

**MINUTES OF THE FEBRUARY 12, 2019
BOARD OF DIRECTORS MEETING OF
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

The Board of Directors of North Plains Groundwater Conservation District met in regular session February 12, 2019, at 1:00 p.m. in the Conference Room in the Richard S. Bowers Water Conservation Learning Center Building at the North Plains Water Conservation Center, 6045 West County Road E, Dumas, Texas 79029-7201. The following persons were present:

Members Present at 1:04 p.m.:

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

Staff Present during part or all of the meeting:

Steve Walthour, General Manager;
Dale Hallmark, Assistant General Manager — Hydrologist/Production Services;
Kirk Welch, Assistant General Manager — Outreach;
Kristen Blackwell, Executive Assistant;
Odell Ward, Program Coordinator — GIS/Monitor Wells; and
Julia Stanford, Conservation Outreach Specialist.

Others present during part or all of the meeting:

Stan Spain;
Gary Sutherland;
Jess Wall;
F. Keith Good, Attorney; and,
Ellen Orr, Paralegal.

President, Daniel L. Krienke, declared a quorum present and called the meeting to order at 1:04 p.m. Director, Gene Born, gave the invocation and President Krienke led the pledge.

1 – Public Comment

No Public Comment was made to the Board.

2 – Consent Agenda

The Consent Agenda was discussed by the Board and consisted of: the review and approval of the Minutes of the regularly scheduled January 15, 2019 Board of Directors Meeting; the review and approval of the Minutes of the February 1, 2019 Agriculture Committee Meeting; the review and approval of un-audited District expenditures for January 1, 2019 through January 31, 2019, including the General Manager's expense and activity report; and the review and approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional services and out-of-pocket expenses from January 1, 2019 through January 31, 2019, in the amount of \$7,251.21.

Mark Howard moved that the Board approve the Consent Agenda. Harold Grall seconded the motion and it was unanimously approved by the Board.

Action Agenda 3a - Consider resolution regarding 2019 ad valorem taxation of optional personal property taxation in the North Plains Groundwater Conservation District to property owners in Dallam, Sherman, Hansford, Ochiltree, Lipscomb, Hartley, Moore and Hutchinson Counties, Texas.

The General Manager stated that annually, the Board of North Plains Groundwater Conservation District determines whether it will tax optional personal property within the confines of the District, including:

- personal boats;
- personal vehicles;
- airplanes;
- motor homes; and
- trailers.

Mr. Walthour reported that if an entity decides to tax any of the property listed above, the entity must tax all of the property listed above. Historically, the Board has chosen not to tax optional personal property within the confines of the District.

The General Manager recommended that the Board adopt a resolution not to collect optional ad valorem taxes for personal boats, personal vehicles, airplanes, motor homes and trailers for 2019 in Dallam, Sherman, Hansford, Ochiltree, Lipscomb, Hartley, Moore and Hutchinson Counties, Texas. The proposed Resolution was presented to the Board.

Mark Howard moved that the Board adopt the proposed Resolution not to collect optional ad valorem taxes for personal boats, personal vehicles, airplanes, motor homes and trailers for 2019 in Dallam, Sherman, Hansford, Ochiltree, Lipscomb, Hartley, Moore and Hutchinson Counties, Texas. Zac Yoder seconded the motion and it was unanimously approved by the Board.

Action Agenda 3b - Consider Homestead Exemptions for 2019.

The General Manager stated that the Board has historically approved homestead exemptions as follows:

- The greater of 10 percent of the taxable value, or \$10,000, for a Homestead;
- \$100,000 – for persons 65 or over;
- \$100,000 - Disability Social Security; and,
- The maximum percentage for Disabled Veterans.

The General Manager recommended that the Board continue to adopt the above-listed homestead exemptions.

Bob B. Zimmer moved that the Board adopt the following homestead exemptions for 2019:

- The greater of 10 percent of the taxable value, or \$10,000, for a Homestead;
- \$100,000 – for persons 65 or over;
- \$100,000 - Disability Social Security; and,

- The maximum percentage for Disabled Veterans.

Mark Howard seconded the motion and it was unanimously approved by the Board.

Action Agenda 3c - Consider final compliance approval of Water Well Permits as active and complete wells.

The General Manager reported that 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 8 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	CLASS	SEC	BLK	SUR	NS	EW
DA-9563	B	44	6	CSS	839 N	770 E
HA-10276	C	249	44	H&TC	766 S	119 N
HA-10394	C	14	11	CSS	841 S	198 E
HA-10395	C	14	11	CSS	842 S	786 E
LI-6872	D	1051	43	H&TC	644 S	909 E
MO-9592	B	165	3-T	T&NO	100 S	404 E
MO-10184	B	104	3-T	T&NO	813 N	832 W
MO-10283	C	17	-	M-2	273 N	792 S

Harold Grall moved to approve all of the Well Permits on the Well Permit Schedule, noting that the Wells are properly equipped and otherwise comply with District Rules. Mark Howard seconded the motion and it was unanimously approved by the Board.

Action Agenda 3d - Receive District Quarterly Investment Report for the period ending December 31, 2018.

The General Manager presented a quarterly investment report for the period from October 1, 2018 to December 31, 2018 which reflected the North Plains Groundwater Conservation District's investment transactions for all District funds subject to the District's Public Funds Investment Policy.

The report described in detail, the District's investment position as of December 31, 2018; stated the maturity date of each separately invested asset that has a maturity date; and stated the compliance of the investment portfolio of the District with the investment strategy expressed in the District's Investment Policy; and relevant provisions of the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act").

The Board directs that investments of public funds shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. The order of investment priorities are as follows:

1. Preservation and safety of principal;
2. Liquidity; and
3. Yield.

In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds, or funds under the District's control, over which the officer had responsibility, rather than a consideration as to the prudence of a single investment; and whether the investment decision was consistent with the District's written Investment Policy.

The District may invest in obligations of, or guaranteed by, governmental entities as provided in Section 2256.009(a) of the Act. District's board has authorized Perryton National Bank (PNB) as its primary depository and First State Bank as secondary depository as follows:

Bank Accounts	Account Name	Account Number	Balance as of September 30, 2018	Interest Rate
Perryton National Bank	Main Account	337	\$986,204.77	0.1 percent
Perryton National Bank	Default Reserve	116	\$11,225.00	Non -interest bearing
Perryton National Bank	Interest & Sinking	256	\$ 100.00	Non -interest bearing
First State Bank	Late Filer Fees	9005805	\$12,335.80	Non -interest bearing

Perryton National Bank is the District's primary financial institution that provides the District's main operating account. The main operating account and CDs at Perryton National Bank exceed the FDIC insurance coverage so the bank pledges funds that are secured by securities more than FDIC insurance for all District funds deposited with the bank. The District is currently holding pledged securities of \$2,000,000. The Default Reserve Account and the Interest & Sinking Account are non-interest-bearing accounts used to service the Texas Water Development Board Loan. By contract these accounts are required to be non-interest bearing. The First State Bank account is used by the District to secure funds of well owners that filed their 2017 production reports late. Funds in the account will be refunded to the late filers if file their 2018 Production Report by January 15, 2019. Afterward, all remaining funds are swept from the account and are deposited in the District's operating account at Perryton National Bank.

The District primarily secures its funds in certificate of deposits (CDs) issued by a state or national bank in Texas, a savings and loan association in Texas which are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC), or its successor. The maximum allowable maturity of any authorized investment is two (2) years. The District's Board has approved a list of depositories for the District to purchase CDs. The District has CDs as follows:

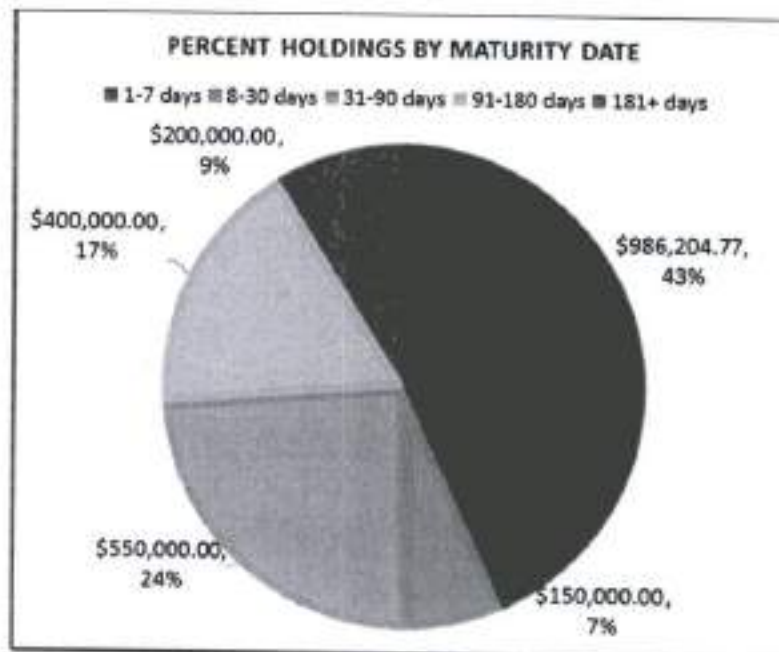
Name of Bank	CD Number	Investment Date	Maturity	Days to Maturity on December 31, 2018	Interest	Balance
Perryton National Bank	21457	08/23/18	08/23/19	235	1.45%	\$100,000.00
Dalhart Federal Savings & Loan	6026088088	05/03/18	05/03/19	123	1.25%	\$100,000.00
Dalhart Federal Savings & Loan	602609183-3	02/16/18	02/16/19	47	1.25%	\$150,000.00
Gruver State Bank	20855	02/18/18	02/18/19	49	1.05%	\$250,000.00
Happy State Bank	12046	08/08/18	04/03/19	93	0.85%	\$100,000.00
Happy State Bank	11297	02/18/18	02/16/19	47	0.85%	\$150,000.00
First Bank Southwest	10000222	04/12/18	04/12/19	102	1.15%	\$100,000.00
First State Bank - Spearman	45152	01/23/18	01/23/19	23	0.90%	\$150,000.00
First State Bank	21046	04/03/18	04/03/19	93	1.50%	\$100,000.00
First National Bank	82535	12/16/18	12/16/19	350	2.03%	\$100,000.00
TOTAL CD INVESTMENTS						\$1,300,000.00

All interest from the CDs are paid by check to the District and deposited into the District's Perryton National Bank main operating account. On December 31, 2018, the District has four CDs that are set to renew within the next 60 days. A summary of District funds by

dollar amount, number of days until maturity, and weighted average maturity (WAM) is as follows:

Security Description	Investment Amount	Mat. in Days (DTM)	WAM
Perryton National Bank Main Account	\$986,204.77	1	0.43
Perryton National Bank CD 21457	\$100,000.00	235	10.28
Dalhart Federal Savings & Loan CD 6026088088	\$100,000.00	123	5.38
Dalhart Federal Savings & Loan CD 602609183-3	\$150,000.00	47	3.08
Gruver State Bank CD 20855	\$250,000.00	49	5.36
Happy State Bank CD 12046	\$100,000.00	93	4.07
Happy State Bank CD 11297	\$150,000.00	47	3.08
First Bank Southwest CD 10000222	\$100,000.00	102	4.46
First State Bank - Spearman CD 45152	\$150,000.00	23	1.51
First State Bank CD 21046	\$100,000.00	93	4.07
First National Bank CD 82535	\$100,000.00	350	15.31
Total	\$2,286,204.77		57.03

The table above reflects the largest amount of the District's investments are held in both the main operating account and certificates of deposit (CD) with a maturity date from 31 to 90 days. The Default Reserve Account, Interest & Sinking Account and the Late Filer Fees Account are non-interest-bearing accounts and are not included in this analysis. The WAM is used to illustrate the average amount of days it takes District investments to mature. The Perryton National Bank Account is the main operating account used by the District. Funds within this account are available within one day and are shown in the 1-7-day maturity date in the pie chart below. The District is currently operating on a 57.03-day WAM. The following pie chart represents the percent of holdings in investments based on the days to maturity:



This chart above provides a snapshot of the percentage of the District's money that is being held in longer investments versus money on hand. From the pie chart, 43% of the District's investments are held in the main operating account. Whereas 9% of the District's investments are held in CD's with a maturity date of over 181 days. The final three pieces of the pie are investments that are held for a period of 8-30 days, 31-90 days, and 91-180 days. The highest interest rate the District receives on CD's is 2.03%. As of December 31, 2018, the US Department of Treasury Yield Curve Rates for one month is 2.44 percent and the one year is 2.63 percent. Treasury Yield Curve Rates are commonly referred to as "Constant Maturity Treasury" rates, or CMTs. Yields are interpolated by the Treasury from the daily yield curve. This curve, which relates the yield on a security to its time to maturity is based on the closing market bid yields on

actively traded Treasury securities in the over-the-counter market. These market yields are calculated from composites of indicative, bid-side market quotations (not actual transactions) obtained by the Federal Reserve Bank of New York at or near 3:30 PM each trading day.

The Texas Water Development Board loaned the District Funds for equipping the North Plains Water Conservation Center. The original loan amount was \$620,000.00 with an annual interest rate of 0.11 percent for a ten-year term. Six years are remaining on the loan.

Loans	Account #	10/1/2018	12/31/2018	Notes
TWDB	21743	\$372,000.00	\$372,000.00	6 annual payments + 0.11% interest

The loan payment schedule, including interest, is as follows:

Amount	Year
62,409	2019
62,341	2020
62,273	2021
62,205	2022
62,136	2023
62,068	2024

Mr. Walthour stated that the portfolio of the North Plains Groundwater Conservation District is believed to follow the District's Board-approved Public Funds Investment Policy and state law.

Mark Howard moved that the Board accept the quarterly investment report for the period ending December 31, 2018. Harold Grall seconded the motion and it was unanimously approved by the Board.

Action Agenda 3e - Consider approval of District's Depository Institutions.

The General Manager reported that annually, the District's Board must review the terms and conditions of each banking or depository relationship with the District to confirm compliance with the District's Investment Policy. Further, the Board must assure that each of such banking or depository relationship is in the best interests of the District.

Texas Water Code § 36.155 requires the Board to name one or more banks to serve as depository for the District's funds. The General Manager is the District's Finance and Investment Officer and can only invest District funds in financial institutions approved by the Board. As of January 31, 2019, the District uses Perryton National Bank (PNB) as its primary depository, and secondary depositories, including certificate of deposits (CDs) as follows:

NAME OF BANK	City	Relationship	Insured Max Amount	Current Amount Deposited
Dalhart Federal Savings & Loan	Dalhart	CD	\$250,000.00	\$250,000.00
First Bank Southwest	Perryton	CD	\$250,000.00	\$100,000.00
First National Bank	Spearman	CD	\$250,000.00	\$100,000.00
First State Bank	Dumas	Secondary Account and CD	\$250,000.00	Late Fees \$2,035.80 CD \$100,000.00
First State Bank - Spearman	Spearman	CD	\$250,000.00	\$150,000.00
Gruver State Bank	Gruver	CD	\$250,000.00	\$250,000.00
Happy State Bank	Dumas	CD	\$250,000.00	\$250,000.00
Perryton National Bank	Perryton	Primary Operating Account and CD	\$250,000 plus \$2,000,000 pledged securities	Operating \$986,204.77 CD \$100,000.00

Interstate Bank	Perryton	CD	\$250,000.00	\$0.00
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The General Manager recommended that the Board approve the primary depository and the secondary depositories as identified above.

Bob B. Zimmer moved that the Board approve the primary depository and secondary depositories as follows:

NAME OF BANK	City	Relationship
Dalhart Federal Savings & Loan	Dalhart	CD
First Bank Southwest	Perryton	CD
First National Bank	Spearman	CD
First State Bank	Dumas	Secondary Checking Account and CD
First State Bank - Spearman	Spearman	CD
Gruver State Bank	Gruver	CD
Happy State Bank	Dumas	CD
Perryton National Bank	Perryton	Primary Depository and CD
Interstate Bank	Perryton	CD

Gene Born seconded the motion and it was unanimously approved by the Board.

Action Agenda 3f - Receive report and consider action, as needed, regarding agriculture water conservation demonstration programs.

The General Manager and Assistant General Manager — Outreach, Kirk Welch, presented the following report to the Board:

Master Irrigator Program

The 2019 Master Irrigator Class is officially full. The last confirmed participant registered on February 1, 2019 marking the earliest the program has ever filled. There is still more than a month before the official closing of registration. Applications have continued to come in since the class filled and those applicants have been added to a waiting list and will be given priority for the Class of 2020. Participants and those applicants who have been added to the waiting list are as follows:

1. Shaw, Ardise
2. Thurman, Brent
3. Bellsnyder, Suzanne
4. Hill, Heath
5. Darcy, William
6. Darcy, Marci
7. Baxa, John
8. Ballinger, Tim
9. Koehn, Trent
10. Immler, Ryan
11. Dewey, Evan
12. Wagoner, Matthew
13. Anderson, Shane
14. Murphy, Jay
15. Murphy, Florene
16. Mininger, Frank
17. Russell, Lem
18. Gonzalez, Jose
19. Boyles, Caylen
20. Meiners, Clarence
21. Bezner, Brian
22. Ford, David

23. Lee, Chase
24. Dyck, Paul; and
25. Goodwin, Jay.

This year's participants have influence over at least 72,852 acres, bringing the total number of acres touched by The Master Irrigator program to approximately a quarter of a million acres.

The following applicants are lower priority (because they operate out of District, or are not producers), are in-District producers that applied after the class was full, or are unavailable this year, but want to attend next year's class:

1. Pittman, Karen
2. Duvall, Jason
3. Reynolds, Chanda
4. French, Russell
5. Dantzler, Martel
6. Nickel, Marlin
7. Lenz, Wade
8. Neeley, Curtis

2019 Session Dates:

Session 1: Agronomics March 20, 2019
 Session 2: Irrigation Scheduling March 27, 2019
 Session 3: Systems April 3, 2019
 Session 4: Systems & Special Topics April 10, 2019

Lunch and/or Day Sponsors are locked-in: March 20 – Senninger
 March 27 – AquaSpy April 3 – Reinke April – 10 Netafim

2019 Speakers:

District staff has booked the last of the speakers for the upcoming Master Irrigator Program by adding Nicholas Kenny, PE, to present about Gensets. The speaker list is as follows:

- 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.
- Nicholas Kenny, PE, Owner/Consultant NPK Ag, LLC
- Karlyle Haaland, CEO, PivoTrac Monitoring, LLC
- Farris Hightower, Regional Sales Manager, Lindsay Corporation
- Pat Scarth, AquaPlanner
- Eric Burton, Better Harvest
- 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, Agronomist
- Fred Vocasek, Senior Laboratory Agronomist, Servi-Tech
- Steve Walthour, General Manager, North Plains Groundwater Conservation District.

Multi-State Master Irrigator

Steve Walthour made a presentation about The Master Irrigator program at a meeting on February 7, 2018 in Wray, CO. Steve Amosson also made a presentation about The Master Irrigator program to a group of 30-40 growers in Garden City, KS at a meeting presented by the Kansas Water Office. A follow-up multi-state teleconference is scheduled for February 14, 2019.

2019 Season Cover Crop Demonstration

To date, close inspection will show wheat sprigs and some plants in the multi-species plots that are just starting to become visible. No irrigation has been applied. Some wheat is emerging in the wheat plots, a very small amount of turnip and radishes are emerging. There is very good moisture under trash cover in these plots. The multi-year cover crop demonstration in cooperation with Texas A&M AgriLife includes production-size plots with three cover regimes including fallow, wheat cover, and a multi-species cover mix, replicated three times under the same irrigation plan. The demonstration will be overseen by Jourdan Bell, PhD., and is a graduate project for West Texas A&M University graduate student, Preston Sirmon. The demonstration was planted on December 4, 2018.

2018 Season Demonstrations

Nicholas Kenny ("Kenny") compiled the data from the 2018 demonstrations at the North Plains WCC. Kenny presented the data on January 16 and 17 at the Pioneer Production meetings in Stratford and Spearman. Assistant General Manager — Outreach, Kirk Welch, presented the data on January 14 and 15 in Dalhart and Dumas. Highlights included dramatic profitability differences between side-by-side cotton and corn, with many of the cotton varieties doubling the most profitable corn variety on the farm. Kenny presented data on the ongoing demonstration between SDI and LEPA in corn. Kenny also explained that no-tilled corn performed slightly better than strip-tilled corn in the first year of Harold Grall's no-till/strip-till demonstration. Kenny's full presentation was presented to the Board.

WCC Entry Project

The new 12' x 3' pan sign has been installed at the entrance to the WCC. Landscapers are working on landscaping the area around the sign, according to the designs created by the landscape architect. Planting will be scheduled in the spring.

Action Agenda 3g - Receive report and consider action as needed related to 2019 Texas Legislative Session and Issues.

General Manager, Steve Walthour, presented the following report regarding the 86th Texas Legislative Session regarding Bills that can directly affect the District (which excluded some Bills filed related to groundwater, water planning and governmental authorizations):

The Lieutenant Governor, and the Speaker of the House, have each appointed their respective committees for the 86th Legislative Session. The Senate Water and Rural Affairs Committee is Chaired by Senator Perry from Lubbock. The House Natural Resources Committee is Chaired by Representative Larson from San Antonio. Four Price is chair of the Calendars Committee, a member of the Natural Resource Committee. Chairman Larson has already file Bills with a slight variant that the Governor vetoed the last Legislative Session.

HB 2/SB2 – Burrows/Bettencourt. Relating to ad valorem taxation.

This Legislation was filed in both chambers of the Legislature and, according to news releases, is apparently supported by the Governor. The Legislation, if passed, does the following:

Creates a property tax administration advisory board to make recommendations to the comptroller regarding improving the effectiveness and efficiency of the property tax system, best practices, and complaint resolution procedures.

Defines a "Small taxing unit" as a taxing unit, other than a school district, for which the sum of the following amounts is \$15 million or less:

- (A) the total amount of property taxes that would be imposed by the taxing unit for the current tax year if the tax rate proposed for that tax year were applied to the current total value for the taxing unit; and
- (B) the total amount of sales and use tax revenue received by the taxing unit, if any, for the last preceding four quarters for which that information is available.

Redefines "Effective" tax rate as "No-new-revenue" tax rate.

A small taxing unit calculates its rollback tax rate by multiplying the No-new-revenue maintenance and operations rate by 1.08 then adds the current debt rate, if any.

A taxing unit other than a small taxing unit calculates its rollback tax rate by multiplying the No-new-revenue maintenance and operations rate by 1.025 then adds the current debt rate, if any.

HB509 – Wilson. Relating to the regulation of aggregate production operations by the Railroad Commission of Texas; authorizing a fee; providing administrative penalties and other civil remedies; creating criminal offenses.

Among other requirements, this Bill would require as part of an application, a determination of the probable hydrologic consequences of the aggregate production operation, if any, both on and off the site, with respect to the hydrologic regime and the quantity and quality of water in surface-water systems and groundwater systems, including the dissolved and suspended solids under seasonal flow conditions.

HB721 – Larson. Relating to the duty of the Texas Water Development Board to conduct studies of and prepare and submit reports on aquifer storage and recovery.

Requires the TWDB to conduct a statewide survey to identify the relative suitability of various major and minor aquifers for use in aquifer storage and recovery projects based on consideration of hydrogeological characteristics.

HB722 – Larson. Relating to the development of brackish groundwater.

Amends Chapter 36 to authorize a groundwater conservation district located over any part of a designated brackish groundwater production zone to adopt rules to govern the issuance of permits for the completion and operation of a well for the withdrawal of brackish groundwater from a designated brackish groundwater production zone. The Bill requires the district to adopt such rules if the district receives a petition from a person with a legally defined interest in groundwater in the district and to adopt the rules not later than the 180th day after the date the district receives the petition. Since the Dockum Aquifer may be listed as a brackish groundwater source, the District may be required to expand its rules to accommodate a brackish water application.

HB726 – Larson. Relating to the regulation of groundwater.

Revises provisions relating to the export of groundwater out of a district. The Bill prohibits a district from requiring a separate permit for the export of groundwater for use outside of the district. This Legislation is consistent with how the District already treats the export of groundwater.

HB807 – Larson. Relating to the state and regional water planning process.

Adds tasks for the regional water planning groups and creates the Interregional Planning Council to:

- (1) improve coordination among the regional water planning groups, and between each regional water planning group and the board, in meeting the goals of the state water planning process and the water needs of the state as a whole;
- (2) facilitate dialogue regarding water management strategies that could affect multiple regional water planning areas; and
- (3) share best practices regarding operation of the regional water planning process.

HB1066 – Ashby. Relating to extensions of an expired permit for the transfer of groundwater from a groundwater conservation district.

Requires a district to extend an export permit to be consistent with the separate well operating permit. This legislation is consistent with how the District already treats the export of groundwater.

SB528 – Seliger. Relating to the limitation on the maintenance and operation tax of the North Plains Groundwater Conservation District.

Senator Seliger filed SB 528 to eliminate the limitation on the maintenance and operation tax of the North Plains GCD. Four Price has said that he will carry the Bill once it passes the Senate. Currently the limitation is 5 cents. If the Legislation passes, the District's maintenance and operating ad valorem tax rate ceiling will be subject to the uniform tax limits set for Groundwater Conservation Districts by Texas Water Code Section 36.201 (Levy of Taxes) (b) "The board may annually levy taxes to pay the maintenance and operating expenses of the district at a rate not to exceed 50 cents on each \$100 of assessed valuation." The District will be subject to any decreases in the limitation under 36.201. The District is still subject to the state roll back rate of not more than 8%. If the Board determined that it needed to raise the District's tax rate 8% above the effective rate, the District would need to hold an election for voter approval of the new rate. A copy of SB 528 was presented to the Board.

Action Agenda 3h- Receive report regarding 2018 Annual Production Reporting.

Steve Walthour reported that the 2018 Production Reports (2,893) were mailed, or emailed, out on November 30, 2018. The District has received 1,068 reports as of February 4, 2019. 829 reports have been filed and entered in the database. The 2018 Production Reports are due by Friday, March 1, 2019, by close of business (5pm).

Out of the eleven (11) 2017 late filers, five (5) have filed their 2018 Production Reports on or before January 15, 2019 and received a refund of the late fee paid.

Action Agenda 3i - Receive report and consider action regarding Groundwater Management Area 1 Joint Planning.

The General Manager presented the following report to the Board:

In March, the general managers of groundwater districts within GMA-1 will review statements of qualifications from respondents to an RFQ and make recommendations to the GMA-1 Joint Planning Committee regarding the short list of potential candidates. RFQ responses are due on February 12, 2019. During the last round of joint planning the District coordinated with the PRPC and paid Intera to complete groundwater availability model runs for GMA-1 Joint Planning Committee.

Action Agenda 3j - Review and consider District Directors Policies.

The General Manager stated that Texas Water Code, Section 36.061. (Policies) requires, that subject to the law governing the district, the board shall adopt the following in writing:

- (1) a code of ethics for district directors, officers, employees, and persons who are engaged in handling investments for the district;
- (2) a policy relating to travel expenditures;
- (3) a policy relating to district investments that ensures that:
 - (A) purchases and sales of investments are initiated by authorized individuals, conform to investment objectives and regulations, and are properly documented and approved; and
 - (B) periodic review is made of district investments to evaluate investment performance and security;
- (4) policies and procedures for selection, monitoring, or review and evaluation of professional services; and
- (5) policies that ensure a better use of management information, including:
 - (A) budgets for use in planning and controlling cost; and
 - (B) an audit or finance committee of the board.

General Counsel and the General Manager recommended that the Board amend the District Directors Policies and adopt a simpler fraud policy definition and add the Agriculture Committee as a standing committee of the Board. A proposed amended of District Directors Policies was presented to the Board.

Gene Born moved to adopt the proposed District Directors Policies. Zac Yoder seconded the motion and it was unanimously approved by the Board.

Action Agenda 3k - Review and consider District Employment, Office and Employee Policy Manual.

The General Manager reported to the Board that the purpose of the North Plains Groundwater Conservation District "Employment, Office and Employee Policy" manual is to instruct employees in general District policy and to provide standards and guidelines for conduct or behavior. The District's goal is to apply these policies without discrimination so that all similarly situated employees receive consistent, uniform and fair treatment; to assure compliance with the Texas Water Code and applicable state and federal laws; and to encourage high ethical standards among employees.

The General Manager recommended that the Board consider expanding non-professional procurement procedures and responsibilities; and the revision of some definitions that more directly align with District operations and provide guidance on the District employees who are authorized to sign District checks.

The General Manager presented a proposed Employment, Office and Employee Policy Manual to the Board.

Gene Born moved to adopt the proposed Employment, Office and Employee Policy Manual. Harold Grall seconded the motion and it was unanimously approved by the Board.

Action Agenda 3l - Review and authorize District check signing authority.

The General Manager reported that the Employment, Office and Employee Policy Manual, adopted by the Board, requires that the General Manager recommend District employees to the Board of Directors to consider and to be authorized by the Board to sign checks on District bank accounts. This requirement is imposed to provide the District with a more robust internal control to ensure that funds are properly paid out timely by an authorized individual. Previously, District policy designated who could authorize payment through a purchase order, but the policy was not clear on who was authorized to sign checks other than the General Manager. The District employs a two-signature checking system.

The General Manager recommended that the Board authorize Steven D. Walthour (General Manager) as the primary signatory and Dale Hallmark (Assistant General Manager) as the secondary signatory on District bank accounts when the General Manager is not present; and administrative staff members Pauletta Rhoades (Administrative Manager) and Kristen Blackwell (Executive Assistant) to provide a signature on the check they personally generate.

Bob B. Zimmer moved that the Board authorize Steven D. Walthour (General Manager) as the primary signatory and Dale Hallmark (Assistant General Manager) as the secondary signatory on district bank accounts when the General Manager is not present; and administrative staff members Pauletta Rhoades (Administrative Manager) and Kristen Blackwell (Executive Assistant) to provide a signature on the check they personally generate. Gene Born seconded the motion and it was unanimously approved by the Board.

Action Agenda 3m - Receive report and consider action regarding The Master Irrigator Program Trademark.

Steve Walthour informed the Board that in 2018, the District filed an application for registration of The Master Irrigator program service mark with the Texas Secretary. The purpose of that registration was to protect the District's reputation and investment in the program.

In January, the Secretary of State notified the District that it had approved the registration of The Master Irrigator program service mark in four classes. The notification letter was presented to the Board.

To protect the program reputation outside of Texas, the District should file an application with the United States Patent and Trademark Office (USPTO) and attempt to register The Master Irrigation program service mark Federally in the same four classes as the State registration.

Bob B. Zimmer moved that the District should file an application with the United States Patent and Trademark Office (USPTO) and attempt to register The Master Irrigation

program service mark Federally in the same four classes as the State registration. Harold Grall seconded the motion and it was unanimously approved by the Board.

The Board recessed at 2:44 p.m. and reconvened at 3:04 p.m.

Action Agenda 3n - Receive report and consider proposed agriculture conservation loan agreement with Texas Water Development Board.

The General Manager, and the Assistant General Manager — Outreach, presented the following report to the Board:

Mr. Walthour reported that the Ag Committee met on February 1 and recessed to February 4, 2019, to discuss and consider Water Conservation Center agriculture irrigation demonstrations and conservation initiatives, as well as, to provide input regarding the District's Center Pivot Irrigation publication. The Committee also proposed the criteria and processes for irrigators to apply for loans from the District to upgrade their irrigation systems to save water.

Mr. Welch presented a draft of the loan application documents to the Board. The Board reviewed, discussed and directed Kirk Welch, Assistant Manager — Outreach, to revise the loan application documents as recommended by the Board.

Mr. Welch reported that members of the District staff are working on completing an application for a \$1,000,000 loan from the Texas Water Development Board (TWDB) which funds could then be loaned to irrigators in the District.

On February 4, District staff met with TWDB staff to review the District's progress on the loan program application. No further Board action is required for staff to complete the application process.

Panhandle Groundwater District's loan reviewer, Gary Sutherland, attended the meeting and discussed the Panhandle Groundwater District's ag loan program with the Board.

The General Manager requested that the Board accept the Agriculture Committee's recommendation regarding the criteria and processes for irrigators to apply for loans from the District to upgrade their irrigation systems to save water.

Harold Grall moved that the Board accept the Agriculture Committee's recommendation regarding the criteria and processes for irrigators to apply for loans from the District to upgrade their irrigation systems to save water and to also include the criteria of the ICI program items that are approved and covered by NRCS funding. Mark Howard seconded the motion and it was unanimously approved by the Board.

Action Agenda 3o - Report regarding District presentation and public speaking training.

General Manager, Walthour, reported that District staff are scheduling public speaking and media training for Board members and staff with Laura Raun of Laura Raun Public Relations. The training is scheduled for March 4-5. Mr. Walthour stated that this training is extremely helpful for those who have had limited opportunity to speak before groups, or the media. Even those with extensive experience will take away some tips and tricks that will make them a better communicator, and a more comfortable representative of NPGCD. Participants will get one-on-one, personalized training, as well as, a mock interview experience as part of the media preparation. Interested members of the Board were encouraged to contact Kirk Welch to schedule a time for training.

Action Agenda 3p - Receive report and consider action regarding compliance matters before the District.

The General Manager reported that there were no compliance matters before the District at this time.

Action Agenda 3q - Executive Session - Section 551.071 of the Texas Government Code.

At 4:40 p.m., Bob B. 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 on matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas conflicts with Chapter 551. Harold Grall seconded the motion and it was unanimously approved by the Board.

Executive Session: At 4:40 p.m., the Board went into Executive Session. At 4:56 p.m., Harold Grall moved that the Board reconvene into regular session. Zac Yoder seconded the motion and it was unanimously approved by the Board.

The Board reconvened into regular session at 4:56 p.m.

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 set forth above.

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.

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

By consensus, the Board set the next regular Board Meeting at 9:00 a.m. on March 19, 2019.

Agenda 6 - Adjournment.

There being no further business to come before the meeting, President Krienke declared the meeting adjourned at 5:00 p.m.


Daniel L. Krienke, President


Mark Howard, Secretary