

**MINUTES OF THE JULY 13, 2021,
BOARD OF DIRECTORS MEETING OF
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

The Board of Directors of North Plains Groundwater Conservation District met in regular session on July 13, 2021, 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 9:03 a.m.:

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

Staff present during part or all of the meeting:

Steve Walthour, General Manager;
Kirk Welch, Assistant General Manager;
Dale Hallmark, Hydrologist;
Kristen Blackwell, Administration Manager;
Odell Ward, Field Service Manager;
Casey Tice, Production Coordinator;
Curtis Schwertner, Natural Resource Specialist;
Paige Glazner, Conservation Outreach Assistant;
Baylee Barnes, Conservation Outreach Specialist;
Krystal Donley, Administrative Assistant;
Sherry Robinett, Administrative Assistant;
Dakota Young, Natural Resource Specialist;
Braden Cadenhead, Natural Resource Specialist;
Ryan Walters, Natural Resource Specialist;
Dusty Holt, Permitting Specialist/Finance Assistant; and,
Lou Orthman, Compliance Coordinator.

Others present during part or all of the meeting:

Steve Amosson;
Stan Spain;
Clinton Born;
Nich Kenny;
Pauletta Rhoades;
James McAlister;
Lee Hall;
Tom Forbes, Esq.;
F. Keith Good, General Counsel for the District; and
Ellen Orr, Paralegal.

President Zimmer declared a quorum present and called the meeting to order at 9:03 a.m. Director, Zac Yoder, gave the invocation and President, Bob B. Zimmer, 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: (a) the review and approval of the Minutes of the regularly scheduled Board of Directors Meeting held on June 1, 2021; (b) the review and approval of un-audited District expenditures for May 1, 2021 through June 30, 2021, including the General Manager's expense and activity report; (c) the review and approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional services and out-of-pocket expenses incurred from May 1, 2021 through June 30, 2021, in the amount of \$11,335.16; (d) the review and approval of the Dallam County Appraisal District Collection Contract for 2022-2023; and, (e) review, consideration and approval of the Texas Municipal League rerate notice option one and the EyeMed option F for employee health insurance.

Harold Grall moved to approve the Consent Agenda, with the exception of item 2d, the and approval of the Dallam County Appraisal District Collection Contract for 2022-2023. Mark Howard seconded the motion and it was unanimously approved by the Board.

Action Agenda 3.a. - 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.

It was noted that 254 non-exempt Well Permits had been issued by the District since January 1, 2021, and that 138 non-exempt Well Permits had been approved by the Board since January 1, 2021.

The General Manager reported that the District staff had processed 30 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.

Permit Number	Well Class	Quarter	Section	Block	Survey	Yards N S	Yards E W
DA-10771	C	SW/4	11	7	CSS	760 S	297 W
DA-11459	C	NE/4	17	48	H&TC	833 N	263 E
DA-11466	B	NE/4	73	4	CSS	416 N	514 E
DA-11467	C	NW/4	21	1	CSS	521 N	424 W
DA-11544	C	SE/4	287	1-T	T&NO	8 S	475 E
HA-11441	D	SE/4	15	14	CSS	543 S	29 E
HA-11519	D	NE/4	24	14	CSS	644 N	406 E
HA-11520	D	SE/4	24	14	CSS	695 S	86 E
HA-11543	B	SW/4	62	2	B&B	104 S	111 W
HA-11573	C	SW/4	11	11	CSS	801 S	216 W
HA-11574	C	NE/4	11	11	CSS	445 N	71 E
HA-11577	C	SE/4	13	11	CSS	809 S	719 E
HA-11578	C	NW/4	13	11	CSS	22 N	28 W
HA-11579	C	NW/4	13	11	CSS	269 N	379 W
HA-11580	C	NE/4	12	11	CSS	567 N	522 E
HA-11581	C	SE/4	12	11	CSS	775 S	716 E
HA-11583	C	NE/4	13	11	CSS	857 N	257 E
HA-11584	C	NE/4	13	11	CSS	10 N	249 E

HA-11586	C	SE/4	12	11	CSS	805 S	285 E
HA-11626	C	SW/4	7	11	CSS	376 S	798 W
HA-11629	C	SW/4	54	48	H&TC	437 S	446 W
HA-11643	D	SE/4	0	0	TB RUSSELL	100 S	151 E
HA-11644	C	NE/4	113	4	CSS	443 N	444 E
HA-11647	C	SE/4	7	11	CSS	437 S	484 E
HA-11648	C	NE/4	15	11	CSS	24 N	205 E
HA-11650	C	NE/4	15	11	CSS	45 N	618 E
HN-11506	C	NW/4	211	2	GH&H	798 N	728 W
HN-11572	D	NW/4	8	4-T	T&NO	408 N	106 W
HU-11443	C	SW/4	54	M-23	Robert Sikes	478 S	1473 W
MO-11866	C	SW	153	3-T	T&NO	421 N	459 W

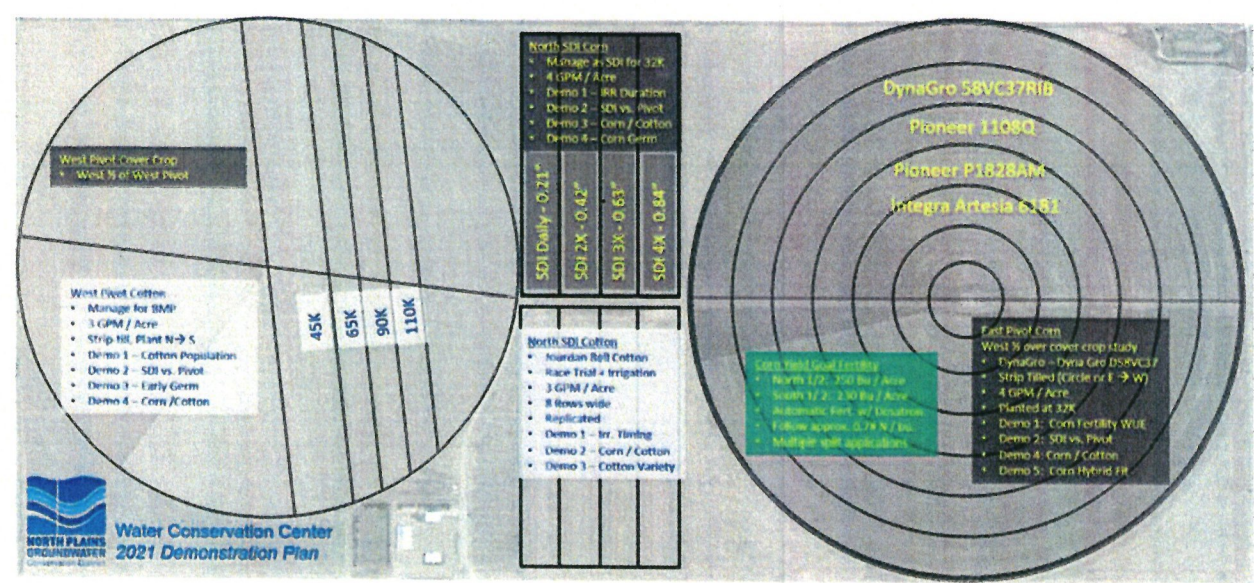
Harold Grall moved to approve all of the well permits on the well permit schedule, noting that the wells are properly equipped and otherwise comply with District Rules. Mark Howard seconded the motion and it was unanimously approved by the Board.

Action Agenda 3.b.- Receive report and consider action as needed regarding agriculture water conservation demonstration programs and the North Plains Water Conservation Center.

Nich Kenny presented the following report to the Board:

3 July 2021 – NPGCD Water Conservation Center
Update Nicholas Kenny, P. E.

Figure 1: 2021 WCC Field plan for Corn and Cotton Rotation



2021 Cropping Season

The 2021 cropping season at the Water Conservation Center is underway and has a few unique items of note.

1. East Well repairs
2. New well in fiscal year 2022
3. Cotton and Corn Planting Summary
4. Stand Counts

East Well Repairs

The production at the East Well declined early in the 2021 production season witnessed by pump surging at reduced operating speeds compared to previous seasons. The pump was pulled by Etter Water Well on 2 June. The well was videoed on 8 June and the pump reinstalled on 15-16 June following brushing and baling. The well was pumped to waste for a few hours and reconnected to the system. Due to favorable

rainfall timing, the east well has not been run for a sustained period following the rehabilitation effort and the final status of the rehabilitation work is not yet known.

The well video indicated that surface scale was light on the well casing and perforations were visible throughout. No major breaks or column compromises were present. Dry ice was installed in the well to mechanically surge the well by raising the water in the column. Prior to installation, brushing and baling was performed to scrub and surge the well. The baling process extracted significant rust flakes and fresh filter gravel indicating that the efforts to further open perforations was likely successful. However, it is not expected that substantial water production will be gained from this operation, rather, the production is likely to be better maintained instead of declining rapidly again.

An additional column pipe joint was added to the pump assembly to lower the pump an additional 21 feet to the final set depth of approximately 630 ft. It is expected that this step will improve production of this well to greater than 300 GPM. The service pump was tested and re-installed with a new 75-hp submersible motor.

Figure 2: Etter Water Well pump rig pulling the pump from the East Well on 2 June.



Figure 3: Flaked scale and gravel-pack filter material from the East well during baling on 15 June. The well video did not indicate any obvious breaks.



New well in Fiscal Year 2022

To maintain the corn and cotton production system at the Water Conservation Center, total irrigation system capacity will need to maintain at or above 825 GPM, just above 3.5 GPM / Acre to account for years when corn is in the East Pivot. The sustainable capacity from the West Well is approximately 550 GPM (higher seasonally) and the expected capacity from the East Well is approximately 300 GPM but declining. The East Well was drilled to 650 ft. deep in April 1971, now exceeding 50 years old. The West well was drilled to 681 ft. in January 1999.

Prior to the work on the East Well, production had dipped below 285 GPM which approaches the critical low level to continue the corn and cotton rotation. This exposes two crucial items for the WCC:

1. Within the next few seasons, the irrigation system capacity is expected to permanently fall below the critical level to sustain a demonstration program at WCC which includes field-scale corn production.
2. A well that goes down during June, July, or August will likely result in a compromised crop or failed annual demonstration event.
3. 2021 production is not expected to be limited now that the East Well has been addressed.

It is recommended to pursue an additional well to be drilled at the Water Conservation Center to secure the demonstration program, primarily to contain the risk of losing the East Well completely. It is not recommended to abandon or replace the East Well as its production will be very useful in the case of either one of the other wells is compromised. The following steps are being pursued currently with the consideration of drilling the new well during the winter months of 2021 / 2022.

1. Locate an "ideal" physical location on WCC to consider pipeline tie-ins, electrical run length, and potential obstruction to field operations, etc.
2. Engage with multiple well drillers to determine cost and availability to drill and equip a well during the winter timeframe. The drillers considered early in the process are Hydro Resources #145 (previously Henkle Drilling who drilled the West Well in 1999), Hydro Resources – Sunray (Randy Taylor), Etter Water Well, and Les Burkett Drilling – Sunray.
3. Consider pursuing available hydrogeological survey methods for locating the well, based on Items 1 and 2.
4. Develop a potential cost and project schedule.
5. Present findings to the Ag Committee and Board by the August 2021 Board meeting.
6. Proceed according to the Board's direction.

Cotton and Corn Planting

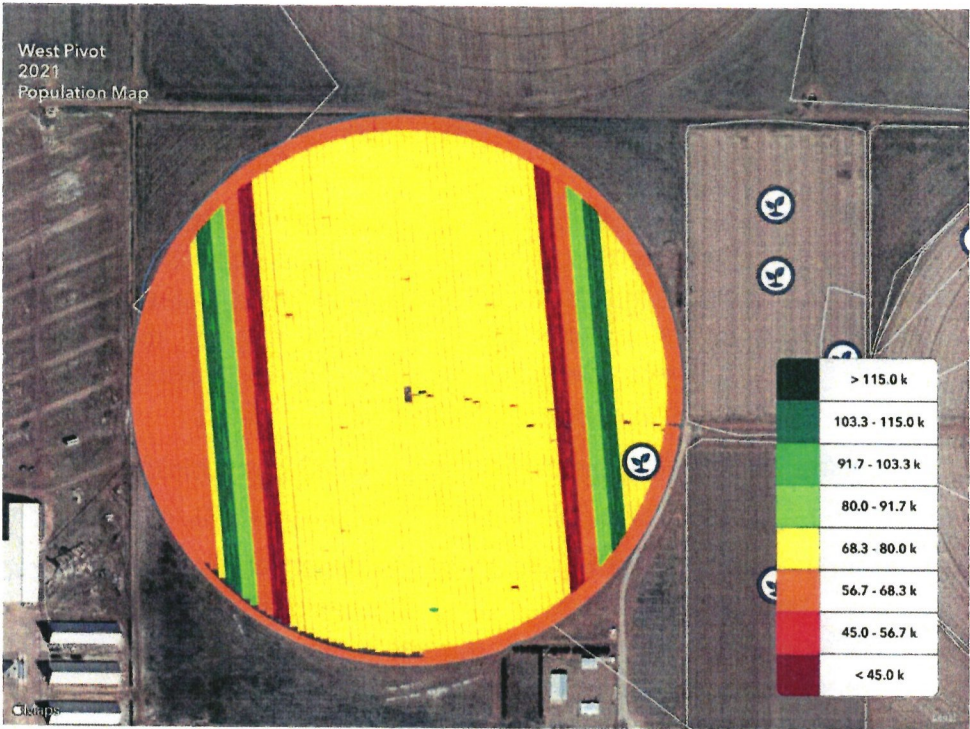
The 2021 planting operation at WCC was as follows.

1. 13 May – Cotton: West Pivot, 75K seeds / acre field rate with demonstration rates of 45K, 65K, 90K, and 110K planted on the west and east side of the field.
2. 24 May – Corn: North SDI at 32K seeds/acre for the SDI irrigation depth demonstration
3. 25 May – Cotton: South SDI at 75K seeds / acre with varieties as part of Jourdan Bell's RACE project
4. 25 May – Corn: East Pivot at 32K seeds / acre for yield goal comparisons

The biggest item in this section is the delayed cotton planting date; 13 May on the west pivot and 25 May on the South SDI. This concept was considered based on the poor germination performance on all cotton plantings at WCC over the past three seasons. If the objective is to secure an early cotton fruit set, a uniform, dense stand may be more valuable than gross accumulation of heat units. The attempt wasn't to delay planting in 2021, but because of soil conditions with rainfall events, pre-water, and crusting, the planting date was pushed back a week. Time will tell if we did indeed stumble into a useful management strategy. Earlier planting (late April) was not pursued because of lower soil temperatures during 2021.

The corn planting is approximately 5 days later than the normal 20 May planting date due to wet field conditions. Given the dry winter and depleted soil moisture from 2020, this rainfall period was very welcome and greatly improved the planting conditions for seed to soil contact.

Figure 4: West Pivot cotton planting map for 2021



Corn and cotton germination improvements

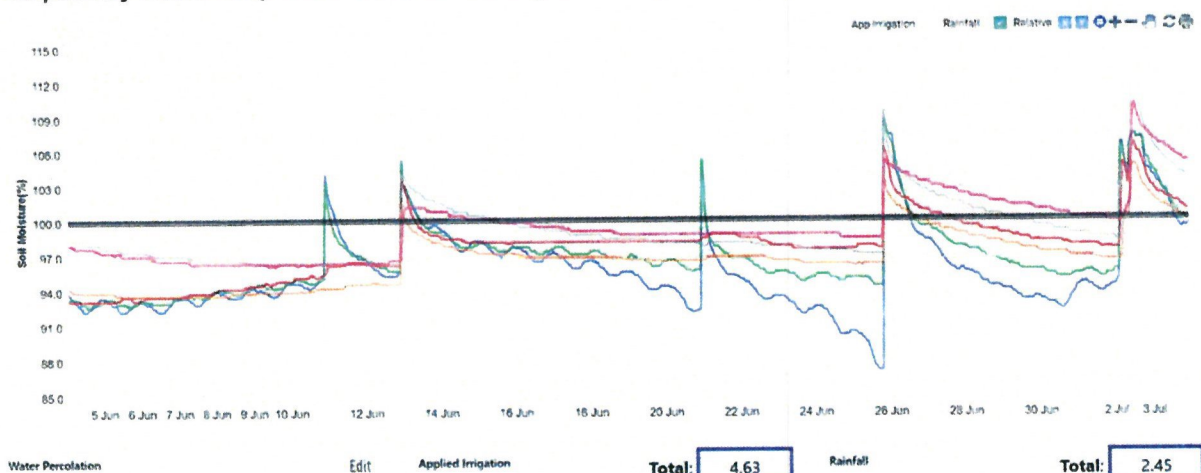
Likely a result of later planting dates and beneficial rainfall events that created ideal seed bed conditions, both the corn and cotton germination rates were greatly improved in 2021 at the WCC.

The East Pivot corn remained consistent near the 100% germination, rate. After noticing weaker final stands in the SDI corn plots in 2020 (28K-30K), addition attention was given to planting conditions in the North SDI plot and produced near perfect stands in the Corn SDI Plots, ranging from 96% to 109% compared to 32K ideal population. Considering that the SDI corn outperformed the pivot with a weaker stand in 2020, it will be interesting to see if a yield jump occurs with an improved stand.

Figure 5: West pivot cotton stand counts from 11 June 2021, approximately 1 month after planting. Notice the frequency of plots sampling greater than 70% and many lower seed drop replications approaching 80%. There appears to be a marginal return in percentage, although all denser seeding rates produce a denser final stand in these plots.

Plot	NW		SW		NE		SE	
	Stand	%	Stand	%	Stand	%	Stand	%
45K	35,600	79%	35,200	78%	34,800	77%	32,400	72%
65K	48,800	75%	49,600	76%	44,000	68%	46,400	71%
95K	65,200	72%	65,600	73%	51,200	57%	52,800	59%
110K	72,000	65%	79,400	71%	78,800	72%	66,800	61%
75K	52,400	70%	55,600	74%	50,400	67%	51,200	68%

Figure 6: GroGuru chart from the East Pivot corn. The pivot has been stopped at the time of this screenshot with the plan of being off for 5 days given the condition of the soil moisture profile. This probe is in the Southwest quadrant of the field. The WCC corn is set-up to have a full profile and full capacity at all critical crop stages in 2021, the next concern being the impact of cooler day-time weather during the early corn stages.



Master Irrigator

Dr. Steve Amosson made a presentation to the Board regarding the results from the 2021 Master Irrigator Program, as well as an update regarding both the 2016 and 2017 Master Irrigator participant surveys.

Action Agenda 3.j. - Receive report regarding the 87th regular legislative session and the special session.

Tom Forbes, Esq., presented the following report to the Board:

The main piece of legislation that we worked on this past session of the legislature was SB 152, which was originally suggested by the Farm Bureau. The bill would have changed the requirements for posting notice and rulemaking along with some other provisions. The notice and rulemaking provisions in the original bill would have, if passed, created substantial problems for the North Plains district. Along with other GCDs we worked with the bill's author, Senator Charles Perry and other interested parties to explain the difficulties that would be caused if the bill passed as drafted. As we discussed at Board meetings early in the Session, it appeared that the Farm Bureau did not have the widespread support that they may have been counting on in the beginning. This gave us and other districts the opportunity to have our concerns heard. By the end of the session the language had been changed sufficiently to satisfy the concerns the North Plains district had expressed (since the beginning of the session). It appeared that the amended bill would pass, but the differences between the Senate version of the bill and the House version could not be reconciled and the bill failed.

There were several bills dealing with statutory changes which would have prohibited governmental bodies, such as cities, counties, school districts, hospital boards, special districts (including groundwater conservation districts) and other types of governmental bodies from hiring government affairs experts (government entity lobbying). These bills would have made it more difficult (and possibly impossible) for governmental bodies to hire the expert assistance they require. These bills were opposed by a broad range of civic leaders, professional associations, business associations, city councils, school boards, county commissioners and special districts. A couple of these bills passed the Senate but were defeated in the House.

The Lieutenant Governor is strongly in favor of this legislation, however the Speaker is less enthusiastic. House members heard from their mayors, school board members,

community leaders, and others. These leaders explained to the legislature that entities like the North Plains Groundwater Conservation District are complex enterprises and have to be able to hire the experts they need to do the job they have been asked to do. These organizations have the authority to engage engineers, accountants, architects, insurance experts, lawyers and other consultants so they can have the expert help they need. We explained that these governmental entities have governing boards that are chosen by their constituents. If the boards are not handling the job they way they should, those board members can be replaced by the local constituents. Representative Mayes Middleton has filed H.B. 107 which is one of these bills that were defeated last session. We are being told today that the Governor will add government entity lobbying to his proclamation. If the Governor takes this action, Representative Middleton's bill will be eligible for consideration. There will be a vigorous effort to defeat it. We will keep you advised of developments about this and any other additions that may affect the District.

Also, one of the bills being considered in the special session deals with the conduct of elections. While it doesn't appear to have much, if any, effect on the District we will keep you advised about its progress.

The meeting was recessed at 10:31 a.m. and was reconvened at 10:39 a.m.

Action Agenda 3.c. - Consider General Manager's recommendation in proposing the 2021-2022 District Budget.

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

As a taxing entity, the District must propose a budget to determine its fiscal needs before setting a tax rate. The general manager has analyzed the Districts fund balance reserves and developed a preliminary 2021-2022 budget for the purposes of estimating a tax rate and providing a starting point for the Board to adopt a budget.

The District began the 2020-2021 budget year with \$3,217,596 total fund balances. As of June 30, 2020, the District's cash and certificates of deposit were \$3,167,485.44 By the end of this fiscal year (EOY) the General Manager estimated that the funds will be reduced by \$321,032.47 leaving \$2,843,452.97 in reserves to start the 2021-2022 budget year. If the District elects to keep the same tax income for 2021-2022 as the previous year and adopts the income and expense budget shown below the District would further decrease its general fund reserves by \$683,934.76 to \$2,157,518.21. Normally the District does not spend all the expense budget. The District's preliminary income and expense budget is as follows:

Income Description	Current 2020-2021 Budget	Estimate 2020-2021 EOY	2021-2022 Income Budget	Explanation
Taxes	2,209,152.00	2,110,554.56	2,085,870.24	
Penalties and Interest	15,600.00	16,716.96	15,600.00	
Delinquent Taxes	14,800.00	7,967.36	14,800.00	
North Plains Water CC	42,000.00	42,000.00	42,000.00	
Refunds	5,000.00	116,978.39	5,000.00	
Sale of Assets	5,000.00	0.00	5,000.00	
Fees for District Services	130,000.00	235,813.00	150,000.00	Primarily Permitting
Other Income	16,000.00	119,707.81	16,000.00	Funds moved from Interest and Sinking Account after paying TWDB Loan
TWDB #1734	0.00	18,321.44	0.00	Closed
TWDB Meter/ Equipment Grants	150,000.00	132,478.35	150,000.00	Program funds end December 2021

TWDB Master Irrigator/ICI Grants	250,000.00	242,538.12	250,000.00	Total of \$500,000 available plan on spreading over 2 years for 2 MI Courses.
USDA/NRCS Grant	0.00	15,876.41	0.00	Not available at this time
TWDB AGRI Loan Program	0.00	0.00	0.00	Paid Loan in 2020-2021
Investment Income	20,000.00	20,267.53	9,000.00	Lower interest Income
Dallam Co. PGMA fees	70,000.00	83,000.00	70,000.00	Variable
Export Fees	50,000.00	50,424.24	50,000.00	City of Borger (Variable)
Total Income	2,977,552.00	3,212,644.17	2,863,270.24	

Expense Description	Current 2020-2021 Budget	Estimate 2020-2021 EOY	2021-2022 Expense Budget	Explanation
Director's Expense	65,000.00	37,859.37	65,000.00	
Personnel	1,310,000.00	1,290,000.00	1,310,000.00	
Administrative	132,478.95	105,819.58	143,500.00	
Contracted Services	140,100.00	133,599.53	140,000.00	CAD and GMA-1 Costs
Professional Fees	218,000.00	219,380.63	204,000.00	Legislative Year/ Interstate Water Development, General Legal
Tech., Comm., & Utilities	160,000.00	176,988.56	177,500.00	
Vehicle; Bldg; Field; Supplies	106,000.00	115,248.35	112,000.00	Vehicle, Building Maint., Repair, fuel
Capital Outlay	233,000.00	113,113.81	415,000.00	New Irrigation Well, Production Reporting Software, Monitor Wells, Vehicles
Aquifer Science	30,000.00	29,523.00	78,000.00	USGS/ field data costs/Telemetry
Conservation Outreach	452,000.00	331,110.55	530,000.00	Radio, Meter program, ICI/MI program, etc. Partially funded TWDB Meter & MI Grants
Conservation Demo Project	228,000.00	194,000.85	300,000.00	Irrigation Demonstrations - MI moved to Cons. Outreach
North Plains WCC	10,000.00	10,000.00	10,000.00	Small equipment and repair
Transfer Out	62,273.00	62,273.00	62,205.00	WWC Irrigation Equipment - Principle \$62,000 and Interest \$273.00
TWDB AGRI Loan Program	912,282.75	912,282.75	0.00	Closed Loan Account
Total Expenses	4,059,134.70	3,731,199.98	3,547,205.00	
Total Net Income/Expenses	-1,081,582.70	-518,555.81	-683,934.76	

The anticipated funding sources to pay the District's mission include Grants and Outside Assistance, 14%, Taxes and PGMA Fees – 76%, other regulatory, export, WCC and investment income – 10 percent. The table below shows the funding sources and amounts.

2021-2022 Funding Sources	2021-2022 Amount Same Tax collection	Total Percent Funds
Grants and Outside Assistance	400,000.00	14%
Taxes - PGMA Fees	2,186,270.24	76%
Other regulatory, Export, WCC & investment Income	277,000.00	10%
Subtotal	2,863,270.24	100%
Funds from Reserves		
District Reserves (Additional)	683,934.76	
Net Income. Reserves & Expenses	0.00	
2021-2022 Fiscal Year End District Reserves	\$2,157,518.21	

The Finance Committee and the Agriculture Committee have not met regarding this recommended budget. The Board may either wait for input from those committees and propose a budget in August that will need to be adopted in September, or the Board may propose the budget and elect to amend the proposed budget or adopt the proposed budget in August.

The General Manager recommended that the Board propose an expense budget as follows:

Budget Item	Amount
Director's Expense	65,000.00
Personnel	1,310,000.00
Administrative	143,500.00
Contracted Service s	140,000.00
Professional Fees	204,000.00
Tech., Comm., & Utilities	177,500.00
Vehicle; Bldg.; Field; Supplies	112,000.00
Capital Outlay	415,000.00
Aquifer Science	78,000.00
Conservation Outreach	530,000.00
Conservation Demo Project	300,000.00
North Plains WCC	10,000.00
Transfer Out	62,205.00
Total Expenses	3,547,205.00

Mark Howard moved that the Board propose the budget as presented for the District's 2021-2022 fiscal year and amend the budget in August, if necessary, based upon the Agriculture and Finance Committee's additional input. Harold Grall seconded the motion and it was unanimously approved by the Board.

Action Agenda 3.d. - Receive Quarterly Public Funds Investment Report ending March 31, 2021.

The General Manager presented the following report to the Board:

This quarterly investment report for the period from January 1, 2021, through March 31, 2021, reflects the North Plains Groundwater Conservation District investment transactions for all District funds subject to the District's Public Funds Investment Policy.

The report describes in detail the District's investment position as of March 31, 2021; states the maturity date of each separately invested asset that has a maturity date; and states the compliance of the investment portfolio of the District with the investment strategy expressed in the District's investment policy; and relevant provisions of Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act").

Standard of Care

The Board directs that public funds investments 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:

- Preservation and safety of principal.
- Liquidity, and
- 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.

Investments

The District may invest in obligations of, or guaranteed by, governmental entities as provided in Section 2256.009(a) of the Act. The 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	March 31, 2021	Interest Rate
Perryton National Bank	Main Account	337	\$1,945,945.08	0.01%
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	\$100.00	Non-Interest Bearing
Perryton National Bank	Ag Loan - Interest & Sinking	531	\$100.00	Non-Interest Bearing
Perryton National Bank	Ag Loan-Default Reserve	566	\$108,059.00	Non-Interest Bearing
Perryton National Bank	Ag Loan - Main	515	\$ 100.00	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 exceeds 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 3 pledged securities with an original face value of \$3,680,000. On March 12, 2021, the District discontinued its irrigation loan program with the Texas Water Development Board. The District paid \$912,282.75 representing the principal and interest from the Perryton National Bank Main Account. The Default Reserve Account, the Interest & Sinking Account, the Ag Loan Interest & Sinking Account, the Ag Loan Default Reserve Account and the Ag Loan- Main Account are non-interest-bearing accounts used to service Texas Water Development Board Loans for Water Conservation Center agriculture equipment construction and Ag Loans for Equipment to qualified agriculture growers. By contract these accounts are required to be non- interest bearing. The District holds \$230.02 in petty cash at its offices. The First State Bank Account is used by the District to secure funds of well owners that filed their production reports late. The District did not collect fees from late filers in 2020 because of the Pandemic. On February 19, 2021, the general manager swept the account of all funds remaining from 2019 except for \$100 into the Perryton National Bank Main Account. Funds in the account collected from 2020 production report late filers will be refunded to the late filers if they turn in their 2021 Production Report by January 15, 2022. 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 domiciled in Texas, a savings and loan association domiciled in Texas and is 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.

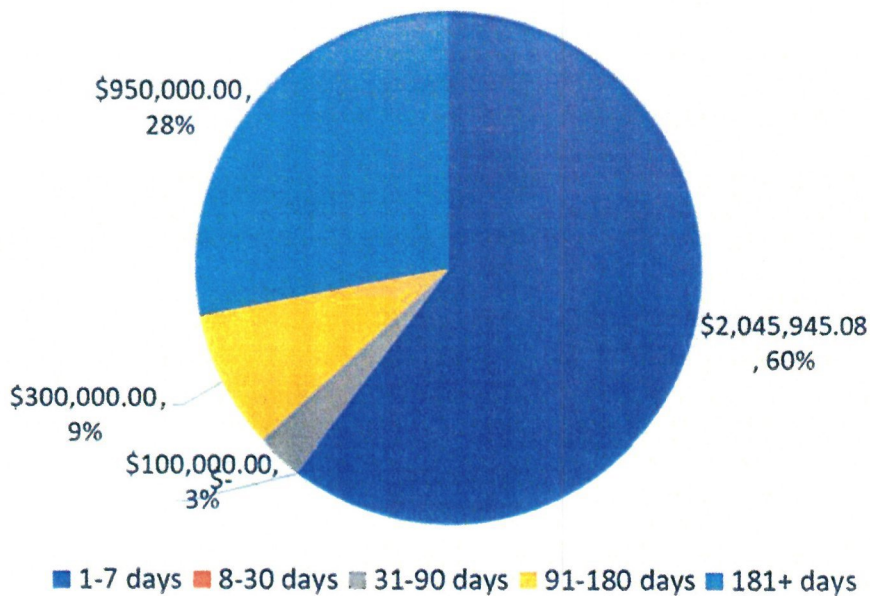
All interest from the CDs are paid by check to the District and deposited into the District's Perryton National Bank main operating account. On March 31, 2021, the District has funds in its Perryton National Bank Main Account which renews daily and one CD that is set to renew within 1 - 7 days, one CD set to mature between 31-90 days, three CDs set to renew within between 91-180 days, and six CDs set to mature after 180 days. The largest amount of the District's investments is held in both the main operating account and certificates of deposit (CD). The District has no investment set to renew from 8-30 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	\$1,945,945.08	1	0.57
First Bank Southwest CD 10000222	\$100,000.00	91	2.68
First State Bank - Spearman CD 45152	\$150,000.00	298	13.16
Dalhart Federal Savings & Loan CD 602- 609183-3	\$150,000.00	322	14.22
Happy State Bank CD 11297	\$150,000.00	321	14.18
Western State Bank CD 20855	\$250,000.00	324	23.85
First State Bank CD 21046	\$100,000.00	3	0.09
Dalhart Federal Savings & Loan CD 602- 608808-8	\$100,000.00	33	0.97
Happy State Bank CD 12046	\$100,000.00	129	3.80
Perryton National Bank CD 21457	\$100,000.00	145	4.27
First National Bank CD 82875	\$100,000.00	291	8.57
Interstate Bank SSB CD 9361-13004190	\$150,000.00	726	32.07
Total	\$3,395,945.08		118.43

The Default Reserve Account, the Interest & Sinking Account, the Ag Loan Interest & Sinking Account, the Ag Loan Default Reserve Account, the Ag Loan- Main Account and the First State Bank 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 118.43-day WAM.

The following pie chart shows a snapshot of what percent of District's money is being held in longer investments versus money on hand. Sixty percent of the District's investments are held in the main operating account and one CD with less than eight days maturity, whereas twenty- eight percent of the District's investments are held in CDs with a maturity date of over 180 days. The final three pieces of the pie are investments that are held for a period of 31-90 days, and 91-180 days. The highest interest rates the District receives on CD's is 1.00 percent. The pie chart representing the percent of holdings in investments based on the days to maturity is as follows:

Percent Holdings by Maturity Date



As of March 31, 2021 (last trading day of month), the US Department of Treasury Yield Curve Rates for one month is 0.01 percent and the one year is 0.07 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.

District Loan Obligations

The District entered into two loan agreements with the Texas Water Development Board. The first loan agreement (TWDB Account# 21743) was executed in October 2014 for \$620,000.00 to equip the North Plains Water Conservation Center. The loan is for ten years with an 0.11 percent annual fixed interest rate. Three years are remaining on the loan. The remaining loan amount as of March 31, 2021, and the remaining number of payments are as follows:

Loan	Account #	March 31, 2021	Notes
TWDB	21743	\$186,000.00	3 annual payments + 0.11% interest

The schedule of loan payments including interest is as follows:

Amount	Year
62,205	2022
62,136	2023
62,068	2024

The second loan agreement (TWDB Account # 21781) was executed in November 2019 for \$1,000,000.00 to loan agriculture producers' funds to update existing irrigation systems for conservation and efficiency purposes. The loan was for ten years with a 1.59 percent annual fixed interest rate. The Board elected to add an additional 1% interest rate to loan amounts to producers to cover District costs for administering the program. The Board authorized repaying the loan in full and discontinuing the program at this time due to lack of interest. On March 12, 2021, the District discontinued its irrigation loan program with the Texas Water Development Board. The District paid \$912,282.75 representing the principal and interest from the Perryton National Bank Main Account.

The General Manager recommended that the Board accept the quarterly public funds investment report ending March 31, 2021.

Gene Born moved to accept the quarterly public fund investment report ending March 31, 2021. Mark Howard seconded the motion and it was unanimously approved by the Board.

Action Agenda 3.e. - Review and consider approval of District Public Funds Investment Policy.

The General Manager stated that the Board of Directors of the North Plains Groundwater Conservation District ("District") may purchase, sell and invest its funds under its control in investments authorized under the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "Act") in compliance with investment policies approved by the Board and according to the standard of care set forth in its Policy. The District's Board must periodically review its Investment Policy.

The General Manager and General Counsel proposed revisions to the policy as follows:

- Authorized Investments – Add new paragraph (C.) to include the District's interest- bearing checking account.
- Collateral Policy – Cleanup and clarify the policy.
- Investment Training – Since the Board must specifically authorize independent sources for training add the following organizations as specifically authorized as independent sources for training:
 - Texas Alliance of Groundwater Districts;
 - Texas Water Conservation Association;
 - Association of Water Board Directors;
 - University of North Texas, Center for Public Management; and,
 - William P. Hobby Center for Public Service at Texas State University.

A redlined-version and a clean-version of the proposed Public Funds Investment Policy were presented to the Board for review and commentary.

The General Manager and General Counsel recommended that the Board adopt the public funds investment policy as presented.

Gene Born moved to adopt the public fund investment policy presented to the Board. Harold Grall seconded the motion and it was unanimously approved by the Board.

Action Agenda 3.g. - Review and consider the proposed summary of the hearing, relevant comments received during the comment period, any suggested revisions to the proposed Desired Future Conditions, and the basis for the revisions to be submitted at the next Groundwater Management Area 1 Joint Planning meeting.

The General Manager reported that on March 18, 2021, Groundwater Management Area 1 ("GMA 1") district representatives voted to approve the proposed Desired Future Conditions (DFCs). These proposed DFCs were mailed to each of the districts in GMA 1 on March 29, 2021, triggering a 90-day public comment period. Public comments could be submitted in writing to the District at any time during this period or may be made orally at a hearing within the District.

The following proposed DFCs approved by the district representatives of GMA 1 are described in terms of acceptable drawdown levels for each subdivision of the Ogallala Aquifer (Inclusive of the Rita Blanca Aquifer) and the Dockum Aquifer:

Ogallala (Inclusive of Rita Blanca) Aquifer:

- At least 40 percent of volume in storage remaining for each 50-year period between 2018 and 2080 in Dallam, Hartley, Moore, and Sherman Counties;
- At least 50 percent of volume in storage remaining for each 50-year period between 2018 and 2080 in Hansford, Hutchinson, Lipscomb, Ochiltree, Carson, Donley, Gray, Roberts, Wheeler, and Oldham Counties; and within the Panhandle District portions of Armstrong and Potter Counties;
- At least 80 percent of volume in storage remaining for each 50-year period between 2018 and 2080 in Hemphill County; and,
- Approximately 20 feet of total average drawdown for each 50-year period between 2012 and 2080 in Randall County and within High Plains District in Armstrong and in Potter Counties.

Dockum Aquifer:

- At least 40 percent of the average available drawdown remaining for each 50-year period between 2018 and 2080 for Dallam, Hartley, Moore, and Sherman Counties;
- No more than 30 feet average decline in water levels for each 50-year period between 2018 and 2080 in Oldham and Carson Counties and the Panhandle District portions of Potter and Armstrong Counties; and
- Approximately 40 feet average decline in water levels for each 50-year period between 2012 and 2080 in Randall County and within High Plains District in Armstrong and Potter Counties.

Any person who desired to appear at the hearing and present comment or other information on the proposed DFCs could do so in person, by counsel, or both. Comments could be presented verbally or in written form.

Copies of the proposed DFCs could be requested by email at swalthour@northplainsgcd.org are available at www.NorthPlainsgcd.org and www.PanhandleWater.org; and may be reviewed or copied at the North Plains Groundwater Conservation District, 603 East 1st Street, Dumas, Texas. Any person who wished to receive more detailed information on this notice or the proposed DFCs should contact Steve Walthour, General Manager.

The District's Board selected a hearing date for June 1, 2021, in accordance with TWC Section 36.63 and the District's Rules. The notice of the public hearing was also posted on the District's website and in the District's offices at 603 East 1st. Street, Dumas, Texas.

The District held a public hearing regarding the District's intent to adopt proposed DFCs on June 1, 2021, at 9:00 a.m. at the North Plains Water Conservation Center, 6045 County Road E., Dumas, Texas. The District's General Manager provided a PowerPoint presentation at the hearing regarding the DFC process and procedures. The District had the hearing audio recorded.

The District received no relevant comments from the public during the hearing. No written comments, questions, or requests for additional information concerning the adoption of the proposed DFCs were submitted to the District by the close of the comment period on June 28, 2021.

A proposed summary report was prepared by the General Manager and submitted to the Board for its review. Mr. Walthour stated that the proposed summary is provided for the Board's review and consideration. The summary may be amended as the Board wishes.

Harold Grall moved to approve the summary report presented to the Board by the General Manager. Mark Howard seconded the motion and it was unanimously approved by the Board.

Action Agenda 3.h. - Receive North Plains Hydrology and Groundwater Resources Report 2020-2021.

Dale Hallmark presented the annual Hydrology and Groundwater Resources 2020-2021 report to the Board. The reports contained information about the regional conditions of the District's groundwater resources. It also included sections on annual groundwater pumping, depth to water, declines, saturated aquifer material and contained a groundwater production - GAM comparison. It also included maps for each county of the District indicating depth to water, declines and saturated aquifer material.

Action Agenda 3.i. - Receive report regarding Region A Water Planning meeting and development of new water supplies.

The General Manager reported that Region A Water Planning Group met at the Panhandle Regional Planning Commission in person and by video conferencing on June 29th in Amarillo. Friese and Nichols, Intera, and Texas A&M AgriLife led by Dr. Stephen Amosson were selected to be the primary and secondary contractors in the new planning cycle. C.E. Williams indicated that he would not be seeking a new term regarding the planning. Mr. Williams had served as chairman of the group since its inception several planning cycles ago.

Ben Weinheimer was elected to Chairman, Judge Vernon Cook - Vice Chairman, David Landis – Secretary, Janet Guthrie – Treasurer and Steve Walthour, as member of the Executive Committee and Agriculture Committee Chairman.

Steve Walthour presented Missouri River Transfer Project to Mitigate Flooding and Protect the Six-State Ogallala-High Plains Regional Socio-Economic Viability as an opportunity for coordination between Region A and Region O during the upcoming planning session. Mr. Walthour made the presentation after Jeff Walker, Executive Director, Texas Water Development Board encouraged him to approach Region O, as well, with this concept.

Region A voted to hold a joint session with Region O to further discuss this issue as a possible point of cooperation. A copy of the presentation was presented to the Board.

Action Agenda 3.f. - Review and consider approval of District's depository institutions.

The General Manager presented the following report to the Board:

Annually, the District's Board must review the terms and conditions of each banking or depository relationship with the District to confirm compliance with this Investment Policy and assure that each 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 funds. The General Manager, the District's Finance and Investment Officer, can only invest District funds in financial institutions approved by the Board. Currently 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 \$2,500.00 CD \$100,000.00
First State Bank - Spearman	Spearman	CD	\$250,000.00	\$150,000.00
Happy State Bank	Dumas	CD	\$250,000.00	\$250,000.00
Interstate Bank	Perryton	CD	\$250,000.00	\$150,000.00
Perryton National Bank	Perryton	Primary Operating Account and CD	\$250,000 plus \$2,000,000 pledged securities	Operating \$1,714,374.92 CD \$100,000.00
Western State Bank	Gruver	CD	\$250,000.00	\$250,000.00

The General Manager recommended that the Board approve the primary depository and secondary depositories as identified above.

Daniel L. Krienke moved that the Board approve Perryton National Bank (PNB) as the District's primary depository and the following as secondary depositories of the District:

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 Account and CD
First State Bank - Spearman	Spearman	CD
Happy State Bank	Dumas	CD
Interstate Bank	Perryton	CD
Perryton National Bank	Perryton	Primary Operating Account and CD
Western State Bank	Gruver	CD

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

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

The General Manager stated that there were no compliance and contested matters for discussion with the Board at the meeting.

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

At 11:07 a.m., Harold Grall 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. Justin Crownover seconded the motion and it was unanimously approved by the Board.

Executive Session: At 11:10 a.m., the Board went into Executive Session. The Executive Session was recessed at 11:44 a.m. for lunch and reconvened at 12:31 p.m. At 1:10 p.m., Justin Crownover 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 1:12 p.m.

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

By consensus, the Board set its next regular Board meeting in person on August 10, 2021.

Action 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.c. - General Manager's Report.

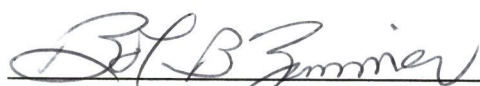
Steve Walthour presented a report to the Board, which included the General Manager's activity summary, the District's activity summary, permits issued by the District in May through June, 2021, post-drill well inspections as of June 25, 2021, and upcoming meetings and conferences.

Discussion Agenda 4.b. - Committee Reports.

No Committee reports were presented to the Board.

Agenda 6. - Adjournment.

There being no further business to come before the meeting, Justin Crownover moved to adjourn the meeting. Mark Howard seconded the motion and it was unanimously approved. President Zimmer adjourned the meeting at 1:24 p.m.


Bob B. Zimmer, President


Zac Yoder, Secretary