

**Southwest Kansas Groundwater Management District No. 3
Minutes of the Regular Meeting of the Board of Directors
January 18th, 2013**

MEETING CALLED TO ORDER

The January Board of Directors meeting of the Southwest Kansas Groundwater Management District was called to order by President Dunn at 9:06 a.m. The meeting was held in the Southwest Kansas Groundwater Management District No. 3 Board Room.

Directors Present

Kent Dunn, President, Seward County Representative
Nathan Kells, Vice President, Haskell County Representative
Kirk Heger, Stevens County Representative
Hal Scheuerman, Kearny County Representative
Douglass Fox, Meade County Representative
Mike O'Brate, Treasurer, Gray County Representative
Clay Scott, Grant County Representative
Wayne Breeding, Morton County Representative
Seth Nelson, Stanton County Representative

Directors Absent with Notice

Meghan Houtsma, Secretary, Hamilton County Representative
Mike McNiece, Industrial Representative
Alan Schweitzer, Municipal Representative
Tom Bogner, Ford County Representative
Steve Stone, Finney County Representative
Dave Brenn, Surface Water Representative

District Staff Present

Mark Rude, Executive Director
Jason Norquest, Assistant Manager
Patty Stapleton, Office Administrator
Chris Law, Resource Technician
Trevor Ahring, EIT / GIS
Brandi Sneath, Office Assistant

Others in Attendance

Mike Meyer, Water Commissioner, Division of Water Resources, Garden City, Ks
Gary Baker, Water Right consultant/ Kansas Water Authority
Gregg Graff, GMD1 Board of Director

APPROVE AGENDA

President Dunn asked for consideration of the meeting Agenda. After some discussion, Clay Scott made a motion to approve the agenda as presented. Hal Scheuerman seconded. The motion was approved with all in favor.

APPROVAL OF MINUTES & MONTHLY FINANCIAL REPORT

President Dunn drew the attention of the Board to consider the December 12th, 2012 draft minutes. Clay Scott made a motion to approve the December 12th, 2012 Board Meeting minutes. Wayne Breeding seconded the motion. The motion was approved with all in favor.

President Dunn next drew the attention of the Board to review the December, 2012 financial report documents. Hal Scheuerman made a motion as follows: Approve the financial reports and payments for the month of November, 2012, as presented at this meeting, and to submit them for the annual audit. Kirk Heger seconded the motion. The motion was approved with all in favor.

President Dunn signed and submitted the financial documents.

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President's Report, President Kent Dunn

Water Commissioner's Report, Commissioner Mike Meyer

Water Commissioner, Mike Meyer provided an update of their work in the last month. Static water levels have been completed. The following results were noted:

- Finney: average drop of 4.3 feet
- Haskell: average drop of 3.8 feet
- Kearny: average drop of 3.27 feet
- Gray: average drop of 2.34 feet
- Grant: average drop of 3.54 feet

Approximately 8 penalties were issued for meter tampering.

Applications for Multi Year Flex Accounts, Terms, Temp and Change Apps are still being worked with a high amount of backlog.

Abengoa Term Permit, Spacing Waiver, 20129380, Gary Baker

Jason Norquest spoke to the directors of details with Abengoa spacing waiver for term permit 20129380. Gary Baker was also present to provide additional details of the waiver request. WR 10520 is industrial use and authorized 651.89af. Abengoa needs the well for ethanol productions. WR 18086 is authorized 321.22AF with a municipal use. 1572 feet is the current spacing between these two wells and 2300 feet in spacing is needed.

Much discussion from the board and Gary Baker as to whether the term permit is even needed now that the permanent water right for the well has been changed to the industrial project. Clay Scott moved to recommend approval of the spacing waiver, subject to a limitation of the term permit with the 651af amount already authorized under the permanent water right for the project from the well. Mike O'Brate seconded. Motion passed with all in favor.

GMD Legislative Retreat, Topeka, KS

Mark Rude reminded the directors that February is the Legislative Reception and GMD3 meeting in Topeka. February 6th at 1:30 a GMD Round Table will occur. Mark asked for topic suggestions. In the evening on the 6th the Legislative Reception will take place in the Grand Ball Room from 5p.m. to 8p.m.

The next day on the 7th, GMD3 will hold their monthly board meeting at 9 AM. A Policy and Legal meeting with the Chief Engineer was suggested to be held while directors are in Topeka, if time allows.

Ogallala Aquifer Advisory Committee activity

Clay Scott and Kent Dunn attended the Ogallala Aquifer Advisory Committee conference call meeting. They briefed the directors on several topics and support of proposed legislation.

Legislative Report on Western Water Conservation Projects Fund

Mark advised the directors that a copy of the first two pages of the Legislative Report of the Western Water Conservation Projects Fund was in the board book for their review. Mark intends to provide the report to legislators next week while he is in Topeka.

GMD3 Legislative/Water Authority Presentation, Kansas Aqueduct & Energy Corridor & Recommendations

Mark reviewed slides of a presentation that he will also provide to the legislatures. He reviewed topics of: The Business of Water, Agencies with Water Governance Responsibilities, Drought history and the Kansas Aqueduct and Energy Corridor. The Missouri River to Western Kansas transfer could potentially supply benefits all across Kansas. He demonstrated how the ridge line construction allows supply assurance to watersheds along the way. Encouraging the use of renewable water supplies instead of continued over-reliance on finite groundwater supplies; aquifer areas with KAEC water provide surety of supply, with the most efficient recharge being to pump groundwater as secondary supply; diminishes impacts of groundwater overdraft including subsidence and increased power cost for pumping water from greater depths; reduces excessive storage evaporation losses in Western Kansas

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dry climate, improves the quality of recharged surface water by filtration through underlying sediments in a process known as soil aquifer treatment and lastly would firm Kansas water supply by providing a "reserve" of water that can be recovered during prolonged drought or during interruption in the water delivery of a Kansas Aqueduct and Energy Corridor.

Mark reviewed five recommendations that would assist the Kansas Aqueduct and Energy Corridor project.

1st Recommendation: Support the filing of initial applications for Kansas to establish priority for Missouri River appropriations: by GMD3 or other appropriate Kansas agency using the 1982 Transfer Study for starters, and Provide for waiver or delay of the statutory quantity based filing fees on the initial applications (\$400,000 to \$600,000) until project applications can be considered final form as condition of final agency action. Priority of filing is considered critical for Kansas interests while Kansas develops and evaluates the many needs, interests and project elements.

2nd Recommendation: Support a Kansas Aqueduct and Energy Corridor evaluation from the Missouri River Basin under the Kansas water planning process.

3rd Recommendation: Review Kansas compact allocations and quantify those water uses to develop best practices for Kansas, including during flood and drought conditions.

4th Recommendation: Place a priority on restoring the Kansas Interstate Litigation Account Funding to defend Kansas water supply under Kansas Law.

5th Recommendation: Consider providing funding for Professor John Peck to conduct a practical update of his early 1980's Law Review article of the Legal constraints of moving water across Kansas, based on the proposed Kansas Aqueduct and Energy Corridor project.

Much discussion occurred regarding the aqueduct. The consensus of the board of directors was to support Mark on proceeding with the project.

Local Groundwater Informational meetings, FI, GY, FO, KE & GT

Mark announced that meeting sites and times have been completed for the local groundwater informational meetings with membership. Tracy Streeter with Kansas Water Office will be present at all meetings for discussion support.

- Finney County will be held at 1:30 p.m. on February 12th, 2013 in the Finnup Center located at Lee Richardson Zoo.
- Gray County will be held at 9:00 a.m. on February 13, 2013 in the Gray County 4-H Building, Cimarron, KS
- Ford County will be held at 1:30 p.m. on February 13, 2013 at the Dodge House Hotel and Convention Center
- Kearny County will be held at 1:30 p.m. on February 21, 2013 at the Kearny County Fairgrounds, Lakin, KS
- Grant County will be held at 9:00 a.m. on February 22, 2013 in the Lawson Room located in the Civic Center, 1000 W. Patterson, Ulysses, KS.

Committee Reports

Policy and Legal

No meeting had been held. A Policy and Legal Committee meeting is being considered Thursday, February 7th, 2013 while directors are in Topeka and could meet with Chief Engineer, Barfield.

Annual Meeting

The annual meeting will be held in Cimarron, Ks on March 13th, 2013. Advertising for the meeting will be completed throughout the next two months. Speakers include Brownie Wilson, KGS; Tracy Streeter, KWO and Ag Secretary Dale Rodman.

Old Business

There was no old business to discuss.

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New Business

There was no new business to bring to the table.

Executive Director Report, Mark Rude

Report on GMDA Meeting, Austin TX

Mark Rude, Jason Norquest, Seth Nelson and his wife all attended the GMDA meeting in Austin Texas. They stated it was a good meeting with some travel issues.

Capital display for Legislators & KGMDA, January 22nd, Topeka, KS

Mark announced that the GMD's will have a display at the Capital on January 22nd. Save the Date cards for the Legislative Reception will be handed out to legislatures. KGMDA will also hold a meeting in the afternoon.

American State Bank Producer Meeting, Garden City, KS

Jason Norquest will be a presenter at the American State Bank Producer Meeting on January 22nd.

Bureau WaterSMART Grant Submittal

Trevor Ahring had been working on a WaterSMART grant which was submitted for assistance to establish a producer water efficiency sensor communications network. A resolution will be considered next meeting

Recommendation for ARCA Representative

No discussion occurred

Letter from City of Lakin, Water Quality

Mark turned the boards' attention to a letter from the City of Lakin that was written by Mayor Troy Michel. The letter stated that since 2007 the City of Lakin water supply had been in violation of Radionuclide standards. Funds have been spent by the city, which is causing a significant burden of cost upon Lakin's residents. Mayor Michel submitted the letter for consideration of GMD3 Arkansas River Funds to assist in the cost of addressing the water quality for their water supply.

After discussion from the directors' they opted to not take any action in assisting the City of Lakin. The directors would like to find the cause and effect of the water contamination.

Water Quality basin study letter of interest to Bureau of Reclamation

Mark reviewed the Water Quality Basin Study letter of interest that will be provided to the Bureau of Reclamation. The study will initiate the collaborative effort between Kansas and Colorado and Bureau of Reclamation.

Western Water Conservation Projects Fund Business

Monthly Western Water Conservation Projects Fund Business

Mark Rude drew the attention of the board to the financial documents of the Western Water Conservation Projects Fund and activity of the advisory committee. After some discussion of the Board, Nathan Kells moved to accept the December financial report and payments as presented and submit them for annual audit. Clay Scott seconded. Motion passed with all in favor.

Submitted & Paid Vouchers

Vouchers were provided for review.

BOARD MEMBER REPORTS

There were no board member reports.

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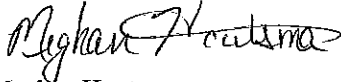
PUBLIC FORUM

No public forum was held.

ADJOURNMENT

Doug Fox made a motion to adjourn the meeting. Mike O'Brate seconded.
The meeting was adjourned at 12:25 p.m.

Respectfully Submitted,



Meghan Houtsma