30, 2014, preparation of financial statements, and SAS fraud requirements. The General Manager determined that the invoice is consistent with the services Barton, Brandon and Company have performed for the District audit and has paid the invoice. A copy of the invoice was presented to the Board.

Danny Krienke moved that the Board ratify the District's payment to Barton, Brandon and Company in the amount of \$21,950.00 for auditing services and preparation of the North Plains Groundwater Conservation District Annual Financial Report for the year ended September 30, 2014. Gene Born seconded the motion and it was unanimously approved by the Board.

The Schedule of Well Permits set forth below was presented to the Board for its review.

WELL	CLASS	QTR	SEC	BLK	SUR	NS	EW
DA6017	B	NE/4	12	5	FDW	357N	871E
DA6091	C	NW/4	4	1	I&GN	705N	881W
DA7872	C	NW/4	15	M E Hays	CRL	51N	451W
DA7979	D	SE/4	88	7	CSS	714S	171E
DA8144	C	NW/4	20	47.5	H&TC	832N	115W
DA8145	C	NW/4	20	47.5	H&TC	470N	566E
HA5129	B	SW	64	2	B&B	711S	115W
HA5338	C	SW	29	3	B&B	253S	255W
HA6685	C	NE/4	42	11	CSS	283N	617E
HA6717	D	SW/4	118	4	CSS	329S	1086W
HA6976	C	NE/4	JV Mitchell	NONE	NONE	103N	116E
HA7403	C	NE/4	27	11	CSS	223N	13E
HA7409	C	NW/4	F Jordan	NONE	NONE	723S	1582W
HA7577	C	NW/4	20	A1	PSL	105N	78W
HA7635	C	SE/4	43	11	CSS	17S	247E
HA7636	C	SW/4	24	A1	PSL	598S	132W
HA7740	C	NW/4	113	4	CSS	665N	17W
HA7741	C	NE/4	99	4	CSS	105N	762E
HA7742	C	SE/4	99	4	CSS	113S	745E
HA7756	C	SE/4	2	1	SA&MG	492S	439E
HU-7317	D	NE/4	134	5-T	T&NO	333N	661E
MO-5748	D	SE	264	44	H&TC	452S	133E
MO5769	B	SE	112	3-T	T&NO	124S	368E
MO6040	B	NW/4	6	M-16	AB&M	414N	101W
MO-7700	C	NW/4	141	3-T	T&NO	119N	542W
OC5236	D	SE	136	4T	T&NO	17S	590E
OC5501	C	NW	14	R	B&B	622N	347W
OC6878	D	SW/4	8	12	H&GN	782S	133W
OC7558	D	SW/4	19	4	GH&H	603S	124W
OC7931	D	NE/4	15	R	B&B	341N	20E
SH5605	C	NW	36	3B	GH&H	223N	107W
SH6867	C	NW/4	457	1T	T&NO	108N	105W

SH7223	C	SW/4	26	1	PSL	749S	597W
SH7254	D	SE/4	21	2B	GH&H	163S	325E
SH7299	C	NE/4	47	2B	GH&H	612N	854E
SH7458	C	NW/4	398	1T	T&NO	104N	170W
SH7496	C	SW/4	283	1T	T&NO	391S	292W
SH7534	C	SW/4	266	1T	T&NO	877S	148W
SH7656	B	SE/4	73	1T	T&NO	26N	624E
SH7683	B	SW/4	7	3B	GH&H	540S	33W
SH7808	C	NE/4	447	1T	T&NO	591N	818E
SH7884	C	NW/4	7	2T	T&NO	463N	193W
SH7899	C	SE/4	60	3T	T&NO	479S	403E
SH7917	C	SW/4	251	1T	T&NO	859S	296W
SH7985	D	NW/4	74	3T	T&NO	136N	306W
SH8047	B	SW/4	77	3T	T&NO	403S	474W

Danny Krienke moved to remove Well Permit HA-5338, HA-6976, and HA-7409 and to approve the remaining Well Permits because the Wells are properly equipped and otherwise comply with District Rules. Harold Grall seconded the motion and it was unanimously approved by the Board.

Danny Krienke moved to approve Well Permit HA-5338, HA-6976, HA-7409, OC-6878 and SH-7458 because the Wells are properly equipped and otherwise comply with District Rules. Justin Crossover seconded the motion. The motion passed by a majority vote of the Board with Mark Howard abstaining.

Zac Yoder moved to approve Well Permit OC-6878 because the Well is properly equipped and otherwise complies with District Rules. Mark Howard seconded the motion. The motion passed by a majority vote of the Board with Danny Krienke abstaining.

Danny Krienke moved to approve Well Permit SH-7458 because the Well is properly equipped and otherwise complies with District Rules. Gene Born seconded the motion. The motion passed by a majority vote of the Board with Bob Zimmer and Justin Crossover abstaining.

In December, the Board proposed a Production Fee Rule but did not set a hearing date for the proposed Rule. According to the District's Rules, not later than the 20th day before the date of a rulemaking hearing, the General Manager shall:

- A. post notice in a place readily accessible to the public in the principal office of the District;
- B. provide notice to the county clerk of each county in the District for public posting in each respective courthouse; and
- C. publish notice of the proposed rules or the proposed rule revisions and the public hearing thereon in a newspaper of general circulation in the District

once a week for two (2) consecutive weeks, with the first publication of notice being at least 20 days before the rulemaking hearing.

- D. provide notice by mail, facsimile, or electronic mail to any person who has requested such notice under Chapter 36;
- E. make available a copy of all proposed rules, or proposed rule revisions, at a place accessible to the public during normal business hours and post the proposed rules on the District's website.

The notice must include:

- A. a statement of the intent of the District to adopt rules;
- B. a statement of intent to conduct a public hearing to present the proposed rules and to receive public comment;
- C. notice of the date, time, and place for the public hearing; a summary of the content of the proposed rules or the proposed rule revisions;
- D. the procedures for obtaining a copy of the rules or the location or website at which the rules can be reviewed and copied; and,
- E. the procedures for the submission of written or oral comments.

In rulemaking hearings before the Board, the President shall be the presiding officer. The President of the Board may delegate this function to another Board member, or the District's legal counsel.

Each Person who attends a rulemaking hearing shall submit a hearing registration form stating:

- A. the Person's name;
- B. the Person's address;
- C. whom the Person represents, if the Person is not there in the Person's individual capacity; and,
- D. whether the Person wishes to testify.

The presiding officer shall conduct the rulemaking hearing in the manner the presiding officer determines to be most appropriate to obtain information and testimony relating to the proposed Rule or Rules as conveniently and expeditiously as possible without prejudicing the rights of any Person at the hearing. The presiding officer may limit the number of witnesses and may limit the time witnesses may testify at a rulemaking hearing. Comments may be submitted orally or in writing. The presiding officer may hold the record open for a specified period after the conclusion of the rulemaking hearing to receive additional written comments. The presiding officer shall prepare and keep a record of each rulemaking hearing in the form of an audio or video recording or a court reporter transcription. Normally, the District uses a court reporter to document the hearings.

In addition to rulemaking hearings, the District from time-to-time will hold stakeholder meetings to gather additional input regarding its rulemaking process, or other activities of the District. Stakeholder meetings allow a more informal dialogue between the District and its stakeholders. These informal stakeholder meetings are not hearings.