

**MINUTES OF THE JANUARY 21, 2020
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 21, 2020 at 9:00 a.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 9:02 a.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;
Curtis Schwertner, Natural Resource Specialist;
Shari Stanford, Permitting & Meter Program Coordinator;
Paige Glazner, Conservation Outreach Assistant; and
Krista Markham, Public Information Officer.

Others present during part or all of the meeting:

Mandi Boychuk, Natural Prairie & Northside Farmland;
Coy Barton, C.P.A., Coy Barton, C.P.A.;
Melissa Martinez, Coy Barton, C.P.A.;
F. Keith Good, General Counsel for the District; and
Ellen Orr, Paralegal.

President, Daniel L. Krienke declared a quorum present and called the meeting to order at 9:02 a.m. Director, Bob Zimmer, 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 November 12, 2019 Meeting of the Board of Directors; the Minutes of the District Christmas party, held on December 10, 2019 and the Minutes of the Agriculture Committee held on January 2, 2020; the review and approval of un-audited District expenditures for November 1, 2019 through December 31, 2019, 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 November 1, 2019 through December 31,

2020, in the amount of \$8,330.73; Consider approval of Sherman County Appraisal District's 2019 ad valorem tax calculation for North Plains Groundwater Conservation District based on the North Plains Groundwater Conservation District's 2019 ad valorem tax rate and on the Appraisal District's 2019 tax roll for the District; and consider approval of tax sale of Lot 38, Unit 8, Double Diamond and Lot 77, Unit 1, Double Diamond in Moore County, Texas to Jarrod & LaTrina Gerstberger of Fritch, Texas.

Mark Howard moved to approve the Consent Agent. Bob B. Zimmer seconded the motion and it was unanimously approved by the Board.

Action Agenda 3.a. - Receive report and consider action regarding the District's agriculture conservation programs.

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

WCC Demonstrations

Nich Kenny presented results from the 2019 demonstrations to the Agriculture Committee on January 2. His presentation was based on the presentation he made at the Pioneer Crop Production meetings January 13-16 in Dalhart, Dumas, Stratford and Spearman, respectively.

Mr. Welch presented a copy of the 2019 WCC Corn and Cotton Demonstrations report prepared by Mr. Kenny to the Board.

Agricultural Equipment Loan Program

The Agriculture Committee performed a final review of the loan description and application at the January 2 committee meeting. The revised documents approved by the Agriculture Committee were presented to the Board.

Promotion of the Ag Equipment Loan Program has included a news release, ongoing social media postings, an e-mail blast and presentations at events including the Amarillo Farm and Ranch Show and the Pioneer Crop Production meetings. District staff have been responding to questions from interested parties, though no applications have yet been received.

Ag Water Minute Radio

Ag Water minute radio production was discontinued after harvest to allow time for demonstration results to be analyzed. New spots highlighting important demonstration findings will begin toward the end of January.

Cotton and Conservation Video Series

Since early June the District and Texas A&M AgriLife have completed 31 Cotton and Conservation videos along with some bonus segments. The video series can be found on the District's website at northplainsgcd.org/cotton. Below, are the numbers of views for each segment in the Cotton and Conservation Series.

Cotton & Conservation Video Views

Video Title	YouTube Views	Facebook Views
Introduction	150	174

06-04-19 NPWCC	54	93
06-05-19 Sherman County	37	95
06-11-19 Dallam County	33	106
06-12-19 Moore County Dryland	24	61
06-19-19 Sherman County	37	103
06-25-19 NPWCC	73	329
06-26-19 Moore County Dryland	28	296
06-26-19 Dallam County	35	63
How to do Stand Counts	45	191
07-02-19 NPWCC	21	2700
07-08-19 Sherman County	14	111
07-09-19 Dallam County	20	83
07-19-19 NPWCC	73	176
07-24-19 Sherman County	13	68
07-30-19 Dallam	34	141
07-31-19 NPWCC	11	60
08-05-19 NPWCC	24	96
08-09-19 Sherman County	20	115
08-13-19 Dallam County	25	98
08-20-19 NPWCC	24	118
08-20-19 Sherman County	62	91
08-27-19 Dallam County	22	39
09-05-19 NPWCC	15	183
09-10-19 Dallam County	27	182
09-19-19 Bell & Kenny	25 (30 minutes)	86
09-24-19 Dallam County	20	203
09-27-19 NPWCC	17	88
09-30-19 Sherman County	12	78
10-09-19 Dallam County	117	301
11-18-19 Sherman County	4	73

Master Irrigator Funding

As presented at the October Board meeting, three graduates of the 2019 Master Irrigator class applied for funding from the North Plains Environmental Quality Incentives Program but were deferred to the regular EQIP program because the entire \$400,000 allotted for 2019 had already been used by other graduates. This was the result of graduates taking more than the \$20,000 maximum that they agreed to in the contracts signed by all participants in the Master Irrigator program.

Of the three applications that were deferred, one met all requirements, but was not able to get funded because of lack of funding availability. The amount of the project would total not more than \$20,000 based on the contractually agreed upon limit. Another 2019 graduate was not able to get funded because he installed the equipment without a contract with NRCS. The other application was funded through the regular EQIP process.

The Agriculture Committee recommended the money be used to fund the one applicant who was denied funding and followed the correct procedures, up to the \$20,000 limit. This applicant would receive priority consideration over 2020 applicants and be eligible for funding on the project originally submitted to NRCS. Additionally, District staff recommended priority access up to \$20,000 on a new project for the other applicant that did not get funded. The new project must be submitted and approved in advance based on the new set of MI criteria to be approved by the Board of Directors. The Ag Committee

recommends no action on the application that was deferred but received regular EQIP funding.

If these recommendations of the Ag Committee are approved by the Board, the funding remaining for the MI Class of 2020 will be approximately \$240,000. The original funding distribution was based on 20 participants using \$20,000 to total \$400,000 annually. The numbers will have to be adjusted to allow for the reduced funding level.

The Ag Committee recommended offering a minimum amount based on the amount of funding available divided by 25 participants. If fewer participants request funding for projects in a timely manner, the balance could be distributed to the 2020 class (not to exceed \$20,000 and 50-percent of the project) or carried over for 2021.

In regard to evaluating future Master Irrigator projects for funding, the Agriculture Committee recommended that the list of eligible equipment and criteria developed for the ICI Program be adapted for application to the Master Irrigator Program. See ICI eligible equipment list below:

1. Soil moisture probes;
2. Pivot monitoring and control systems;
3. Well cut-off systems;
4. On-farm weather stations;
5. Plant stress monitoring systems;
6. Telemetry equipment; and
7. Pivot conversion equipment.

Other equipment may be approved by the District for cost share on a case-by-case basis. The ICI Rules and Processes were presented to the Board for review.

Zac Yoder moved that the Board ratify the Agriculture Committee's approval of revised application and description of the Agriculture Equipment Loan Program. Mark Howard seconded the motion and it was unanimously approved by the Board.

Zac Yoder moved that the Board approve the Agriculture Committee's recommendation regarding funding the 2019 Master Irrigator projects that did not receive NRCS funding. Harold Grall seconded the motion and it was unanimously approved by the Board.

Zac Yoder moved that the Board ratify the Agriculture Committee's direction for developing Master Irrigator funding policy. Harold Grall seconded the motion and it was unanimously approved by the Board.

Action Agenda 3.c. - Review and consider approval of the District's annual financial report for the year ended September 30, 2019, from Coy Barton, CPA.

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, 2019, and discussed the same with the Board.

Bob B. Zimmer moved that the Board approve the North Plains Groundwater Conservation District Annual Financial Report for the year ended September 30, 2019. Harold Grall seconded the motion and it was unanimously approved by the Board.

Action Agenda 3.d. - 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, 2019.

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, 2019, totaling \$22,000.00.

The General Manager had reviewed this invoice for the District's audit for the year ended September 30, 2019, 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.

Bob B. Zimmer moved that the Board ratify the payment to Coy Barton, C.P.A. in the amount of \$22,000.00 for auditing services and preparation of the North Plains Groundwater Conservation District's Annual Financial Report for the year ended September 30, 2019. Zac Yoder seconded the motion and it was unanimously approved by the Board.

Action Agenda 3.e. - 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, 2019.

Coy Barton, C.P.A. submitted a letter to the District, dated December 17, 2019, confirming his firm's understanding of the audit and non-audit services to be provided to the District for the year ended September 30, 2020. 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 fiscal year 2020.

A copy of the letter from Coy Barton, C.P.A., dated December 17, 2019, was provided to the Board at the meeting.

Harold Grall 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 2020. Mark Howard seconded the motion and it was unanimously approved by the Board.

The Board recessed at 10:14 a.m. and reconvened at 10:24 a.m.

Action Agenda 3.b. - 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) is/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 16 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	QUARTER	SECTION	BLOCK	SURVEY	N/S	E/W
DA-10691	C	NE/4	61	5	CSS	38 N	46 E
DA-9835	C	NE/4	393	1-T	T&NO	855 N	55 E
HA-10415	C	NE/4	170	44	H&TC	860 N	240 E
HA-10417	D	SW/4	56	21	CSS	891 N	7 E
HA-10562	B	SE/4	96	2	B&B	884 N	534 E
HN-10688	C	SE/4	161	2	GH&H	21 S	374 E
HN-10751	D	SE/4	3	4-T	T&NO	46 S	445 E
HN-10757	D	SE/4	45	P	H&GN	111 S	106 W
HN-10768	C	SE/4	55	P	H&GN	28 S	348 E
MO- 10561	C	SE/4	437	44	H&TC	874 N	816 E
MO- 11165	B	NW/4	182	3-T	T&NO	280 N	425 W
SH-10760	B	NE/4	201	1-T	T&NO	149 N	421 E
SH-10761	B	NE/4	201	1-T	T&NO	506 N	420 E
SH-10766	B	NE/4	201	1-T	T&NO	610 N	113 E
SH-10767	B	NE/4	201	1-T	T&NO	580 N	751 E
SH-9992	B	NE/4	175	1-T	T&NO	664 N	479 E

Bob B. Zimmer moved to approve 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 3.f. - Receive report, discuss and consider action regarding the Texas Legislative Interim Charges.

Tom Forbes, Esq., of Butler-Snow made a presentation to the Board regarding Texas Legislative Interim Charges.

Interim Charges which deal with water, or water related policy. are as follows:

House Interim Charges

Energy Resources Committee

Water recycling and water re-use in the oil and gas industry. This is a joint charge with the House Ways and Means Committee.

Environmental Regulation Committee

Regulation of commercial (and residential) irrigation backflow devices to determine the incidence of pollutant backflow into drinking water sources.

Natural Resources Committee

This committee's charges have the most impact on the District. Its study topics include:

- a.) appropriations of water for recharge of aquifers and use in aquifer storage and recovery projects;
- b.) rulemaking regarding permitting unappropriated flows;
- c.) monitor implementation of HB 720 regarding appropriations of water, aquifer recharge, storage and recovery and HB 721 regarding reports by the TWDB of aquifer storage and recovery and recharge projects, including a statewide study;
- d.) monitor TWDB activity regarding HB 722 on brackish groundwater, and HB 807 relating to the statewide water planning process;
- e.) The committee is also charged with studying the efforts of the TCEQ, TWDB and Public Utility Commission to promote and preserve regional water projects to meet water needs and encourage investment in water infrastructure;
- f.) Monitor implementation of HB 807 regarding the water planning process, appointment of the Interregional Planning Council (by the TWDB) and increasing coordination and Regional Water Planning Groups;
- g.) identify impediments or threats to regionalization, barriers to private investment, prioritizing planning and implementation of the State Water Plan, needed water supply projects, and addressing the state's growth challenges, supply issues, processes for sale, transfer or merger of systems and state authority to regulate regional water supply pricing; and
- h.) monitor the joint planning process for groundwater and achievement of the desired future conditions by GCDs.

Senate Interim Charges

The water related interim charges are included in a Joint Charge to the Natural Resources, Economic Development and Water and Rural Affairs Committees. The topics under study are:

- a.) Future water supply: study and make recommendations promoting the state's water supply, storage, availability, valuation movement, and development of new sources;
- b.) Groundwater regulatory framework: study the groundwater regulatory framework and recommend improvements in regulation, management and permitting; and,
- c.) Monitoring implementation of legislation: SB 2272 regarding amendment and revocation procedures of certificates of convenience and necessity used to certain water utilities.

The Senate Committee on Water and Rural Affairs will meet jointly with the Senate Committee on Natural Resources and Economic Development to consider the following interim committee charges:

- Future Water Supply: Examine current laws, processes, and water storage options and availability. Make recommendations promoting the state's water supply, storage, availability, valuation, movement, and development of new sources.
- Groundwater Regulatory Framework: Study the state's groundwater regulatory framework and make recommendations to improve groundwater regulation, management, and permitting.

Action Agenda 3.j.- Receive report and consider action regarding reevaluation of the 1982 Ogallala Aquifer Study.

General Manager, Steve Walthour stated that *according to the 2017 Texas Water Development Board State Water Plan, "Texas existing water supplies—those that can already be relied on in the event of drought—are expected to decline by approximately 11 percent between 2020 and 2070, from 15.2 million to 13.6 million acre-feet per year. Water user groups face a potential water shortage of 4.8 million acre-feet per year in 2020 and 8.9 million acre-feet per year in 2070 in drought of record conditions. Approximately 5,500 water management strategies recommended in this plan would provide 3.4 million acre-feet per year in additional water supplies to water user groups in 2020 and 8.5 million acre-feet per year in 2070. The estimated capital cost to design, construct, and implement the approximately 2,500 recommended water management strategy projects by 2070 is \$63 billion. If strategies are not implemented, approximately one-third of Texas' population would have less than half the municipal water supplies they will require during a drought of record in 2070. If Texas does not implement the state water plan, estimated annual economic losses resulting from water shortages would range from approximately \$73 billion in 2020 to \$151 billion in 2070."*

Mr. Walthour did not anticipate that all 2,500 recommended water management strategy projects would be implemented by 2070. It was the General Manager's opinion that Texas should be looking outside of the box for water supply solutions.

In 1976, Congress directed the Army Corps of Engineers to work with Colorado, Kansas, Nebraska, New Mexico, Oklahoma and Texas to complete a comprehensive water resource study to address the problem of depleting the High Plains Ogallala aquifer. The High Plains Study was completed in 1982. The study included state-level research addressing regional economic and policy assessments, and a study of interbasin water transfers for supplying irrigation water. The Corps studied alternative interbasin transfer routes including reconnaissance level designs and cost estimates for ranges of transfer quantities.

The need for water in the Ogallala aquifer as well as other areas of the High Plains and Texas has continued to accelerate while energy costs to move the water have changed since when the study was completed. A reassessment of the 1982 Study might provide new answers that can lead mitigating shortfalls in water supply for Texas as well as other states. This reassessment should include the feasibility of using the water for municipal and industrial purposes, aquifer recharge storage and recovery, flood mitigation, irrigation and an updated evaluation of water supply infrastructure construction.

The General Manager recommended that the Board support advocating for a reassessment of the 1982 Six-State High Plains Aquifer Study.

Gene Born moved that the Board support advocating for a reassessment of the 1982 Six-State High Plains Aquifer Study. Mark Howard seconded the motion and it was unanimously approved by the Board.

Action Agenda 3.g.- Receive report and discuss the District's property and facilities.

Mr. Walthour presented the following report to the Board:

In October, the Board discussed issues regarding the General Manager's proposed request for an Opinion of Costs from Parkhill, Smith and Cooper regarding renovations to the District's facilities. The General Manager proposed obtaining an Opinion of Cost for a project at the District offices that involved renovating the existing storage facility providing a new storage/meeting facility across the street and converting the existing storage building area into parking. The General Manager proposed obtaining an Opinion of Cost for a project located at the North Plains Water Conservation Center that involved adding an entryway, toilet rooms, a small service kitchen, HVAC, and interior finish-out to the existing building (Lab Building).

As a result of the Board discussion, President Krienke appointed Director Zimmer to assist the Property Committee to define the needs of the District for meeting and storage space and to determine the most feasible method to achieve the same. Parkhill, Smith and Cooper can meet with the Committee that constitutes a quorum of the Board on January 27th at 4:00 pm. The location has not been selected.

After reviewing the Board's discussion, the General Manager's priority is to have storage at the District's offices of approximately 900 to 1200 square feet, that to the extent possible, is dust-free and climate-controlled. The facility should be adjacent or attached to the office and have an area for staging materials related to public outreach programming. Development of a meeting space at the WCC is a secondary priority.

Action Agenda 3.h.- Receive report regarding 2019 Annual Production Reporting.

Mr. Walthour reported that approximately 2,900 production reports for 2019 were sent to producers via mail or e-mail by December 5, 2019. As of January 8, 2020, Five Hundred Thirty-Five (535) production reports have been received and Two Hundred Fourteen (214) reports have been checked and entered.

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

The General Manager stated that on December 12, 2019, the GMA 1 Joint Planning Committee met at Palo Duro Canyon State Park. Wade Oliver from Intera lead the Committee's consideration of Hydrological Conditions. The next meeting is scheduled for February 18 at the Panhandle Regional Planning Commission in Amarillo where the Joint Planning Committee will begin considering pumping updates to the 2018 groundwater availability model, as well as Calibration Verification and model run selection and metrics for evaluation. The District provided Intera its groundwater pumping information through 2018. Groundwater pumping in the District represents approximately 20 percent of all groundwater pumping and 10 percent of all water use in the state.

Action Agenda 3.k.- Receive report regarding District groundwater level measurements.

Odell Ward, Program Coordinator — GIS/Monitor Wells, reported to the Board that this year's groundwater level measurements began on January 3 and will continue until completed. The field staff is determined to visit all 433 wells in the program and successfully measure at least 80% of those wells. District staff are using electric lines and steel tapes to obtain the measurements and the goal is to complete the measurements by March 1st. Each member of the field staff will have a list of approximately 132 wells from across the District. Revisits will follow the completion of this year's measuring cycle as needed.

Action Agenda 3.l.- Receive report regarding IRS depletion program.

Dale Hallmark, Assistant General Manager — Hydrologist/Production Services stated that calculations for the 2019 depletion assignments wrapped up in December, 2019 with 1,225 letters mailed out to participants on January 2nd and 3rd, 2020. Unfortunately, an error in printing required the portion of letters addressed to accountants to be corrected and re-mailed. Dale Hallmark and Odell Ward are answering calls and e-mails concerning the assignments and updating the mailing list as requested by the program participants.

Action Agenda 3.m.- Receive progress report regarding District meter reimbursement program.

General Manager, Walthour, presented the following report to the Board:

On December 31, 2019, the second meter reimbursement contract with the Texas Water Development Board expired. The unused funds in the contract (#1513581860) will revert to the TWDB. That contract had \$800,400 available for reimbursement. The District reimbursed approximately \$337,000 on 374 meters to producers.

Since the beginning of the meter reimbursement program, the District has reimbursed \$911,525 for the installation of 1,054 meters.

January 1st, 2020 started the third and final contract available for the meter reimbursement program. Contract #1513581886 has \$295,050 available for meter reimbursement through December 31, 2021.

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

The General Manager reported that there were no compliance matters at the present time for the Board to discuss or consider.

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

At 11:02 a.m., Mark Howard 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. Zac Yoder seconded the motion and it was unanimously approved by the Board.

Executive Session: At 11:02 a.m., the Board went into Executive Session. At 11:20 a.m., Bob B. Zimmer 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 11:20 a.m.

Discussion Agenda 4 a. - District Director Reports regarding meetings and/or seminars attended, weather conditions and economic development in each director's precinct.

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

Discussion Agenda 4 b. - Committee Reports.

Excepted as reported herein, no Committee reports were presented.

Discussion Agenda 4 c. - General Manager's Report.


Vice-President Zimmer stated that the General Manager's Report, was included in the Board packet for the Board's review and that Nicholas Kenny would make the Water Conservation Center harvest update report.

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

No meeting date was set by the Board in February, 2020.

Agenda 6 - Adjournment.

There being no further business to come before the meeting, President Krienke declared the meeting adjourned at 11:42 a.m.


Daniel L. Krienke, President


Mark Howard, Secretary