

**MINUTES OF THE JANUARY 17, 2017
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 17, 2017, at 10:00 a.m. in the Conference Room of the North Plains Water Conservation Center, 6045 County Road E., Etter, Texas. The following persons were present:

Members Present at 10:06 a.m.:

Harold Grall, President;
Daniel L. Krienke, Vice-President
Bob B. Zimmer, Secretary;
Gene Born, Director;
Zac Yoder, Director; and
Mark Howard, Director.

Staff Present during part or all of the meeting:

Steve Walthour, General Manager;
Dale Hallmark, Assistant General Manager – Hydrologist/Producer Services;
Kirk Welch, Assistant General Manager/Outreach;
Kristen Lane, Executive Assistant;
Odell Ward, GIS Lead Technician/Natural Resource Specialist; and,
Paul Sigle, Agricultural Engineer.

Others present during part or all of the meeting:

Coy Barton;
F. Keith Good, Attorney; and,
Ellen Orr, Paralegal.

President Grall declared a quorum present and called the meeting to order at 10:06 a.m. President Grall gave the invocation and led the pledge.

1 – Public Comment

No public comments were received.

2 – Consent Agenda

The Consent Agenda was discussed by the Board and consisted of: the review and approval of the Minutes of the December 8, 2016 Holiday Party; the review and approval of the Minutes of the regular December 13, 2016 Board Meeting; the review and approval of un-audited District expenditures for December 1, 2016 through December 31, 2016, including the General Manager's expense and activity report; the review and approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional services and out-of-pocket expenses from December 1, 2016 through December 31, 2016, in the amount of \$8,235.82; review and adoption of a Resolution exempting personal boats, personal vehicles, airplanes, motor homes and trailers from ad valorem taxation by North Plains Groundwater Conservation District in calendar year 2017 in Dallam, Sherman, Hansford, Ochiltree, Lipscomb, Hartley, Moore and Hutchinson Counties, Texas; and consider and adopt Homestead Exemptions for 2017 of:

- 10 % or \$10,000 – Homestead
- \$100,000 - Over 65
- \$100,000 - Disability SS
- The maximum percentage for Disabled Veterans.

Gene Born moved to approve the Consent Agenda. Bob Zimmer seconded the motion and it was unanimously approved by the Board.

Action Agenda 3f - Review and consider approval of the District's Annual Financial Report for the year ended September 30, 2016.

Coy Barton, CPA presented the District's Annual Financial Report, which included a Report on Internal Control, Compliance and Other Matters, for the year ended September 30, 2016, and discussed the same with the Board.

Bob Zimmer moved that the Board approve the North Plains Groundwater Conservation District Annual Financial Report for the year ended September 30, 2016. Zac Yoder seconded the motion and it was unanimously approved by the Board.

Action Agenda 3g - Review and consider approval of letter of engagement for audit and non-audit services to be performed by Coy Barton, CPA for the District's fiscal year ending September 30, 2017.

Coy Barton, C.P.A. submitted a letter to the District, dated December 29, 2016, confirming his firm's understanding of the audit and non-audit services to be provided to the District for the year ended September 30, 2017. The letter provides:

- Coy Barton will be in charge of all work performed by Coy Barton, C.P.A.
- Coy Barton, C.P.A. will report on the audit of basic financial statements.
- Coy Barton, CPA will perform additional procedures enabling his firm to issue a second report in which it 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 District's management in the auditing process for 2017.

A copy of the letter from Coy Barton, C.P.A., dated December 29, 2016, was provided to the Board at the meeting.

Bob Zimmer moved to approve the letter of engagement for Audit and Non-Audit Services to be performed for the District by Coy Barton, C.P.A. for fiscal year 2016-2017. Gene Born seconded the motion and it was unanimously approved by the Board.

Action Agenda 3h - Review and consider approval of payment to Coy Barton, CPA for auditing services and preparation of the North Plains Groundwater Conservation District Annual Financial Report for the year ended September 30, 2016.

Coy Barton, C.P.A. had submitted one invoice for auditing services and preparation of the North Plains Groundwater Conservation District's Annual Financial Report for the year ended September 30, 2016, totaling \$21,950.00.

The General Manager had reviewed this invoice for the District's audit for the year ended September 30, 2016, preparation of financial statements, and SAS fraud requirements. The General Manager has determined that the invoice is consistent with the services Coy

Barton, C.P.A. has performed for the District audit and has paid the invoice. A copy of the invoice was provided to the Board at the meeting.

Gene Born moved that the Board ratify the payment to Coy Barton, C.P.A. in the amount of \$21,950.00 for auditing services and preparation of the North Plains Groundwater Conservation District's Annual Financial Report for the year ended September 30, 2016. Zac Yoder seconded the motion and it was unanimously approved by the Board.

Director, Bob Zimmer, asked President Grall, to revisit item 2e from the Consent Agenda to clarify that the District was not going to seek collection of ad valorem taxes in calendar year 2017 for personal boats, personal vehicles, airplanes, motor homes and trailers in Dallam, Sherman, Hansford, Ochiltree, Lipscomb, Hartley, Moore and Hutchinson Counties, Texas.

Daniel L. Krienke moved that the Board adopt a Resolution exempting 2017 ad valorem taxation of personal boats, personal vehicles, airplanes, motor homes and trailers by North Plains Groundwater Conservation District in Dallam, Sherman, Hansford, Ochiltree, Lipscomb, Hartley, Moore and Hutchinson Counties, Texas. Mark Howard seconded the motion and it was unanimously approved by the Board.

Action Agenda 3a - Receive report regarding Agriculture Water Conservation Demonstration Programs.

Paul Sigle presented the following report to the Board:

Limited Applied Irrigation Assistance Program (USDA-NRCS RCPP)

Darren Richardson, ASTC-FO, Lubbock, has reported that NRCS should be receiving the RCPP funding allotment in the next month or so. Once the RCPP funds are received, the District can begin funding the RCPP applications. Thereafter, RCPP participants can begin installing their conservation practices. The RCPP agreement provides that the participating groundwater conservation districts must perform field checks on the installed RCPP conservation practices, primarily reviewing water flow meters, chemigation valves and soil moisture monitoring systems. USDA-NRCS conducted a training workshop on the checkout and certification of these conservation practices on Wednesday, January 11th, at the High Plains Water District meeting room located at 2930 Avenue Q, Lubbock, TX 79411. Paul Sigle, Dale Hallmark, Odell Ward and Curtis Schwertner attended the meeting.

Mr. Sigle presented the following information to the Board, which he received from the High Plains Regional Conservation Partnership Training Meeting on January 11, 2017:

- Protection of Personal Information: As part of the agreement with NRCS, the District cannot disclose any private or sensitive data without written consent from NRCS. Any request for this information must be made through NRCS.

The Privacy Act, 5 U.S.C. 301 and 552a: 31 U.S.C. 9701, provides:

Employee(s) shall not disclose any private or sensitive data which is contained in a system of records NRCS maintains, by any means of communication to any person, or to another agency outside USDA, unless the disclosure is authorized in writing by NRCS. Employees whose duties require handling records in these systems must, at all times, protect the integrity, security, and confidentiality of private and/or sensitive data. Employees must exercise care so that information contained in these files is not inadvertently disclosed to families, friends, or other who have no need to know. Keep all private information in secure areas when not in use during office hours.

Examples of Private Data:

Social Security number (SSN); tax identification (ID) number; employee National Finance Center ID; account numbers; and farm, track or common land unit numbers.

Examples of Sensitive Data: Name, address, or other geographic indicators; e-mail address; phone number; race; gender; ethnicity; disability; birth date.

- Current allocation will be between \$900,000 to \$850,000 for the seven GCDs. This allocation is for the first 3 years of the 5-year contract. NRCS can't allocate money beyond the expiration of the current Farm Bill. Additional funds could be available after a new Farm Bill is in place. The Zone office currently does not know if they would have to hold some funds for the second or third year, or if a district can use the funds until they are depleted.
- High Priority Practices: Chemigation check valves, flow meters and soil moisture monitoring systems/probes.
- Medium Priority Practices: Pivot sprinkler replacement/conversions and drip irrigation systems.
- High priority practices will not require a ranking period and will be funded immediately if funds are available. Medium priority practice will require a ranking period that will be determined at the discretion of the GCDs.
- Cost Sharing for Practices: Subject to change when the list is updated this month:
- Chem Valves: \$44.00 per inch diameter
- Basic Flow Meters: \$100.00 per inch diameter
- Flow Meters with Telemetry: \$200.00 per inch diameter
- Soil Moisture Probe with Telemetry: \$1400.00 per probe
- Soil Moisture Probe without Telemetry: \$800.00 per probe
- Steps for funded contracts
 1. Application Process: Farmers will apply through their local NRCS office.
 2. Contract Approval: Local NRCS office.
 3. Standards/Specifications/Requirements: Local NRCS office.
 4. Field check of installation: Partnering GCD personnel will conduct the field check of the practice installation for most practices
 5. Payment: NRCS
- Requirements for Chemigation Valves:

All chem valves must meet TAC ,Title 16, Part 4, Chapter 76, Rule 76.107.
- Requirements for Flow meters:

Texas NRCS is currently working on construction specifications that will hopefully be available in the next few weeks.
- Requirements for Soil Probes:

Soil probes must meet the general specifications set by NRCS. Flow meters and chem valves are required if the farmer is fertigating.
- Information that will be gathered during field checks:
 - Soil Probes:
 - ✓ GPS location

- ✓ Brand
 - ✓ Model Number
 - ✓ Detailed description of all field equipment installed
 - ✓ Sketch of the location of the probe
 - ✓ Type, brand and size of installed flow meter
 - ✓ Type, brand and size of installed Chemigation Valve
 - ✓ Planned Crop(s)
 - ✓ Installer if known
 - ✓ Any remarks
- Chemigation Valve:
 - ✓ Brand
 - ✓ Model Number
 - ✓ Serial Number
 - ✓ Size
 - ✓ Location
 - ✓ Where ARV is located
 - ✓ Automatic low pressure drain installed
 - ✓ Installer if known
 - ✓ Any remarks
 - Flow Meters
 - ✓ Brand
 - ✓ Model Number
 - ✓ Serial Number
 - ✓ Size
 - ✓ Location

Master Irrigator Program

Mr. Sigle reported that during the 2017 Pioneer Crop Clinics, Kirk Welch promoted the Master Irrigator Program. Mr. Welch spoke for approximately 15 minutes at the end of Leon New's presentation on the 3-4-5 program. Additionally, Mr. Welch also continued discussing the Master Irrigator Program during the lunches. The dates and location for the Master Irrigator Clinics area as follow:

- January 9, 2017 – Dalhart
- January 10, 2017 – Dumas
- January 11, 2017 – Stratford
- January 12, 2017 – Gruver

2017 Session Dates

- Session 1: Agronomics March 22, 2017
- Session 2: Irrigation Scheduling March 29, 2017
- Session 3: Systems April 5, 2017
- Session 4: Systems & Special Topics April 12, 2017

Deadlines for 2017

- Jan. 15, 2017
- Mail out brochures
- Pioneer Production Clinics are in Jan. and the High Plains Irrigation Conference is in Feb. 2017
- PAC Meeting 2017 Speakers:

District staff booked all speakers for the upcoming Master Irrigator Program. The speakers are:

- Dr. Stephen H. Amosson, Regents Professor and Extension Service Economist- Management, Texas A&M AgriLife
- Dr. Jourdan Bell, Assistant Professor and Agronomist, Texas A&M AgriLife Extension Service
- Mike Caldwell, Natural Resources Manager, USDA-NRCS
- Jeff Childs, Sales Engineer, Yaskawa America Inc.
- Jerry Funck, Owner, Professional Water Management Associates
- Karllyle Haaland, CEO, PivoTrac Monitoring, LLC
- Farris Hightower, Regional Sales Manager, Lindsay Corporation
- Dr. Charles Hillyer, Assistant Professor and Irrigation Engineering Specialist, Texas A&M AgriLife Extension Service
- John Gibson, Precision Ag Specialist, Crop Quest
- Leon New, Agricultural Engineer
- David Reinart, Co-Owner, Better Harvest, Inc.
- Keith Sides, State Irrigation Engineer, USDA-NRCS
- Dr. David Sloane, Principal Agronomist, AquaSpy
- Fred Vocasek, Senior Laboratory Agronomist, Servi-Tech
- Steve Walthour, General Manager, North Plains Groundwater Conservation District

Master Irrigator Project Advisory Committee

Danny Krienke, North Plains Groundwater Conservation District; Leon New, Irrigation Engineer; Steve Amosson, Texas A&M AgriLife; Charles Hillyer, Texas A&M AgriLife; Scott Strawn, Texas A&M AgriLife; Shawn Carter, Crop Production Services; Cameron Turner, Texas Water Development Board; Keith Sides, USDA-NRCS; David Reinart, Better Harvest; Stan Spain, Spain Farms; Bryce Howard, Farmer.

3-4-5 Demonstration Project

Leon New presented the 2016 results at the annual Pioneer Crop Production Clinics. Leon had two presentations at each location. The dates and location were:

- January 9, 2017 – Dalhart
- January 10, 2017 – Dumas
- January 11, 2017 – Stratford
- January 12, 2017 – Spearman.

Action Agenda 3b - Receive report regarding Groundwater Production Reporting for 2016.

The General Manager reported that 2016 Annual Production Reporting is in full swing. On December 5th, the District sent out a total of 2,845 production reports. Of those 2,845 reports, 635 reports were e-mailed and 2,210 were mailed. As of January 12th, the District has received 470 production reports and out of those reports, the District has entered and processed 88 production reports. District staff is working closely with Mike Wiger, the current database designer, to get Conservation Reserve letters corrected and mailed out. So far, the process has run smoothly.

Action Agenda 3c - Consider approval of Water Well Permits as Active and Complete Wells.

District Rule 2.13 provides, after the site inspection is complete and it is determined that the Well (and all Wells within the Groundwater Production Unit) are in compliance with the Rules of the District and the Well Permit application, the General Manager shall submit the Well Permit to the Board for final compliance approval.

The General Manager reported that the District staff had processed 4 Water Well Permits which are ready for Board consideration and approval. These permits, listed in the table below, represent completed Wells that have been inspected and are in compliance with District Rules. The inspections verify that the Wells were completed as required by the respective Permits, including proper Well location, Well classification, maximum yield, and proper installations of check valves and flow meters. Copies of the individual permits were presented to the Board.

Well Num	Class	Sec	Blk	Sur	NS
HA-9248	C	NE	26	3	B&B
HA-9288	D	NW	254	44	H&TC
HA-9435	C	SE	210	44	H&TC
MO-6142	B	SE	121	3-T	T&NO

The General Manager noted that Well Permits HA-9248 and HA-9288 were Permits of Director, Mark Howard.

Director, Daniel L. Krienke, moved to approve Well Permits HA-9248 and HA-9288 on the above schedule noting that the Wells are properly equipped and otherwise comply with District Rules. Bob Zimmer seconded the motion and it passed by the majority vote of the Board, with Director, Mark Howard, abstaining from the vote.

Daniel L. Krienke moved to approve all of the remaining Well Permits on the above schedule noting that the Wells are properly equipped and otherwise comply with District Rules. Bob Zimmer seconded the motion and it was unanimously approved by the Board.

Action Agenda 3d - Discuss codification of the North Plains Groundwater Conservation District Enabling Legislation by the Texas Legislative Council.

The General Manager and the District's general counsel provided the following information to the Board:

Many special districts in Texas, like North Plains Groundwater Conservation District, are created by the Texas Legislature through "enabling legislation". From time-to-time, the "enabling legislation is amended. North Plains' enabling legislation was initially passed in 1955. It has been amended four times in: 1983, 1985, 1999 and, most recently, in 2015. Unfortunately, for North Plains and other special districts, these revisions are scattered over the years throughout the Texas General and Special Laws and are difficult, if not impossible, to locate. The Texas Legislature decided to address these issues through the Texas Legislative Council.

The Texas Legislative Council plans and executes a permanent statutory revision program for the systematic and continuous study of the statutes of this State, and for the formal revision of the Statutes on a topical, or code basis. The purpose of the program is to clarify and simplify the Statutes and to make the Statutes more accessible, understandable, and usable. When revising a Statute, the Council may not alter the sense, meaning, or effect of the Statute. North Plains has finally appeared on the Council's radar. The council proposed the North Plains' codification in Chapter No. 8887 of the Special District Local Laws Code.

General Counsel reported to the Board that he had reviewed and analyzed the Texas Legislative Council's proposed codification of the District's Enabling Legislation, as amended, and recommended acceptance of the proposed codification by the District's Board of Directors. Mr. Good stated that he would submit correspondence to Stacy Bergenahl, Chief Revisor, of the Texas Legislative Council, acknowledging the District's approval of the proposed codification.

The Board recessed at 11:23 a.m. and reconvened at 11:31 a.m.

Agenda 3e - Consider Extension of the Crop Production Demonstration Agreement between the District, Crop Production Services and Spain Farms.

The General Manager provided the following report to the Board:

In 2015, the District entered a three-year contract with Stan Spain and Crop Production Services to perform irrigation-based studies at the North Plains Water Conservation Center. The contract will expire at the end of 2017. The Agriculture Committee has met and recommended that the District develop an ongoing contract that would be in effect beginning in 2018. The contract would have deadlines for developing an annual scope of work for farming after harvest for the next growing season.

The General Manager stated that he believes that Stan Spain and Crop Production Services have worked well with the District and its demonstration projects at the WCC. I The General Manager recommended that the District continue its relationship with CPS and Stan Spain by approving the Amended and Restated Agricultural Lease and the Amended and Restated CPS Demonstration Agreement presented to the Board. Mark Howard questioned the Spain Amended and Restated Agricultural Lease and stated that there appeared to be an ambiguity between page 2 and page 5 of the proposed Lease in item B2i. Keith Good responded to Mr. Howard and stated that item B2i should be deleted from the Spain Amended and Restated Agricultural Lease. Director, Mark Howard, moved that the Board authorize the General Manager to execute the Amended and Restated Agricultural Lease, as amended, with Stan Spain and the Amended and Restated CPS Demonstration Agreement with Crop Production Services. Daniel L. Krienke seconded the motion and it was unanimously approved by the Board.

Agenda 3i - Receive report and consider action related to the upcoming 85th Legislative Session.

The General Manager reported that Bill pre-filing began on November 14th, for the 85th Texas Legislative Session. The Regular Session starts on January 10th and will continue through May 29th. The Governor can call special sessions afterward. The House and Senate will set key deadlines when they adopt their rules. However, the Texas Legislative Council Drafting Manual provides a perpetual general calendar as follows:

- Bill pre-filing begins: Nov 14, 2016
- 1st day of session: Jan 10, 2017
- 60-day bill filing deadline: Mar 10, 2017
- Adjournment sine die: May 29, 2017
- Post-session 20-day deadline for governor to sign or veto: June 18, 2017
- Effective date (91st day after adjournment): Aug 28, 2017.

The General Manager reported that he has been actively participating in the Texas Water Conservation Groundwater Committee and its Oil and Gas Subcommittee. The Texas Legislature listens to the TWCA in developing water and groundwater resource legislation. TWCA established an Oil and Gas Subcommittee to develop proposed legislation, or a white paper, addressing Senator Perry's inquiry regarding the application of oil and gas law to groundwater. Additionally, the Senate Committee on Agriculture Water & Rural Affairs released its Interim Report to the 85th Legislature. Mr. Walthour reported that the

committee has had two meetings. A central issue is the use of correlative rights in groundwater management. A survey of the responses of subcommittee members were presented to the Board. The General Manager reported that he did not complete the survey; but provided an e-mail related to how the District interprets correlative rights. The subcommittee has decided that correlative rights applies to surface ownership.

Agenda 3j - Consider Compliance Matters before the District.

The General Manager presented the following report to the Board:

Default on Settlement Agreement has been referred to the District's legal counsel.

Twenty- Eight (28) producers who filed 2015 production reports late and paid a late filing fee were eligible to be given a full reimbursement if 2016 production reports were filed at the district office, no later than close of business Monday, January 16, 2017. As of Monday January 11th, 2016, ten (10) of these producers have filed early.

The General Manager also reported that District staff was investigating test holes that were drilled without a Test Hole Permit.

Executive Session - Section 551.071 of the Texas Government Code.

At 12:30 p.m., Daniel L. Krienke 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. Bob Zimmer seconded the motion and it was unanimously approved by the Board.

Executive Session: At 12:31 p.m., the Board went into Executive Session. At 1:30 p.m., Director Gene Born moved that the Board reconvene into regular session. Mark Howard seconded the motion and it was unanimously approved by the Board.

The Board reconvened into regular session at 1:30 p.m.

Discussion Agenda 4c - General Manager's Report.

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

Discussion Agenda 4a - Director Reports.

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

Discussion Agenda 4b - Committee Reports.

None, except as stated herein.

Agenda 5 - Discuss Items for Future Board Meeting Agendas and Set Next Meeting Date and Time.

By consensus, the Board set the next regular meeting at 9:00 a.m. on February 13, 2017.

Agenda 6 - Adjournment.

Director, Gene Born moved to adjourn the meeting. Zac Yoder seconded the motion and it was unanimously approved by the Board. President Grall declared the meeting adjourned at 1:54 p.m.

Harold Grall
Harold Grall, President

Bob B. Zimmer
Bob B. Zimmer, Secretary