

**MINUTES OF THE JULY 7, 2017
FINANCE AND BUDGET COMMITTEE MEETING OF
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

The Finance and Budget Committee of North Plains Groundwater Conservation District met on July 7, 2016, at 7:23 P.M. in the North Plains Groundwater Conservation District offices, 603 East First Street, Dumas, Texas. The following persons were present:

Members Present at 5:00 P.M.

Daniel Krienke, Chairman and Vice-President;
Harold Grall, President
Mark Howard, Director;
and
Justin Crownover, Director.

Staff Present during part or all of the meeting:

Steve Walthour, General Manager;
Dale Hallmark, Assistant General Manager Hydrologist/Producer Services;
Kirk Welch; Assistant General Manager Outreach;
Pauletta Rhoades Finance/Administration Manager ;
Kristen Blackwell Executive Assistant

Chairman Krienke called the meeting to order at 7:23 P.M.

The Agriculture Conservation Committee and the Property Committee met before the Finance Committee to consider district agriculture conservation programs and construction relating to district facilities. The Agriculture Committee requested keeping the same budget as the 2016-2017 budget and the Property Committee will have a list of priorities they would like to address over the next few years. The list of priorities will be presented to the board during the August 18, 2017 meeting. The General Manager will report their recommendations regarding budgetary needs for their projects in 2017-2018 that may change the preliminary budget.

The Finance and Budget Committee reviewed the general manager's draft proposed budget for FY 2017-2018 compared to FY 2016-2017 as follows:

Description	2016 - 2017 Budget	2017-2018 Draft Budget
Income		
Taxes	2,231,809.99	2,231,809.99
Penalty & Interest	8,475.46	13,664.22
Delinquent Taxes	12,841.13	12,841.13
North Plains Water CC	50,000.00	50,000.00
Refunds	2,500.00	2,500.00
Sale of Assets	0.00	0.00
Fees for District Services	110,000.00	110,000.00
Other Income	60,000.00	60,000.00
TWDB Grant - Dashboard	15,000.00	0.00
TWDB Grant	60,000.00	60,000.00
TWDB Meter Grant/Probe Grant	300,000.00	350,000.00
USDA/NRCS Grant	45,000.00	0.00
Investment Income	8,500.49	8,500.49
Dallam Co. PGMA fees	60,000.00	70,000.00
Total Income	2,964,127.07	2,969,315.83
Expenses		
Directors Expense	70,000.00	70,000.00
Personnel	1,225,788.42	1,221,997.25
Administrative	144,500.00	138,000.00
Contracted Services	114,172.65	96,671.00
Professional Fees	217,500.00	217,500.00
Technical, Communication & Utilities	123,000.00	136,000.00
Vehicle, Building, and Field Supplies	85,000.00	85,000.00
Capital Outlay	120,000.00	120,000.00
Aquifer Science	55,000.00	55,000.00
Conservation Outreach	380,000.00	480,000.00
Conservation Demo Project	245,000.00	215,000.00
North Plains WCC	104,614.00	92,614.00
Total Expense	2,884,575.07	2,927,782.25
Net Income/Expense	79,552.00	41,533.57

General Manager Steve Walthour explained that the TWDB Grant – Dashboard column is blank because the district usually does not hear until September of the current year what if any would be available so that number is expected to change. In addition, the USDA/NRCS Grant is currently in its final year so that budget item will come off next year. This year we are expecting to collect \$70,000 in Dallam Co PGMA Fees so that income has increased by \$10,000. In the expense category, Conservation Outreach has added \$100,000 for projects next year while the Conservation Demo Project and North Plains WCC expenses are reduced from the previous year.

General Manager Steve Walthour stated that taxes are expected to decrease slightly between 2017 and 2018 but nothing like the 20% decrease two years ago. Director Mark Howard asked, “is it possible to have flat budget that matches the previous year and if so, where would those cuts be made?” Steve replied that it was possible and that monies earmarked for Capital Outlay could be decreased in the event the board chose to go that route.

The Committee would like to have the 2017-2018 budget ready to propose to the board during the August 2017 board meeting.

Preliminary information from the tax collection and appraisal districts (CADs) show that the total appraised property values will slightly decrease for 2017. The table below shows the preliminary tax values as provide by the CADs.

County	2016 Certified Values	2017 Preliminary Taxable Values	2016-2017 Effective Tax Income
Dallam	855,169,183	878,091,529	290,374
Hansford	553,499,799	481,000,000	187,942
Hartley	608,135,033	610,846,828	206,493
Hutchison	122,260,040	109,335,020	54,395
Lipscomb	561,618,515	574,412,141	190,698
Moore	1,892,867,476	1,885,440,936	642,726
Ochiltree	1,427,073,011	1,282,698,964	484,565
Sherman	514,259,730	511,009,108	174,618
Total	6,534,882,787	6,332,834,526	2,231,810

The CADs have not provided their certified values yet and the above estimates will change. Those values are due in July.

In June, the board tabled the items for tax abatements in Hansford and Sherman counties proposed by Oslo Wind, LLC (“Oslo”) to explore the possibility of contracting with Oslo Wind, LLC to do a pilot which would pay the district a set fee over a ten-year period instead of taxes. APEX, principle for Oslo, provided a spreadsheet of their Pilot program proposal compared to the proposed 50% abatement. APEX proposed \$170 per Megawatt which would generate \$60,775 annual income for the District over the first ten years of the life of the project. As an alternative, Director Zimmer and Steve Walthour calculated that at \$200 per Megawatt would generate \$71,500 annual income over the same years that would be closer to the numbers in the original 50% abatement. If the district does the 10-year abatement, the estimated tax income is between \$1.5 and \$1.6 million through 2043.

North Plains Ground Water Conservation District
Abatement/PILOT Comparison

Appraised Value	Year	Depreciation	Assessment Rate	NPGCD Millage Rate	Taxes Payable- 50% Abatement	APEX Proposal Taxes Payable- \$170/MW PILOT	Alternative Proposal Taxes Payable- \$200/MW PILOT
\$488,025,000	2018	100.00%	25%	0.00034146	\$41,660.25	\$41,660.25	\$41,660.25
\$488,025,000	2019	97.81%	100%	0.00034146	\$81,495.79	\$60,775	\$71,500
\$488,025,000	2020	95.45%	100%	0.00034146	\$79,529.43	\$60,775	\$71,500
\$488,025,000	2021	92.91%	100%	0.00034146	\$77,413.08	\$60,775	\$71,500
\$488,025,000	2022	90.15%	100%	0.00034146	\$75,113.44	\$60,775	\$71,500
\$488,025,000	2023	87.18%	100%	0.00034146	\$72,638.82	\$60,775	\$71,500
\$488,025,000	2024	83.97%	100%	0.00034146	\$69,964.23	\$60,775	\$71,500
\$488,025,000	2025	80.50%	100%	0.00034146	\$67,073.01	\$60,775	\$71,500
\$488,025,000	2026	76.76%	100%	0.00034146	\$63,956.82	\$60,775	\$71,500
\$488,025,000	2027	72.71%	100%	0.00034146	\$60,582.34	\$60,775	\$71,500
\$488,025,000	2028	68.34%	100%	0.00034146	\$56,941.24	\$60,775	\$71,500
\$488,025,000	2029	63.63%	100%	0.00034146	\$106,033.68	\$106,033.68	\$106,033.68
\$488,025,000	2030	58.53%	100%	0.00034146	\$97,534.99	\$97,534.99	\$97,534.99
\$488,025,000	2031	53.03%	100%	0.00034146	\$88,369.73	\$88,369.73	\$88,369.73
\$488,025,000	2032	47.09%	100%	0.00034146	\$78,471.25	\$78,471.25	\$78,471.25
\$488,025,000	2033	40.67%	100%	0.00034146	\$67,772.90	\$67,772.90	\$67,772.90
\$488,025,000	2034	33.73%	100%	0.00034146	\$56,208.01	\$56,208.01	\$56,208.01
\$488,025,000	2035	26.25%	100%	0.00034146	\$43,743.27	\$43,743.27	\$43,743.27
\$488,025,000	2036	25.00%	100%	0.00034146	\$41,660.25	\$41,660.25	\$41,660.25
\$488,025,000	2037	25.00%	100%	0.00034146	\$41,660.25	\$41,660.25	\$41,660.25
\$488,025,000	2038	25.00%	100%	0.00034146	\$41,660.25	\$41,660.25	\$41,660.25
\$488,025,000	2039	25.00%	100%	0.00034146	\$41,660.25	\$41,660.25	\$41,660.25
\$488,025,000	2040	25.00%	100%	0.00034146	\$41,660.25	\$41,660.25	\$41,660.25
\$488,025,000	2041	25.00%	100%	0.00034146	\$41,660.25	\$41,660.25	\$41,660.25
\$488,025,000	2042	25.00%	100%	0.00034146	\$41,660.25	\$41,660.25	\$41,660.25
\$488,025,000	2043	25.00%	100%	0.00034146	\$41,660.25	\$41,660.25	\$41,660.25
Total:					\$1,617,784.32	\$1,520,826.12	\$1,628,076.12

Chairman Krienke stated he would not participate in a board vote regarding this matter due to his relationship with the Perryton project, but that he felt the numbers presented by Oslo are not accurate and that if the 50% abatement was given in ten years when no one remembers this discussion that Oslo could come back and say their values are not the same and their taxes should be less. Then we will have given them a \$600,000 tax break for ten years and not be able to collect what they proposed today in years following. Director Howard said this was a negotiation and therefore he thought the district should go back and request \$250 per mega watt hour. Directors Krienke and Grall agreed, while Director Crownover felt the District was being too hard on them. Director Grall wished to talk to people more knowledgeable about wind farms and the tax implications. In the end, the General Manager was directed to go back to Oslo and request the \$250 per megawatt hour contract and the board would discuss this further in an upcoming meeting.

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.

District's board must:

- a) Annually review its Investment Policy and investment; and
- b) Annually 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. Currently the District uses Perryton National Bank (PNB) as its primary depository as a secondary depository and for 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	\$100,000.00
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	CD	\$250,000.00	\$100,000.00
First State Bank - Spearman	Spearman	CD	\$250,000.00	\$150,000.00
Gruver State Bank	Gruver	CD	\$250,000.00	\$250,000.00
Happy State Bank	Dumas	CD	\$250,000.00	\$150,000.00
Happy State Bank	Dumas	CD	\$250,000.00	\$100,000.00
Perryton National Bank	Perryton	Primary Bank and CD	\$250,000 plus pledged securities	\$100,000.00

NPGCD Bank Accounts	Account Name	Account Number	Balance as of last reconciliation
Perryton National Bank	Main Account	337	\$977,823.35
Perryton National Bank	Default Reserve Account	116	\$11,255.00
Perryton National Bank	Interest & Sinking	256	\$100.00
First State Bank	Late Filer Fees	9005805	\$7,885.80

General Manager Steve Walthour asked the Committee if there were any other banks the Committee would like him to consider as a possible depository for District funds. Director Krienke requested Interstate Bank in Perryton be considered.

There being no further business to come before the meeting, Chairman Krienke declared the meeting adjourned at 8:37 p.m.


Harold Grall, President


Daniel L. Krienke, Vice President