

**MINUTES OF THE AUGUST 17, 2022
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 August 17, 2022, 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 9:04 a.m.:

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

Staff present during part or all of the meeting:

Steve Walthour, General Manager;
Kirk Welch, Assistant General Manager;
Kristen Blackwell, Administration Manager;
Odell Ward, Aquifer Science Manager;
Dusty Holt, Permitting Specialist/Finance Assistant;
Curtis Schwertner, Natural Resource Specialist;
Baylee Barnes, Conservation Outreach Specialist; and,
Krystal Donley, Administrative Assistant.

Others present during part or all of the meeting:

Sabrina Leven, RNA Ag;
Jimmie Leven, RNA Ag;
Nicole Spencer, RNA Ag;
Louis Leven, RNA Ag;
Brantley Jones, Esq., BLF, LLC
Stan Spain;
F. Keith Good; and,
Ellen Orr, Paralegal.

President Zimmer declared a quorum present and called the meeting to order at 9:04 a.m. President Zimmer gave the invocation and 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 Meetings held on July 19, 2022 (b) the review and approval of un-audited District expenditures for July 1, 2022 through July 31, 2022, including the General Manager's expense and activity reports; and (c) the review and approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional services and out-of-pocket expenses incurred from July 1, 2022 through July 31, 2022 in the amount of \$9,935.62.

Daniel L. Krienke moved to approve the Consent Agenda. 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) 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 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.

It was noted that 246 non-exempt Well Permits had been issued by the District since January 1, 2022; that 78 Exempt Wells had been Registered since January 1, 2022; and that 120 non-exempt Well Permits had been approved by the Board since January 1, 2022.

Permit Number	Well Class	Quarter	Section	Block	Survey	N S	E W
DA-11946	B	SW	3	7	CSS	450 S	628 W
DA-11949	B	SE	21	6	CSS	205 S	927 E
DA-11994	C	SE/4	10	None	WH	35 S	39 E
DA-12009	C	NE	5	3	CSS	424 N	457 E
DA-12040	B	NW	11	48	H&TC	112 N	765 W
DA-12060	C	NW	53	5	CSS	449 N	430 W
HA-11918	C	NW	18	A-1	PSL	352 N	416 W
HA-11970	C	NW	52	48	H&TC	770 N	111 W
HA-11971	C	SW	52	48	H&TC	887 S	578 W
HA-12011	C	NW	13	12	CSS	674 N	31 W
HA-12012	C	SW	13	12	CSS	377 S	614 W
HA-12013	C	SW	12	12	CSS	589 S	161 W
HA-12014	C	NW	12	12	CSS	247 N	314 W
HA-12015	C	NW	12	12	CSS	728 N	257 W
HA-12016	C	NW	20	12	CSS	456 N	793 W
HA-12024	D	SW	F Jordan			521 S	506 W
HA-12061	C	SE	17	A-1	PSL	122 S	12 E
HA-12063	C	NW	17	A-1	PSL	347 N	1328 E
HA-12072	C	SE	166	44	H&TC	442 S	459 E
HA-12073	C	SE	166	44	H&TC	724 S	118 E
HA-12077	C	NE	167	44	H&TC	863 N	776 E
HA-12078	C	NE	167	44	H&TC	452 N	444 E
HA-12079	C	NW	167	44	H&TC	100 N	781 E
HA-12080	C	SE	17	12	CSS	439 S	811 E
HA-12081	C	SW	17	12	CSS	83 S	60 W
HA-12082	C	SE	31	12	CSS	486 S	772 E
HA-12083	C	NW	31	12	CSS	495 N	732 W
HA-12084	C	NW	18	12	CSS	774 N	456 W
HA-12086	C	SE	20	12	CSS	475 S	800 E
HN-11999	D	NW	8	1	H&GN	132 N	119 W

Harold Grall moved that the Board remove Well Permits No. HA-12072, HA-12073, HA-12077, HA-12078, and HA-12079 from the Well Permit Schedule and to approve all the

remaining Well Permits on the Well Permit Schedule, noting that the Wells are properly equipped and otherwise comply with District Rules. Daniel L. Krienke seconded the motion, and it was unanimously approved by the Board.

Harold Grall moved that the Board approve Well Permits No. HA-12072, HA-12073, HA-12077, HA-12078, and HA-12079, noting that the Wells are properly equipped and otherwise comply with District Rules. Daniel L. Krienke seconded the motion, and it was approved by the majority vote of the Board, with Mark Howard abstaining from the vote.

Action Agenda 3.b. - Consider Action to propose repealing or amending District Rule 3.3- Auxiliary Wells.

The General Manager reported that on April 14, 2015, the Board adopted District Rule 3.3 Auxiliary Well as follows:

"Auxiliary Well: One Auxiliary Well may be constructed on a Groundwater Production Unit ("GPU"). The Auxiliary Well may be spaced closer to the Owner's other Wells than the District's spacing Rules permit. However, the Auxiliary Well must comply with all Rules of the District, including the minimum distance from the Property Line and must be properly spaced from the Wells of an adjacent Owner. If the Auxiliary Well is constructed closer to another Well of the Owner than the District's spacing rules permit, the capacity of the Auxiliary Well and the capacity of the Owner's Well closest to the Auxiliary Well shall be combined to determine proper spacing from Wells of an adjacent Owner. The Auxiliary Well shall be included in the GPU's Well density."

District Rule 3.3 Allows a single well on a groundwater production unit to be closer to another well on the GPU than the spacing rules would allow. In February, 2015, the Board discussed the need for the Auxiliary Well Rule. A City of Amarillo representative wanted the District to give a definition of a Replacement Well in the Rules and asked whether a Well Owner could convert a Replacement Well into an Auxiliary Well. Part of the Board believed that the District did not need the Rule and moved to strike the proposed Rule. The motion failed. The Rule was later adopted by the Board on April 14, 2015.

Since adoption of the Rule, the District has issued approximately 30 Auxiliary Well Permits. The permits are primarily for irrigation. In 2022, a Well Owner began modifying his Groundwater Production Units to include portions of multiple GPUs in a concentrated area which circumvented the District's spacing Rules more than the General Manager had anticipated.

The General Manager proposed three options for the Board to consider regarding this issue:

1. Leave the rule as is;
2. Repeal the rule; or
3. Amend the rule.

The process to repeal or amend a rule is not instantaneous. The General Manager has asked General Counsel to explain the process. The General Manager anticipated that any repeal or change will take at least 60 days. The beginning of the process will require the Board proposing the repeal or amendment of the Rule.

Keith Good, General Counsel, presented a handout to the Board detailing the procedure necessary to repeal or amend a District Rule.

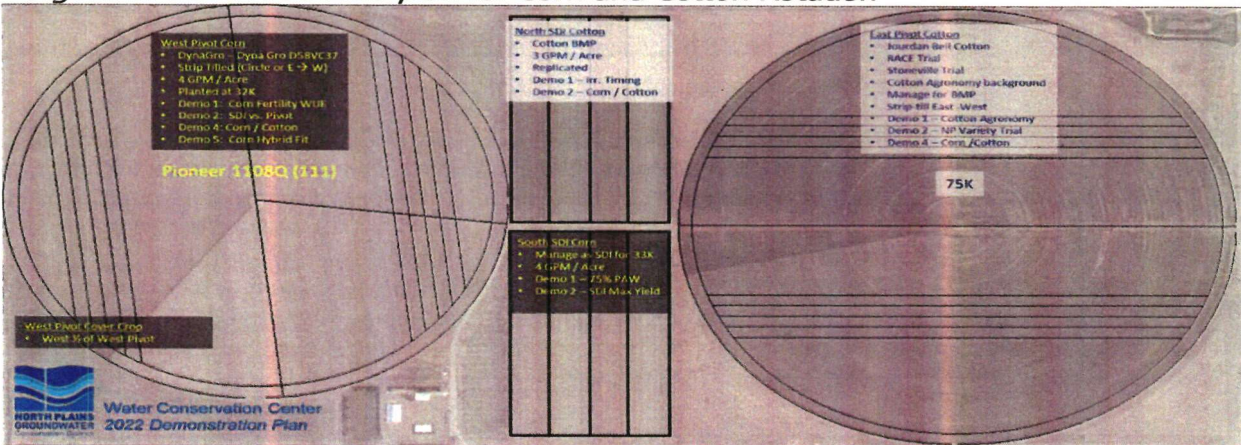
Daniel L. Krienke moved that the Board propose repealing Rule 3.3 (Auxiliary Well) and for the District's Board to address the need for an Auxiliary Well on a case-by-case basis. Harold Grall seconded the motion, and it was unanimously approved by the Board.

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

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

8 August 2022 – NPGCD Water Conservation Center Update
Nicholas Kenny, P. E.

Figure 1: 2022 WCC Field plan for Corn and Cotton Rotation



Irrigation through 8 Aug 2022 (including herbicide and pre-water)

Corn Plant Date: 19-20 May 2022

West Pivot: 16.8 Inches (4.3 Inches
pre-water) South SDI: 14.2 to 16
Inches

Cotton Plant Date: 13-14 May 2022

East Pivot: 11.6 Inches (3.9 Inches pre-water)

North SDI: 7.25 to 8.95 Inches (0.5 - 0.95-inches pre-water)

In-season rainfall 6.33 inches

Corn

Pivot and SDI corn is progressing very well at the center. Capacity is no longer able to keep up with daily ET and soil moisture is being actively mined. As of 8 August, the West Pivot corn is pulling water from 48". Water extraction in the South SDI is reaching 41". The West pivot has been switched to bubble mode

Figure 2: GroGuru probe from West Pivot corn. The crop is pulling water from 48" in early August.

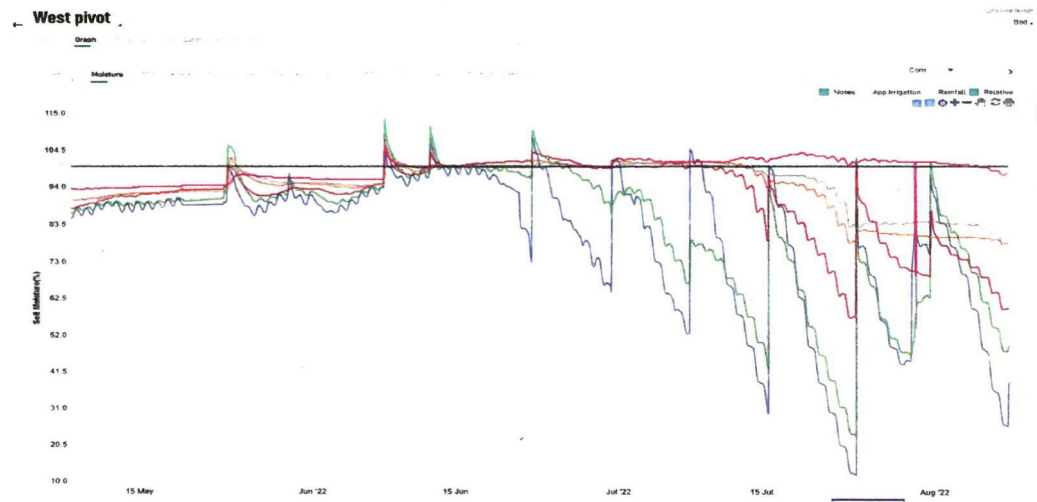


Figure 3: GroGuru summary reading from West Pivot corn. This pivot is at 4 GPM / acre. The pivot will progress at full capacity, likely through the end of August.

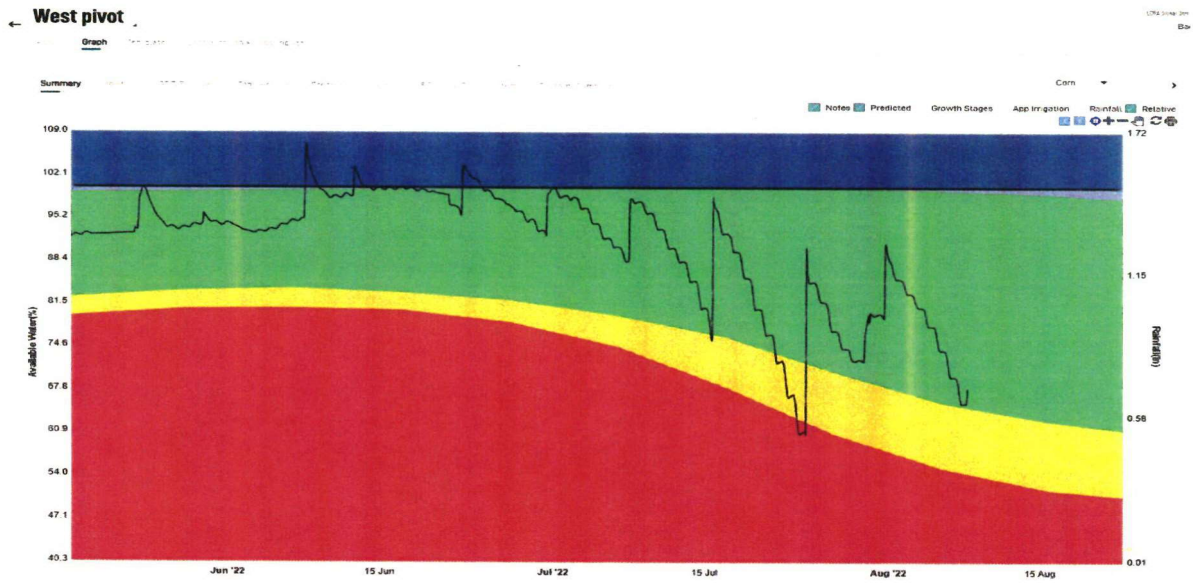
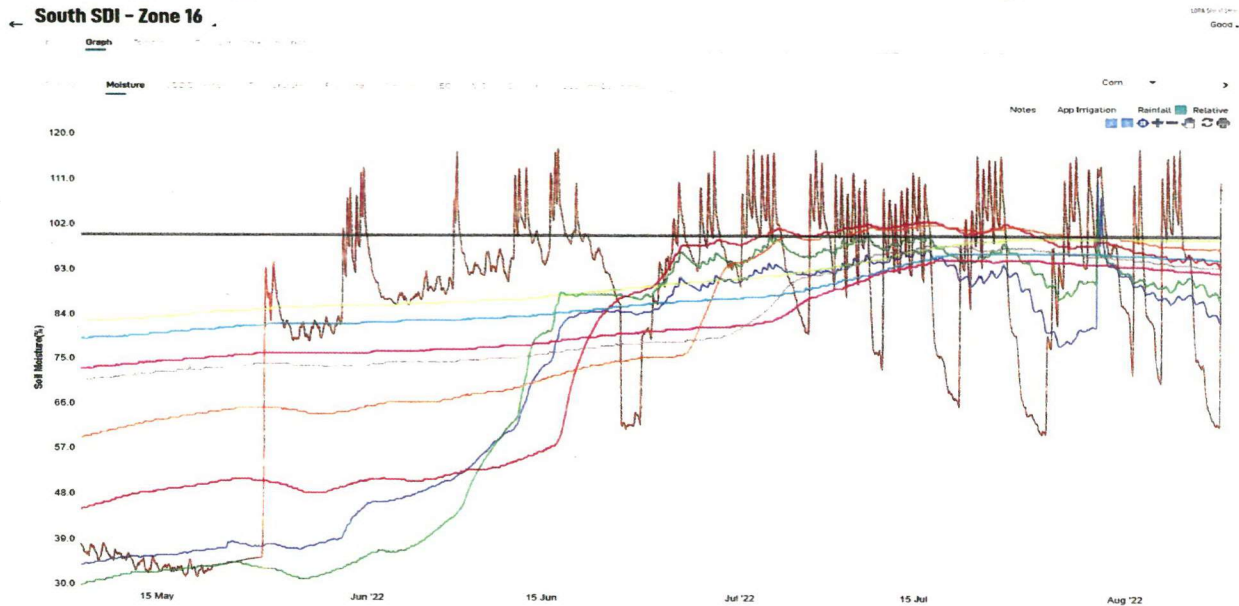


Figure 4: GroGuru moisture reading from Zone 16, South SDI Corn. Notice the frequency in the surface probe filling and draining. Deeper soil levels filled from planting to 11 July, began drawing down near 16 July, refilled from rain on 28 July, and are currently pulling down to toward 41". This Zone has 14.2" of total irrigation.



Cotton

Plant growth regulator (PGR) applications on the pivot cotton are as follows:

20 June	3.5-oz Stance
1 July	2.5-oz Stance
5 August	24-oz mepiquat chloride + foliar

Stands were counted on 14 July in the West Pivot and North SDI. Seed drop was approximately 74,340 seeds per acre and the field variety is DG3469B3XF. The average stand counts are as follows:

East Pivot – South	37,200 plants per acre
East Pivot – North	42,000 plants per acre
North SDI	40,375 plants per acre

The East Pivot sprinkler has been switched to bubble mode.

Figure 5: GroGuru moisture chart from Zone 6, North SDI Cotton. The blue line indicates the sensor nearest the emitter. The "drainage" is also moving up in the profile to fill the area near the top sensor. The cotton really began to grow and use water on 22 July and is now pulling water from 37" deep. This Zone has 7.45" of total irrigation. Total irrigation is expected to be below 10" gross.

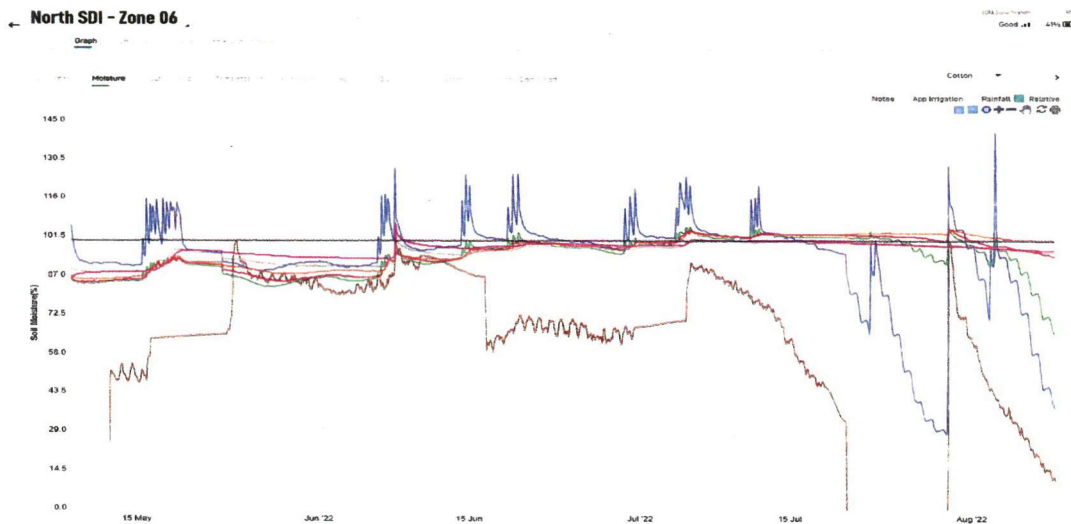
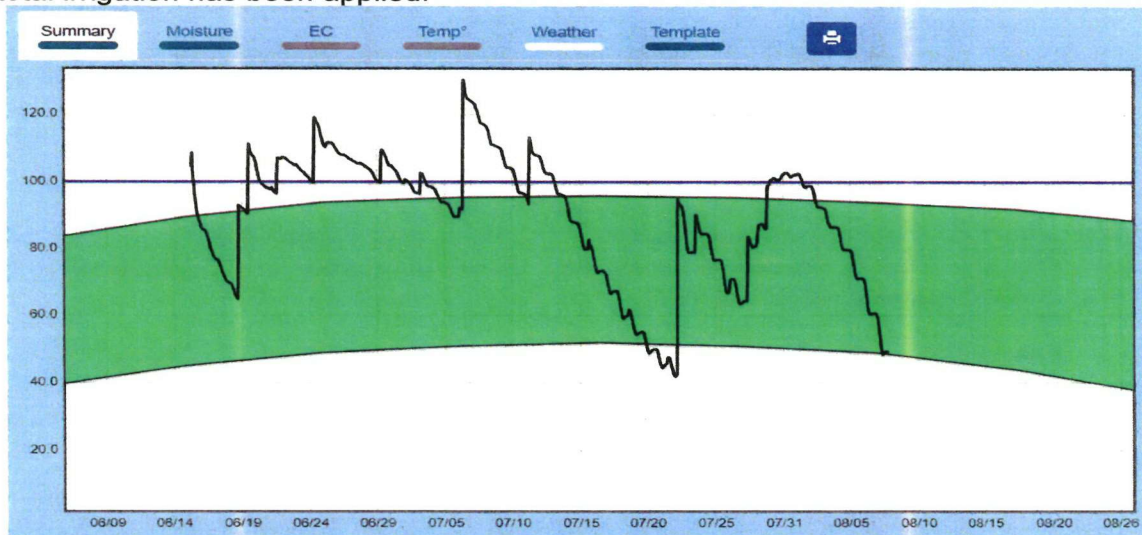


Figure 6: AquaSpy summary reading from the North Side of the East Pivot in the DG3469B3XF variety. As of 8 August, moisture is being extracted from 48". 11.6" of total irrigation has been applied.



During the June 23 Ag Committee meeting the committee discussed multiple new demonstrations that would allow the District to take advantage of opportunities to show emerging trends and practices that could affect water use in the region. The projects are as follows:

Cotton Agronomy - Dr. Bednarz, WTAMU;
 Silage Project;
 MyLand Project;
 Irrigation Efficiency Competition; and,
 Dragonline Demonstration.

At that time, the committee asked staff and Nich Kenny to create budget estimates for the projects and bring that information back to the committee for consideration. Those

budget estimates were reviewed at the July 19 meeting of the Ag Committee. The Ag Committee recommended the full Board approve all the new projects except for the farm-based irrigation efficiency competition. The committee chose not to recommend the competition based on cost concerns. In addition to recommending the new projects, the committee recommended not renewing the cover crop demonstration when that contract expires on September 30, 2022.

In kind donations of equipment, discontinuing of the cover crop project and available funds on-hand will make it possible to include the demonstrations with no increase in the preliminary budget proposed by the Board at the July Board meeting.

Daniel L. Krienke moved that the Board approve the following new demonstrations recommended by the Ag Committee:

Cotton Agronomy - Dr. Bednarz, WTAMU;
Silage Project;
MyLand Project; and,
Dragonline Demonstration.

Harold Grall seconded the motion, and it was unanimously approved by the Board.

Master Irrigator

The Ag Committee met after the full Board meeting on July 19 and discussed the distribution of remaining funds for the Master Irrigator Class of 2021. Approximately \$130,000 is available. The Ag Committee recommended to the full Board, the following process for distributing the remaining funds for the deployment of approved water conservation equipment:

1. Accept applications from all graduating members of the Class of 2021;
2. Set deadline by which all applications must be received;
3. Communicate availability of funds and deadline to all 2021 graduates; and,
4. Distribute the funds equally to all qualifying projects.

Daniel L. Krienke moved that the Board approve the distribution of the remaining funds for the Master Irrigator Class of 2021, as recommended by the Ag Committee. Harold Grall seconded the motion, and it was unanimously approved by the Board.

Action Agenda 3.d. - Consider Finance Committee's recommendation to adopt District Budget for 2022-2023.

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 had analyzed the District's fund balance reserves and developed a preliminary 2022-2023 budget for the purposes of developing and estimating a tax rate and providing a starting point for the Board to finally adopt a budget.

The District began 2021-2022 budget year with \$2,648,748.96 total fund balances. As of June 30, 2022, the District's cash and certificates of deposit are \$2,957,446.98. By the end of this fiscal year (EOY) the General Manager estimated that the funds will be reduced by \$482,946.48 leaving \$2,474,500.50 in reserves to start the 2022-2023 budget year. If the District elects to keep the same tax income for 2022-2023 as the previous year, and adopts the income and expense budget shown below, the District will further decrease its general fund reserves by \$293,256.00 to \$2,181,244.50. Normally, the District does not spend all the expense budget. The District's preliminary income and expense budget for 2022-2023 is as follows:

Income Description	Current 2021-2022 Budget	Estimate 2021-2022 EOY	2022-2023 Income Budget	Explanation
Taxes	2,159,217.05	2,128,638.86	2,159,220.00	
Penalties and Interest	15,600.00	18,255.52	15,600.00	
Delinquent Taxes	14,800.00	6,498.06	14,800.00	
North Plains Water CC	42,000.00	42,000.00	42,000.00	Field Lease
Refunds	5,000.00	1,900.23	3,000.00	
Sale of Assets	5,000.00	2,588.00	3,000.00	Primarily equipment
Fees for District Services	160,000.00	222,005.70	200,000.00	Primarily Permitting
Other Income	16,000.00	126,544.10	50,000.00	Compliance and mis income
Grants	400,000.00	157,493.63	500,000.00	TWDB ICI, MI, Meter Grants
Investment Income	9,000.00	8,258.48	8,000.00	Estimated based on current rate
Dallam Co. PGMA fees	70,000.00	84,000.00	70,000.00	Based on 2021-2022
Export Fees	50,000.00	56,628.88	56,000.00	City of Borger (Variable)
Total Income	2,946,617.05	2,854,811.46	3,121,620.00	

Expense Description	Current 2021-2022 Budget	Estimate 2021-2022 EOY	2022-2023 Expense Budget	Explanation
Director's Expense	50,000.00	36,150.78	45,000.00	District related expenses, mileage, meals, meetings, training
Personnel	1,297,000.00	1,281,260.40	1,318,800.00	Employee salaries and benefits
Administrative	160,000.00	150,326.30	150,000.00	
Contracted Services	130,700.00	101,886.50	101,940.00	CAD, Region A, and GMA-1 Costs
Professional Fees	220,000.00	214,475.21	225,000.00	Ogallala Project, Legislative, Legal
Tech., Comm., & Utilities	305,000.00	325,879.73	255,000.00	
Vehicle; Bldg; Field; Supplies	127,000.00	123,210.95	127,000.00	Vehicle, Building Maint. Repair, fuel
Capital Outlay	450,000.00	407,607.64	90,000.00	Equipment replacement
Aquifer Science	78,000.00	71,994.62	80,000.00	Includes Hydrologist Contract, observation well maintenance and supplies
Conservation Outreach	460,000.00	275,526.32	645,000.00	Radio, Meter program, ICI/MI program, etc. Partially funded TWDB Meter & MI Grants
Conservation Demo Project	305,000.00	238,117.12	305,000.00	Irrigation Demonstrations - MI moved to Cons. Outreach
North Plains WCC	10,000.00	7,597.74	10,000.00	Small equipment and repair
Transfer Out	62,205.00	62,205.00	62,136.00	WWC Irrigation Equipment - Principle \$62,000 and Interest \$136.00
Total Expenses	3,654,905.00	3,296,238.31	3,414,876.00	
Total Net Income/Expenses	-708,287.95	-441,426.85	-293,256.00	

The total funding sources for this draft proposed 2022-2023 budget are as follows:

2022-2023 Funding Sources	Amount	Total Percent Funds
Grants and Outside Assistance	500,000.00	14.6%
Taxes - PGMA Fees - Export Fees	2,315,620.00	67.8%
Other regulatory, Export, WCC & investment Income	306,000.00	9.0%
Subtotal	\$3,121,620.00	91.4%
Funds from Reserves	Amount	Total Percent
District Reserves (Additional)	293,256.00	8.6%
Net Income, Reserves & Expenses	3,414,876.00	100.0%
2022-2023 Fiscal Year-End District Reserves	\$2,181,244.50	

The Finance Committee recommended that the Board adopt an expense budget as

follows:

Budget Item	Amount
Director's Expense	45,000.00
Personnel	1,318,800.00
Administrative	150,000.00
Contracted Services	101,940.00
Professional Fees	225,000.00
Tech., Comm., & Utilities	255,000.00
Vehicle; Bldg; Field; Supplies	127,000.00
Capital Outlay	90,000.00
Aquifer Science	80,000.00
Conservation Outreach	645,000.00
Conservation Demo Project	305,000.00
North Plains WCC	10,000.00
Transfer Out	62,136.00
Total Expenses	3,414,876.00

Mark Howard moved that the Board adopt the expense budget recommended by the Finance Committee. Harold Grall seconded the motion, and it was unanimously approved by the Board.

Action Agenda 3.e. - Consider Finance Committee's recommendation to adopt debt service fund budgets for Texas Water Development Board default reserve account and contract for 2022-2023.

Steve Walthour presented the following report to the Board:

Each year, the Board prepares and adopts a budget for the following year. Since the District borrowed funds from the Texas Water Development Board to purchase capital items for the Water Conservation Center, the General Manager has budgeted \$62,136 for principal and interest under the District's Water Conservation Center budget item in the District's General Budget. Instead of accounting for the principal and interest owed in the District's General Budget, the District must adopt a debt service fund budget as required by the Texas Water Development Board contract, and a debt service fund budget default reserve account.

The Texas Water Development Board Contract Debt Service Fund account holds money to pay principal and interest with the District's loan debt to the Texas Water Development Board. Each year the Board will adopt a separate budget to pay the interest and principal on the loan.

As part of the Texas Water Development Board loan contract the District established a default reserve account that includes two percent of the loan amount. The account is an interest-bearing account, and the District is required to track the interest for the account. The Debt Service Fund for Default Reserve Account is for the interest income related to the Default Reserve Account.

The Finance and Budget Committee proposed that the Board adopt the Debt Service Fund Budgets as follows:

TEXAS WATER DEVELOPMENT BOARD CONTRACT
DEBT SERVICE FUND BUDGET

<u>Description</u>	<u>Budget Amount</u>
Income	
Transfer In	\$62,136.00
Expenses	
Principal	\$62,000.00
Interest	<u>136.00</u>
Total Expenses	\$62,136.00
Net Income/Expense	\$0.00

TEXAS WATER DEVELOPMENT BOARD DEFAULT RESERVE
ACCOUNT DEBT SERVICE FUND BUDGET

<u>Description</u>	<u>Budget Amount</u>
Investment Income	\$100.00

Mark Howard moved that the Board adopt debt service fund budgets as follows:

TEXAS WATER DEVELOPMENT BOARD CONTRACT
DEBT SERVICE FUND BUDGET

<u>Description</u>	<u>Budget Amount</u>
Income	
Transfer In	\$62,136.00
Expenses	
Principal	\$62,000.00
Interest	<u>136.00</u>
Total Expenses	\$62,136.00
Net Income/Expense	\$0.00

TEXAS WATER DEVELOPMENT BOARD DEFAULT RESERVE
ACCOUNT DEBT SERVICE FUND BUDGET

<u>Description</u>	<u>Budget Amount</u>
Investment Income	\$100.00

Harold Grall seconded the motion, and it was unanimously approved by the Board.

Action Agenda 3.f. - Review last year's tax rate, the 2022 No-New-Revenue Tax Rate and the 2022 Voter-Approval Tax Rate and consider proposing a new tax rate.

The General Manager stated that the table below shows the certified values by county for the last five years. The eight county appraisers have provided the District certified values for 2022 tax valuations across the District.

	CERTIFIED				
County	2018	2019	2020	2021	2022
Dallam	898,572,736	935,109,799	973,517,076	1,001,942,460	1,097,326,268
Hansford	543,520,467	566,421,569	547,689,169	588,523,042	742,043,832
Hartley	722,720,265	752,067,804	768,066,970	817,562,920	781,942,519
Hutchison	120,874,840	114,574,960	110,352,750	117,409,080	146,002,310

Lipscomb	631,672,875	638,836,622	432,158,279	399,135,058	525,847,843
Moore	1,989,268,573	2,042,825,518	2,027,103,420	2,077,715,250	2,436,972,511
Ochiltree	1,488,422,874	1,515,365,792	1,227,855,479	1,103,298,312	1,384,258,367
Sherman	506,939,140	502,738,820	463,525,100	517,779,060	637,873,780
Total	6,901,991,770	7,067,940,884	6,550,268,243	6,623,365,182	7,752,267,430

The General Manager was notified after the meeting of the Budget and Finance Committee that there had been an apparent coding error in the software used to prepare the 2022 Tax Rate Calculation Worksheet. The error affected the Voter Approval Rate only and increased it slightly from what was reported to the Committee of 0.031300/\$100 to 0.031650/\$100. The change is reflected in the information presented below. The error should have no impact based on the recommendation of the Committee.

Funds generated are calculated by multiplying the total taxable value of properties within the District and the tax rate set by the District. It presents information about three tax rates. The 2021 tax rate (0.032600 /\$100) is the actual rate the District used to determine property taxes last year. For 2022, the District has seen an overall increase in Certified Values by 17 percent. The table below shows the calculated new tax rates for 2022 and the corresponding income generated compared to the 2021 Tax Rate.

Ad Valorem Tax	Rate	Income Generated (approx.)
2021 Tax Rate (Last Year)	0.0326/\$100	\$2,159,376.00
2022 No-New-Revenue Tax Rate (effective rate)	0.027966/\$100	\$2,168,079.29
2022 Voter-Approval Tax Rate (Roll Back Rate)	0.031650/\$100	\$2,453,683.38
2022 De Minimis Rate	0.034517/\$100	\$2,667,245.82

No-New-Revenue Tax Rate

The no-new-revenue tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year, based on a tax rate that would produce the same amount of taxes if applied to the same properties taxed in both years.

Although the actual calculation is more complicated, a taxing unit's no-new-revenue tax rate is equal to the last year's taxes divided by the current taxable value of properties that were also on the tax roll last year. The resulting tax rate, used for comparison only, shows the relation between the last year's revenue and the current year's values.

To generate the same income from 2022 (approximately \$2,159,376), the District's tax rate will decrease to 0.027966/\$100, (No-New-Revenue) formally known as the effective rate which should generate \$2,168,079.29. A No-New-Revenue rate will require the Board propose the rate by roll call vote, publish the results in a paper of general circulation (a minimum of 5 days before meeting to approve), and then meet again to adopt the rate.

Voter-approval Tax Rate

The voter-approval tax rate is a calculated maximum rate allowed by law without voter approval. Most taxing units calculate a voter-approval tax rate that divides the overall property taxes into two categories - M&O and debt service. The District has no debt service.

The District can increase its tax rate by up to 3.5 % (Voter-Approval Rate) to 0.031650/\$100 which would generate \$2,453,683.38. A Voter-Approval rate will require the Board propose the rate by roll call vote, publish the results in a paper of general circulation (a minimum of 5 days before meeting to approve), and then meet again to adopt the rate.

Publish Notices

Most taxing units are required to publish their calculated No-New-Revenue and Voter-Approval tax rates on the home page of the taxing unit's website. The District is also required to file the notice in a paper of general circulation. Most taxing units are required to file one notice before adoption of a tax rate in compliance with Tax Code requirements. Local government taxing units and special districts must comply with notice requirements in the Property Tax Code. The notice provides details on the No-New-Revenue tax rate, Voter-Approval tax rate and proposed tax rate. The notice includes the date and time of the meeting to adopt a tax rate. If the proposed rate is higher than the voter-approval rate, the notice will also include information about the next uniform election date when voters would have to vote on the tax rate.

Hold Public Hearings

After the District publishes the required notice, taxpayers must have the opportunity to express their views on tax increases at hearings. The type of taxing unit determines the hearing requirements.

Adopt a Tax Rate

The District must adopt its tax rate before September 30, 2022. The District is required to hold an election to approve the tax rate on the next uniform election date if it adopts a tax rate that exceeds the Voter- Approval rate and the De Minimis Rate.

Hold Automatic Election to Approve Tax Rate, if Necessary

In most cases, if a taxing unit adopts a tax rate that exceeds the Voter-Approval tax rate, the taxing unit must hold an election on the next uniform election date. To do this, the taxing unit must order the election no later than the 78th day before election day.

If a taxing unit calculates a de minimis rate and it adopts a tax rate greater than its voter-approval rate but less than its De Minimis rate, the voters in the taxing unit may petition for an election on the tax increase.

De minimis Rate

The District can elect to use the De Minimis rate that is the sum of the NNR maintenance and operation rate, which will raise \$507,869.82. The District's De Minimis rate is 0.034517/\$100.

District Maximum Tax Rate

The District's maximum tax rate set in 1955 is \$0.05/\$100 valuation.

The General Manager stated that he anticipated that the Board would propose a tax rate. The proposed tax rate notice will be published on the District's website and published in a paper of general circulation. Five days after the notice has been published the board, may meet to hold a hearing and/or to adopt a rate. A copy of the tax rate calculation form was presented to the Board. Though the Board must adopt a tax rate by September 30th, the eight-county appraisal and collection districts need the District to adopt the rate as soon as possible.

Recommendation

The Finance Committee recommended that the Board propose the No-New-Revenue Tax Rate of 0.027966/\$100 of valuation for the District's 2022 ad valorem tax rate.

Mark Howard moved that the Board propose the No-New-Revenue Tax Rate of 0.027966/\$100 of valuation for the District's 2022 ad valorem tax rate. Harold Grall seconded the motion, and President Zimmer called for a roll-call vote:

Zac Yoder – For;

Mark Howard – For;

Harold Grall – For;
Daniel L. Krienke – For;
Gene Born – For; and
Bob Zimmer – For.

Action Agenda 3.g. - Review and consider Dallam County non-taxed area production fees to pay the area's share for District administration and services.

Mr. Walthour reported that 2022 is the sixth year that the District has collected production fees from the Dallam County untaxed area to pay for the District's regulation of groundwater.

In August 2013, the Dallam County Priority Groundwater Management Area was annexed by the North Plains Groundwater Conservation District pursuant to Title 2, Texas Water Code (TWC), Chapters 35 and 36. The District held an election for the residents within the annexed area to cast votes for the levy of an ad valorem tax to pay for the District's regulation of groundwater in the District. Ad valorem taxes allow the cost of District operations to be shared by all owners in an area that chooses to be taxed based on the owner's property values and regardless of the amount or whether the landowner uses water in the area. Most of the votes cast in the election were against the levy of the tax. In voting not to pay taxes, the community tasked the nonexempt well owners to shoulder the burden for the area's share for the District's operations. According TWC 36.1071(h), if most of the votes cast at the election are against the levy of a maintenance tax, the District shall set fees authorized by this chapter in accordance with Section 35.013(g-1) to pay for the District's regulation of groundwater in the District. For the 2018-2019 budget year, the Board reduced the production fees by 10 percent by adopting adopt a \$0.90 per acre foot for non-exempt groundwater produced for agricultural purposes and \$4.50 per acre foot on all other non-exempt uses.

For groundwater production in 2022, the Finance Committee recommended that the Board adopt no change to the current fee amounts.

Harold Grall moved that the Board adopt no change to the current production fee schedule for the Dallam County non-taxed area. Mark Howard seconded the motion, and it was unanimously approved by the Board.

Action Agenda 3.h. - Consider action to order director elections in Precinct 1- Dallam County, Precinct 2- Hartley County, Precinct 3- Sherman County, and Precinct 4 - Moore County, and consider authorizing the General Manager to issue, post, publish and deliver the Notice of Election as required by the Texas Election Code, or cancel the Election if there is no contested race in Precinct 1, Precinct 2, Precinct 3, and/or Precinct 4.

The General Manager presented the following report to the Board:

On November 8, 2022, the District's Directors Precinct 1- Dallam County, Precinct 2- Hartley County, Precinct 3- Sherman County, and Precinct 4 - Moore County are scheduled for election. The election calendar is as follows:

Tuesday, November 8, 2022 – Uniform Election Date	
Deadline to Post Notice of Candidate Filing Deadline (Local Political Subdivisions Only)	Thursday, June 23, 2022, for local political subdivisions that have a first day to file for their candidate

First Day to File for a Place on the General Election Ballot (Local Political Subdivisions Only)	Saturday, July 23, 2022
First Day to File a Declaration of Write-in Candidacy (General Election for State and County Officers)	Saturday, July 23, 2022
Last Day to Order General Election or Special Election on a Measure	Monday, August 22, 2022
Last Day to File for a Place on the General Election Ballot (Local Political Subdivisions Only)	Monday, August 22, 2022, at 5:00 p.m.
Last Day to File a Declaration of Write-in Candidacy (General Election for State and County Officers)	Monday, August 22, 2022
Last Day to File a Declaration of Write-in Candidacy (Local Political Subdivisions Only)	Friday, August 26, 2022, at 5:00 p.m.
Last Day to Register to Vote	Tuesday, October 11, 2022* *First business day after Columbus Day
First Day of Early Voting by Personal Appearance	Monday, October 24, 2022
Last Day to Apply for Ballot by Mail (Received, not Postmarked)	Friday, October 28, 2022
Last Day of Early Voting by Personal Appearance	Friday, November 4, 2022
Last day to Receive Ballot by Mail	Tuesday, November 8, 2022 (Election Day) at 7:00 p.m. if carrier envelope is not postmarked, OR Wednesday, November 9, 2022 (next business day after Election Day) at 5:00 p.m. if carrier envelope is postmarked by 7:00 p.m. at the location of the election on Election Day (unless overseas or military voter deadlines apply)

The District posted the Notice of Candidate Filing Deadline by June 23, 2022. District staff will be contacting the county election officials to inquire whether the District can contract with them to hold the elections if there are two or more candidates who file for the same precinct for the November 8, 2022, election. If only one candidate files for a precinct, the Board may cancel that election after the write-in candidacy period has expired. Monday, August 26, 2022, is the recommended first day that a general or special election may be cancelled.

The General Manager recommended that the Board order the Director's elections to be held on November 8, 2022 in Precinct 1- Dallam County, Precinct 2- Hartley County, Precinct 3- Sherman County, and Precinct 4 - Moore County and that the Board authorize the General Manager to issue, post and publish notice of the election, news releases, obtain all of the necessary election supplies, and to take any further action required to secure a November 8, 2022 election in Precinct 1- Dallam County, Precinct 2- Hartley County, Precinct 3- Sherman County, and Precinct 4 - Moore County.

Daniel L. Krienke moved that the Board order the Director's elections to be held on November 8, 2022 in Precinct 1- Dallam County, Precinct 2- Hartley County, Precinct 3- Sherman County, and Precinct 4 - Moore County and that the Board authorize the General Manager to post and publish notice of the election, news releases, obtain all of the necessary election supplies, and to take any further action required to secure a November 8, 2022 election in Precinct 1- Dallam County, Precinct 2- Hartley County, Precinct 3- Sherman County, and Precinct 4 - Moore County. Mark Howard seconded the motion, and it was unanimously approved by the Board.

Action Agenda 3.i. - Receive Quarterly Investment Report ending June 30, 2022.

Steve Walthour presented the quarterly investment report for the period from April 1, 2022, through June 30, 2022, reflecting the North Plains Groundwater Conservation District's 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 June 30, 2022; 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 those 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, lastly,
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. The funds held in those accounts are as follows:

Bank Accounts	Account Name	Account Number	June 30, 2022	Interest Rate
Perryton National Bank	Main Account	337	\$ 1,507,034.05	0.01 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	\$ 2,500.00	Non-Interest Bearing

The Perryton National Bank Default Reserve Account and the Interest & Sinking Account, as well as the First State Bank Late Filer Fees Account are non-interest-bearing accounts and are not included in analyzing maturity and interest rate.

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 and the bank pledges to protect District funds on deposit in excess of the FDIC. The District is currently holding three pledged securities with an original face value of \$3,985,000.00. The Perryton National Bank Default Reserve Account and the Interest & Sinking Account are non-interest-bearing accounts by contract used to service the Texas Water Development Board Loan for Water Conservation Center agriculture equipment construction. The First State Bank

Account is used by the District to secure funds of well owners that filed their production reports late. Afterward, all remaining funds are swept from the account and are deposited in the District's operating account at Perryton National Bank. The District holds \$412.93 in petty cash at its offices.

The District's Board has approved a list of depositories for the District to purchase certificate of deposits (CDs). The District primarily secures its funds in CDs issued by a state or national bank domiciled in Texas, a savings and loan association domiciled in Texas that 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.

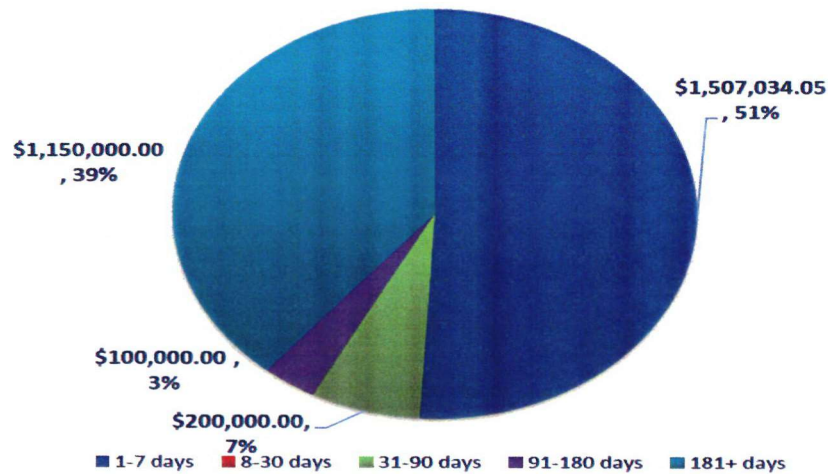
All interest from the CDs is paid by check to the District and deposited into the District's Perryton National Bank main operating account. On June 30, 2022, the District had funds in its Perryton National Bank Main Account which renews daily, two CDs set to mature between 31-90 days, one CD set to renew within between 91-180 days, and eight CDs set to mature after 180 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	\$1,507,034.05	1	0.51
First Bank Southwest CD 10000222	\$100,000.00	175	5.92
First State Bank - Spearman CD 45152	\$150,000.00	207	10.50
Dalhart Federal Savings & Loan CD 602-609183-3	\$150,000.00	231	11.72
Happy State Bank CD 11297	\$150,000.00	230	11.67
Western State Bank CD 20855	\$250,000.00	233	19.70
First State Bank CD 21046	\$100,000.00	276	9.33
Dalhart Federal Savings & Loan CD 602-608808-8	\$100,000.00	307	10.38
Happy State Bank CD 12046	\$100,000.00	38	1.29
Perryton National Bank CD 21457	\$100,000.00	54	1.83
First National Bank CD 82938	\$100,000.00	200	6.76
Interstate Bank SSB CD 9361-13004190	\$150,000.00	270	13.70
Total	\$2,957,034.05		103.30

The weighted average maturity (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.

The following pie chart shows a snapshot of what percent of the District's money is being held in longer investments versus money on hand. 50.96 percent of the District's investments are held in the main operating account and one CD with a less than seven-day maturity rate, whereas 39 percent of the District's investments are held in CDs with a maturity date of over 180 days. The final two pieces of the pie are investments that are held for 31-90 days, and 91-180 days. Currently the District has no CDs set to mature for 8-30 days. The highest interest rates that 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



District Yield Rates compared to US Department of Treasury Par Yield Curve Rates

As of June 30, 2022 (last trading day of month), the US Department of Treasury Par Yield Curve Rates for one month are 1.28 percent and the one year are 2.80 percent. This par yield curve, which relates the par yield on a security to its time to maturity, is based on the closing market bid prices on the most recently auctioned Treasury securities in the over-the-counter market. The par yields are derived from input market prices, which are indicative quotations obtained by the Federal Reserve Bank of New York at approximately 3:30 PM each business day.

District Loan Obligations

The District has one loan agreement with the Texas Water Development Board. The original 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 June 30, 2022, and the remaining number of payments are as follows:

Loan	Account #	June 30, 2022	Notes
TWDB	21743	\$124,000.00	2 annual payments + 0.11% interest

The schedule of loan payments including interest is as follows:

Amount	Year
62,136	2023
62,068	2024

Action Agenda 3.j. - Consider action directing the General Manager to amend the 2021-2022 Budget based on consultation with Auditor and report any changes to the Board for review.

Mr. Walthour stated that at the end of each fiscal year, the Board requires that the District's Auditor perform a financial audit of the District's operations. As a result of the audit and in consultation with the Auditor, the District may be compelled to amend its books pursuant to fiscal policy, state and/or local law. The General Manager requested that the Board direct the General Manager to amend the 2021-2022 Budget, if necessary, based on consultation with the Auditor, and report any changes to the Board for review.

The General Manager did not anticipate that the District would be compelled to amend its books pursuant to fiscal policy, state and/or local law after the end of the fiscal year because of the audit or in consultation with the Auditor.

Daniel L. Krienke moved that the Board direct the General Manager to amend the 2021-2022 budget, if necessary, based on consultation with the Auditor, and to report any changes to the Board for review. Mark Howard seconded the motion, and it was unanimously approved by the Board.

Action Agenda 3.k. - Receive report regarding employee spouse, children, and family health insurance benefits.

The General Manager reported that the Finance Committee met on August 8, 2022, to consider employee spouse, child, or family medical insurance. The committee discussed several potential options for assisting employees with medical insurance for their families. The General Manager recommended, and the committee determined, that it wished to further consider the matter and be prepared to make recommendations to the Board at a later date. The additional time necessary to develop a policy will not affect the budget the Board has adopted.

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

The General Manager reported that no Board action was necessary on compliance and contested matters before the District at this time.

Action Agenda 3.m. - Closed Session.

Executive Session - Section 551.071 of the Texas Government Code.

At 10:34 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 attorneys to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas conflicts with Chapter 551. Daniel L. Krienke seconded the motion, and it was unanimously approved by the Board.

Executive Session: At 10:42 a.m., the Board went into Executive Session. At 11:09 a.m., Harold Grall moved that the Board reconvene into regular session. Daniel L. Krienke seconded the motion, and it was unanimously approved by the Board.

The Board reconvened into regular session at 11:10 a.m.

Action Agenda 3.n. - Consider recommendation(s) regarding matters discussed in closed session.

None.

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 in July 2022, general Well inspections, predrill inspections and post-drill well inspections completed during July 2022, and upcoming meetings and conferences. Mr. Walthour reported that the GMA-1 meeting has been moved to August 26, 2022, instead of August 19, 2022.

Casey Tice also made a presentation to the Board on the District's online Production Reporting portal.

**Discuss Items for Future Board Meeting Agendas
and Set Next Meeting Date and Time.**

By consensus, the Board set its next regular Board meeting on September 13, 2022, at 9:00 a.m.

Discussion Agenda 4.a. - 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. Zac Yoder reported that he would not be running for re-election as Director for Precinct 1.

Discussion Agenda 4.b. - Committee Reports.

Except as stated herein, no other Committee reports were presented to the Board.

Adjournment.

There being no further business to come before the meeting, Harold Grall moved to adjourn the meeting. Zac Yoder seconded the motion, and it was unanimously approved by the Board. President Zimmer adjourned the meeting at 11:39 a.m.


Bob B. Zimmer, President


Zac Yoder, Secretary