

**MINUTES OF THE AUGUST 29, 2011
BOARD OF DIRECTORS MEETING OF
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

The Board of Directors of North Plains Groundwater Conservation District met in regular session August 29, 2011 at 9:00 a.m. in the Board Room of the District office at 603 East First Street in Dumas, Texas. The following persons were present:

Members Present:

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

Staff Present during part or all of the meeting:

Steve Walthour, General Manager;
Dale Hallmark, Assistant Manager/District Hydrologist; and,
Casey Tice, Compliance Coordinator.

Others present during part or all of the meeting:

Sabrina Leven;
Amy Hascke;
Mike Tubule;
C.C. Sysombath;
F. Keith Good, Attorney; and,
Ellen Orr, Paralegal.

President Zimmer declared a quorum present and called the meeting to order at 9:05 a.m.

Phil Haaland gave the invocation and Bob Zimmer led the pledge.

At 9:06 a.m. Harold Grall arrived to participate in the meeting.

President Zimmer then asked if there were persons present who desired to make Public Comment. No public comment was made; however, Director Haaland mentioned that two constituents of the District had requested help from the Board with any over-production this year because of the drought.

Gene Born moved to approve items 2a, 2b and 2c of the Consent Agenda, consisting of the approval of the Minutes of the August 9, 2011 Board of Directors Meeting, the Minutes of the Tax Rate Hearing of August 15, 2011; and the Minutes of the Tax Rate Hearing of August 19, 2011; the approval of un-audited District expenditures for August 1, 2011 through August 22, 2011, including the General Manager's Expense and Activity Report; and approval of the General Manager's request to amend the 2010-2011 budget by transferring \$10,000.00 from Professional Fees to Repairs Maintenance and Supplies to cover additional costs associated with the 200-12 Demonstration Project for leasing equipment, supplies and additional fuel costs. Brian Bezner seconded the motion and the motion was unanimously approved by the Board.

The General Manager presented a report to the Board regarding 3-T Drilling, Inc. (Ray Teeter) and Burkett Drilling, Inc. (Guy Burkett) who each had drilled a well within the jurisdiction of the District without obtaining a Well permit from the District. The General Manager recommended that the Board issue Show Cause Orders to both drillers

to appear before the Board at its next regularly scheduled Board Meeting and show cause why such Person should not be subject to an injunction or civil penalties for failure to comply with the District Rules, unless provisions of settlement agreements sent to each entity are carried out before the required date outlined in the respective agreements. Danny Krienke moved that the Board order 3-T Drilling, Inc. and Burkett Drilling, Inc. to appear before the Board and show cause why such Persons should not be subject to an injunction or civil penalties for failure to comply with the District Rules, unless provisions of settlement agreements sent to each entity is carried out before the required date outlined in each respective agreement. Phil Haaland seconded the motion and it was unanimously approved by the Board.

The District proposed a 2011 tax rate of \$0.025810 per \$100 of value on increased total tax revenues from properties on the tax roll in the preceding tax year by 7.955496% percent (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax calculated under Chapter 26, Tax Code). The Board scheduled two hearings for public comment regarding the tax rate increase on August 15, 2011 and August 19, 2011 at which a quorum of the Board attended. The hearings were scheduled and held in accordance with Truth in Taxation Guidance Document provided by the State Comptroller. The following notice was posted as required by law and as follows:

2011 Property Tax Rates for North Plains Groundwater Conservation District

This notice concerns 2011 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.

	<u>General Fund</u>
Last year's tax rate:	
Last year's operating taxes	\$ 1,625,051
Last year's debt taxes	\$ -
Last year's total taxes	\$ 1,625,051
Last year's tax base	\$ 6,911,286,827
Last year's total tax rate	0.023513/\$100
This year's effective tax rate:	
Last year's adjusted taxes (after subtracting taxes on lost property)	\$ 1,630,066
÷ This year's adjusted tax base (after subtracting value of new property)	\$ 6,817,835,858
= This year's effective tax rate (Maximum rate unless unit publishes notices and holds hearings.)	0.023908/\$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)	\$ 1,630,066
÷ This year's adjusted tax base	\$ 6,817,835,858
= This year's effective operating rate	0.023908/\$100
x 1.08 = This year's maximum operating rate	0.025820/\$100
= This year's total rollback rate	0.025820/\$100

Statement of Increase/Decrease

If North Plains Groundwater Conservation District adopts a 2011 tax rate equal to the effective tax rate of 0.023908 per \$100 of value, taxes would increase compared to 2010 taxes by \$44,190.

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.

Danny Krienke moved that the property tax rate be increased by the adoption of a tax rate of 0.025810, which is effectively a 7.955496% increase in the tax rate. THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S RATE. THE TAX RATE WILL EFFECTIVELY BE RAISED BY 7.955496% AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$ 2.30. Phil Haaland seconded the motion and it was unanimously approved by the Board.

A Schedule of Well Permits was presented to the Board for its review. Harold Grall moved to approve all of the following permits as active and complete wells because the wells are properly equipped and otherwise comply with District Rules:

COUNTY	OWNER	WELL	C L	MAX	QURT	SEC	BLK	SUR	YARDS N S	YARDS E W
DALLAM	LARSEN FARM LLC	DA3905	C	800	NW	19	5	CSS	451N	342W
DALLAM	LARSEN FARM LLC	DA3906	C	800	SE	19	5	CSS	424S	540E
DALLAM	JAMES MEYER	DA3912	C	800	NE	4	0	SWISHER	1287N	530E
DALLAM	LARSEN FARM LLC	DA3944	C	800	SW	56	5	CSS	447S	440W
DALLAM	LARSEN FARM LLC	DA3945	C	800	NW	56	5	CSS	454N	447W
DALLAM	LARSEN FARM LLC	DA3946	C	800	NW	55	5	CSS	446N	437W
DALLAM	LARSEN FARM LLC	DA3947	C	800	SE	41	5	CSS	439S	440E
DALLAM	LARSEN FARM LLC	DA3955	C	800	SE	56	5	CSS	480S	440E
DALLAM	LARSEN FARM LLC	DA3967	C	800	SE	38	5	CSS	34S	734E
DALLAM	LARSEN FARM LLC	DA4004	C	800	NW	19	5	CSS	629N	811W
DALLAM	LARSEN FARM LLC	DA4008	C	800	SW	38	5	CSS	767S	820W
DALLAM	LARSEN FARM LLC	DA4029	C	800	NW	40	5	CSS	755S	626W
DALLAM	LARSEN FARM LLC	DA4058	C	800	SE	40	5	CSS	124S	150E
DALLAM	LARSEN FARM LLC	DA4105	C	800	SE	27	5	CSS	799S	284E
DALLAM	LARSEN FARM LLC	DA4106	C	800	SE	27	5	CSS	848S	781E
DALLAM	LARSEN FARM LLC	DA4195	C	800	NW	37	5	CSS	63N	563W
DALLAM	LARSEN FARM LLC	DA4240	C	800	NE	37	5	CSS	765N	867E
DALLAM	LARSEN FARM LLC	DA4245	C	800	SW	20	5	CSS	919N	112W
DALLAM	LARSEN FARM LLC	DA4250	C	800	SE	20	5	CSS	716S	220E
DALLAM	LARSEN FARM LLC	DA4296	C	800	NE	37	5	CSS	713N	34E
DALLAM	AUSTIN SAGE	DA4319	B	400	NE	24	5	FDW	191N	851E
DALLAM	LARSEN FARM LLC	DA4326	C	800	SE	37	5	CSS	197S	155E
HANSFORD	DUNCAN FARMS	HN3757	D	850	SW	39	4T	T&NO	792S	32W
HANSFORD	DOUG BROWN	HN4124	C	800	SE	85	4T	T&NO	810S	101E
HANSFORD	WAYNE GARRETT	HN4300	D	1200	SW	110	45	H&TC	386S	123W
HARTLEY	KHW INVESTMENTS	HA3859	C	800	NW	4	5	GH&H	105N	235W
HARTLEY	FOUR STAR MIDDLEWATER	HA3899	C	800	NW	21	12	CSS	454N	434W

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

In July, the Board adopted Governmental Accounting Standards Board (GASB) Statement 54, on how balance information should be reported. By adopting GASB 54, all funds that were previously described as "designated", "unallocated", and "unrestricted" must be re-allocated under the new policy. The General Manager recommended that the Board commit \$77,509.82 to the Observation Well Fund that was originally designated to the Observation Well Fund and commit \$400,000.00 to the Research Fund that was originally designated to the Research Fund. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board. The General Manager stated that pursuant to the accounting policy

adopted by the Board in July, the General Manager has assigned the remaining funds to District Groundwater Conservation Operations that were originally described as "unrestricted." These assigned funds will cover the remainder of the budget. Gene Born moved that the Board commit \$77,509.82 to the Observation Well Fund that was originally designated to the Observation Well Fund and commit \$400,000.00 to the Research Fund that was originally designated to the Research Fund. Harold Grall seconded the motion and after discussion, the motion failed. Danny Krienke moved that \$77,509.82 originally designated to the Observation Well Network be placed in the District's Assigned Funds. Phil Haaland seconded the motion and it was unanimously approved by the Board.

The Texas Municipal League Intergovernmental Employee Benefits Pool (TML) forwarded to the District a re-rate notice and benefit verification form for Employee Health Benefits guaranteed until October 1, 2012. A re-rate notice is used to set new rates for employee and dependent coverage. TML new rates for Fiscal Year 2011-2012 will remain the same as this year. Medical Plan rates on the notice are as follows:

	Current Rate	New Rate
Employee	\$ 306.88	\$ 306.88
Spouse	\$407.62	\$407.62
Child	\$207.24	\$207.24
Family	\$586.60	\$586.60

The District pays the medical, vision, and dental premiums for the employee only. The District also pays the assessed monthly administration fee of \$3.70 a month for each employee either on the HRA/or/FSA plan. The General Manager recommended that the Board approve the rerate notice, benefit verification form, continuation of coverage administrative agreement, Section 125 FSA renewal and the HRA Renewal Forms. Brian Bezner moved that the Board approve the TML rerate notice, benefit verification form, continuation of coverage administrative agreement, Section 125 FSA renewal and the HRA Renewal Forms. Phil Haaland 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 staff requests the Board direct the General Manager to amend the 2010-2011 Budget if necessary based on consultation with the Auditor and report any changes to the Board for review. Gene Born moved that the Board direct the General Manager to amend the 2010-2011 Budget if necessary based on consultation with the Auditor and report any changes to the Board for review. Brian Bezner seconded the motion and it was unanimously approved by the Board.

Dale Hallmark presented a 2010-2011 Hydrology and Groundwater Resources Report to the Board containing general information on the regional or semi-regional hydrology and groundwater resources within the District.

The General Manager and Danny Krienke provided an update regarding the District's 200-12 Project for corn and the 80-12 project for wheat. It was reported that four meetings highlighting three North Plains Groundwater Conservation District funded primary corn irrigation projects were held in August by the Texas AgriLife Extension Service, Texas AgriLife Research and the North Plains Groundwater Conservation District. The dates and locations were: Aug. 19, Hutchinson County Corn Irrigation Conference, Morse Community Building, Morse; Aug. 24, Ochiltree Corn Irrigation Conference, Perryton Expo Center, Perryton; Aug. 25, Etter Corn Irrigation Field Day, North Plains Research Field, Etter; and Aug. 26, Dalhart Corn Irrigation Conference, Rita Blanca Coliseum, Dalhart.

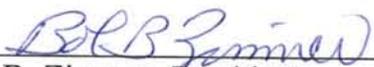
The General Manager informed the Board that on August 5, 2011, the United States Department of Agriculture notified the District that the USDA had approved the District's Conservation Innovation Grant application and presented the District with a draft agreement regarding the grant. Mr. Walthour informed the Board that presently, District staff and General Counsel are working with the USDA to finalize the agreement.

The Board discussed Rules 2, 3 and 17 and the possible revisions of those Rules by the District.

At 11:57 a.m. Danny Krienke and the General Manager departed the meeting.

The directors discussed upcoming meetings and conferences, items to be included on the future Board Meeting agenda and set the date for the next regular Board meeting for October 18, 2011 at 9:00 a.m., and any Show Cause Hearing required on October 18, 2011 at 9:30 a.m.

Phil Haaland moved to adjourn the meeting. Gene Born seconded the motion and it was unanimously approved by the Board. President Zimmer declared the meeting adjourned at 12:07 p.m.



Bob B. Zimmer, President



Brian Bezner, Secretary