

**MINUTES OF THE JUNE 20, 2017
BOARD OF DIRECTORS MEETING OF
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

The Board of Directors of North Plains Groundwater Conservation District met in regular session June 20, 2017, 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.:

Harold Grall, President;
Daniel L. Krienke, Vice-President;
Bob B. Zimmer, Secretary;
Gene Born, Director;
Zac Yoder, Director; and
Mark Howard, 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;
Casey Tice, Compliance Coordinator;
Laura West, Production Monitoring Coordinator;
Paul Sigle, Agricultural Engineer;
Odell Ward, Program Coordinator – GIS/Monitor Wells;
Shari Stanford, Natural Resource Specialist – Meter Program;
Jerry Green, Natural Resource Specialist;
Alyssa Holguin, Conservation Outreach Assistant;
Curtis Schwertner, Natural Resource Specialist;
Paige Glazner, Summer Intern; and,
Jessica Fischbacher, Summer Intern.

Others present during part or all of the meeting:

Faith Tyler, Apex Clean Energy;
Harry Snyder, Apex Clean Energy;
F. Keith Good, Attorney; and,
Ellen Orr, Paralegal.

President Grall declared a quorum present and called the meeting to order at 9:03 a.m. President Grall gave the invocation and led the pledge.

Mr. Walthour introduced Paige Glazner and Jessica Fischbacher who have been employed as Summer interns for the District. Paige is engaged to animate PowerPoint templates and to enhance the District's artwork. Jessica is engaged to assist Alyssa Holguin with District communications and outreach.

President Grall recognized Jerry Green for 5 years of District service and Steve Walthour for 10 years of District service.

1 – Public Comment

No public comments were received.

2 – Consent Agenda

The Consent Agenda was discussed by the Board and consisted of: the review and approval of the Minutes of the regular April 11, 2017 Board Meeting; the review and approval of April 10, 2017 Minutes of the Ag Committee; the review and approval of the Minutes of the April 10, 2017 Executive Committee; the review and approval of un-audited District expenditures for April 1, 2017 through May 31, 2017, including the General Manager's expense and activity report; the review and approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional services and out-of-pocket expenses from April 1, 2017 through May 31, 2017, in the amount of \$8,294.41; and the review and consideration of the Hansford County Tax Collection Contract for 2017-2018.

Bob Zimmer moved to approve the Consent Agenda. Gene Born seconded the motion and it was unanimously approved by the Board.

Action Agenda 3a - Recognize Pauletta Rhoades for twenty years of District service.

Nora Pauletta Rhoades was recognized for 20 years of outstanding District service by the Board of Directors of the District.

The following Resolution was read by the General Manager:

A RESOLUTION OF THE NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT BOARD OF DIRECTORS RECOGNIZING NORA PAULETTA RHOADES FOR DISTINGUISHED SERVICE

KNOW ALL PEOPLE BY THESE PRESENTS:

The North Plains Groundwater Conservation District ("District") serves all, or parts, of Dallam, Hansford, Hartley, Hutchison, Lipscomb, Moore, Ochiltree, and Sherman Counties in Texas;

The District's mission statement is "Maintaining our way of life through conservation, protection, and preservation of our groundwater resources";

Nora Pauletta Rhoades ("Pauletta") began employment with the District on June 2, 1997; Pauletta has always been mindful of the interests of the District and she has worked tirelessly to advance the District's administrative programs that assist in achieving the District's mission;

Pauletta is now celebrating her twentieth year as a devoted and dedicated District employee;

Therefore, the North Plains Groundwater Conservation District's Board of Directors proposes the following resolution:

BE IT RESOLVED, AND IT IS HEREBY RESOLVED, that the Board of Directors of the North Plains Groundwater Conservation District hereby acknowledges and extends its profound appreciation to Pauletta for her twenty years of exemplary and outstanding service to the North Plains Groundwater Conservation District.

Gene Born moved to adopt the Resolution as read, recognizing Nora Pauletta Rhoades for distinguished District service. Bob Zimmer seconded the motion and it was unanimously approved by the Board.

Action Agenda 3b - Board review and determination that Wells constructed during 150-day construction period, but not equipped to produce water, are properly located and constructed according to the permit.

The General Manager reported, that in April 2015, the District amended its Rules to require under District Rule 2.3.2, if a proposed Well is constructed, within the 150-day (or extended) construction period, but not equipped to produce Water, the General Manager shall, after termination of the construction period, submit the Well Permit to the Board for review and determination by formal vote if the Well is properly located and constructed according to the permit and District Rules. Thereafter, when the Well is equipped to produce Water, the permit shall then be reviewed by the Board to determine if the Well, as equipped, complies with the Rules.

Since April 2015, District staff has worked to complete the Well approval process under the old program and is now implementing District Rule 2.3.2 that the Board approved in 2015.

The General Manager submitted the Well permits listed below to the Board for review and determination by formal vote if the Wells are properly located and constructed according to the permit and District Rules for each well as follows:

| District Well No. | Date Expired | Well Class | Permitted Location | Location Drilled | Owner |
|-------------------|--------------|------------|--------------------|------------------|--------------|
| DA- 8554 | 3/26/15 | C | - 102.36094 | 36.16027 | - 102.360908 |
| DA- 9544 | 11/05/2016 | B | - 102.442 | 36.070508 | - 102.442062 |
| HA- 7739 | 07/14/2014 | C | - 102.807062 | 36.000733 | - 102.807105 |
| HA- 9206 | 03/28/2016 | D | - 102.396197 | 35.963962 | - 102.396212 |

Bob Zimmer moved that each Well listed in the above schedule is properly located and constructed according to the Well permit and District Rules. Zac Yoder seconded the motion and it was unanimously approved by the Boar.

Action Agenda 3c - Consider 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 17 Water Well Permits which are ready for Board consideration and approval. These permits, listed in the table below, represent completed Wells that have been inspected and are in compliance with District Rules. The inspections verify that the Wells were completed as required by the respective Permits, including proper Well location, Well classification, maximum yield, and proper installations of check valves and flow meters. Copies of the individual permits were presented to the Board.

| Well | Class | Qtr. | Sec. | Blk. | Sur. | NS | EW |
|---------|-------|------|------|------|----------|-------|-------|
| DA-8982 | C | NE/4 | 390 | 1-T | T&NO | 169 N | 232 E |
| DA-9009 | B | SW/4 | 57 | 2 | CSS | 294 S | 48 W |
| DA-9019 | C | NW/4 | 322 | 1-T | T&NO | 385 N | 154 W |
| DA-9020 | C | NE/4 | 322 | 1-T | T&NO | 478 N | 23 E |
| DA-9474 | B | NW/4 | 26 | 1 | BS&F | 728 N | 110 W |
| DA-9560 | B | NE/4 | 26 | 1 | BS&F | 555 N | 13 E |
| HA-9289 | C | SW/4 | 30 | 3 | B&B | 890 S | 347 W |
| HN-6288 | D | NE/4 | 45 | R | AB&M | 189 N | 340 E |
| HN-9829 | D | NW/4 | 141 | 45 | H&TC | 108 N | 770 W |
| HU-9478 | D | SE/4 | - | - | WM HEATH | 109 S | 105 E |

| | | | | | | | |
|---------|---|------|------|-----|------|-------|-------|
| LI-9383 | D | SE/4 | 1170 | 43 | H&TC | 760 S | 130 E |
| MO-9408 | B | SW/4 | 124 | 3-T | T&NO | 283 S | 21 W |
| OC-9106 | D | SE/4 | 12 | 12 | H&GN | 738 S | 120 E |
| SH-8394 | C | NE/4 | 252 | 1-T | T&NO | 393 N | 203 E |
| SH-9487 | D | SE/4 | 307 | 1-T | T&NO | 905 S | 695 E |
| SH-9822 | C | NW/4 | 6 | 2-T | T&NO | 669 N | 877 W |
| SH-9863 | C | SE/4 | 76 | 3-T | T&NO | 387 S | 337 E |

Zac Yoder moved to approve Well Permit HA-9289 on the above schedule noting that the Well is properly equipped and otherwise complies 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.

Mark Howard moved to approve all of the remaining Well Permits on the above schedule noting that the Wells are properly equipped and otherwise comply with District Rules. Bob B. Zimmer seconded the motion and it was unanimously approved by the Board.

Action Agenda 3d - *Consider Resolution and Order proposed by Oslo Wind, LLC whereby the District would elect to become eligible to participate in property tax abatements and adopt guidelines and criteria for granting property tax abatements; and consider the formal adoption of the Resolution and Order.*

Action Agenda 3e - *Consider Resolution and Order proposed by Oslo Wind, LLC ("Oslo") wherein the District approves and authorizes the execution of a tax abatement agreement with Oslo on wind turbines and related facilities and equipment proposed to be constructed and/or installed by Oslo in the Sherman County Reinvestment Zone and the Hansford County Reinvestment Zone; and consider the formal adoption of the Resolution and Order.*

Director, Daniel L. Krienke stated that he may have a conflict of interest in this matter and requested to discuss this matter with the District's general counsel.

Executive Session - *Section 551.071 of the Texas Government Code.*

At 9:23 a.m., Bob B. Zimmer moved to go into Executive Session in compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, §551.071, to obtain legal advice from its attorney. Daniel L. Krienke seconded the motion and it was unanimously approved by the Board.

Executive Session: At 9:25 a.m., the Board went into Executive Session. At 9:44 a.m., Daniel L. Krienke 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 9:46 a.m.

Faith Tyler ("Tyler") and Harry Snyder ("Snyder") of Apex Clean Energy discussed the Oslo Wind project with the Board. They reported that Apex Clean Energy is proposing to construct, operate, and maintain a wind farm ("Oslo Wind") utilizing wind-powered electric generation equipment in Hansford County and Sherman County. Apex anticipates that the overall Project will have a 357.5 MW capacity consisting of 143 GE 2.5-116 LNTE turbines, with each having a nameplate capacity of 2.5 MW. On March 27, 2017, Oslo Wind, LLC entered tax abatement agreements with Hansford and Sherman County commissioners' courts for the wind project. (It was noted that before the District can become eligible to participate in any property tax abatement, the Board must adopt

guidelines and criteria for granting property tax abatements by a resolution and order. Oslo Wind, LLC provided proposed guidelines and criteria, as well as a proposed resolution for the District to adopt to become eligible to grant ad valorem abatements.)

Tyler and Snyder stated that as part of the Oslo Wind Project:

1. Electrical connections will be installed to permit the interconnection and transmission of electricity generated by the wind turbines. In addition to the wind turbines, some or all of the following related improvements may be located in the District: an electrical substation; a transmission line to the interconnection point just north of the project site; permanent buildings and offices; office equipment and computers; anemometer towers; electrical transmission interconnects, cables, towers, spare parts, and control systems for commercial generation of electricity; fencing and other equipment as needed for safety and security and related office and control buildings; and personal property supporting the Project.

2. All of the Project's turbines and other equipment will be located within the taxing jurisdiction of the District. The Project's collector substation will be in Hansford County. The Project will interconnect into the SPP market's power grid at the substation in Gruver, Texas. An approximately 9-mile transmission line connecting the Project's collector substation to the SPP substation will be in Hansford County.

- Oslo Wind, LLC anticipates commencing construction of the Project in the first quarter of 2018 and completing construction before December 31, 2018.
- The expected area for the entire Project comprises approximately 65,320 acres, all of which are located within the District.
- The estimated taxable of Oslo Wind is approximately \$488,025,000.

3. Apex Clean Energy (Apex) is an independent renewable energy company based in Charlottesville, VA. Since its founding in 2009, Apex has become one of the fastest-growing companies in the industry. In December 2012, Apex completed development and construction of the 300 MW Canadian Hills Wind project outside Oklahoma City, and in the past two years, Apex completed construction of five wind facilities and started construction on additional projects in Illinois, Texas, and Oklahoma. Operating assets under management by Apex have grown to 1,012 MW as of the second quarter of 2016. The company has a diversified portfolio of over 12,000 MW of wind energy facilities in development around the country and owns several operating solar PV assets. The company's management team comprises experts from throughout the industry whose collective prior experience includes the development, financing, construction and operation of over \$10 billion in wind and solar energy facilities now operating in the United States.

4. Apex expects that the project will be operational for 25 years or more, and has the potential to enhance prospects for existing jobs in the construction trades.

5. Wind projects create many construction jobs but only require a small number of highly skilled technicians to operate the project once commercial operations begin. The permanent employees of a wind farm maintain and service the wind turbines, underground electrical connections, substation, and other infrastructure associated with the safe and reliable operation of the Project. Based upon Apex's extensive experience in wind development and a survey of experienced developers and operators of large scale wind projects, we find that the industry standard for ratio for permanent employment is one full-time employee for every fifteen turbines. Based on the ratio of one full-time employee for every fifteen turbines, Oslo Wind, LLC anticipates that the Project will create 15 new permanent jobs.

It was further noted by Tyler and Snyder:

TAX ABATEMENT AGREEMENT

Any tax abatement agreement shall include at least the following provisions:

1. the kind, number and location of all proposed improvements on the real property;
2. provisions allowing for reasonable access to the property for initial and intermittent inspection purposes by District employees or designated representatives to ensure improvements are made in compliance with the agreement;
3. provisions limiting the use of the property consistent with the general purpose of encouraging development or redevelopment of the area during the period of the abatement;
4. provisions for recapturing property tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided in the agreement;
5. the term of any abatement agreed to by the recipient of the abatement;
6. a requirement that the abatement recipient certify its compliance with the agreement annually to each taxing unit that is a party to the agreement; and provisions allowing the District to cancel or modify the agreement if the recipient fails to comply with the agreement.

PROPOSED ABATEMENT TERM AND ABATEMENT PERCENTAGE

"The District and Owner specifically agree that this Agreement shall provide for a property tax abatement, under the conditions set forth herein, of all District property taxes as follows:

Beginning with the January 1 of the Calendar Year after the Calendar Year in which the commercial operation of the facilities (COD) occur, and ending upon the conclusion of ten (10) full Calendar Years thereafter, the Abatement percentage of value of Eligible Property to be abated each year is fifty percent (50%)."

Following termination of the Tyler/Snyder presentation, Bob B. Zimmer moved to table this item and to move toward a pilot program of dollars per megawatt in a proportional amount to the District's tax rate and for Oslo Wind, LLC to bring an alternative tax abatement agreement to the District for its consideration. Gene Born seconded the motion and it passed by the majority vote of the Board with Daniel L. Krienke abstaining from the vote.

Action Agenda 3f - Receive Hydrology and Groundwater Resources Report 2016-2017 and compare groundwater production for 2016 to Modeled Available Groundwater.

The annual Hydrology and Groundwater Resources Report 2016-2017 was presented to the Board by Dale Hallmark which contained sections on District Boundaries, General Geology and Hydrology, Aquifer Thickness or Saturated Material, Aquifer Recharge, Inflows and Outflows (Model Run 17-008), Annual Groundwater Production and Modeled Available Groundwater, Depth to Water, Average Declines Based on Groundwater Production and Declines Observed in District Monitor Wells, Active Production Wells within the District, District Monitor Wells, 2016 District Monitor Well Locations and On-line Interactive Maps, Water Quality, 2017 Maps of Depth to Water from Land Surface, 2016 Maps of Declines (in Monitor Wells) by County and Maps of 2017 Estimated (Average) Saturated Thickness of the Ogallala Aquifer by County.

Paul Sigle presented the Annual Groundwater Production Report and the comparison of Annual Production to Modeled Available Groundwater as follows:

Groundwater Production

Over the last five years, groundwater withdrawals in the district averaged 1.7 million acre-feet per year. The eastern four counties’ (Hansford, Hutchinson, Lipscomb, and Ochiltree) groundwater production averaged 399 thousand acre-feet per year; while the western four counties’ (Dallam, Hartley, Moore, and Sherman) production averaged 1.3 million acre-feet per year. The east and west groundwater pumping averaged 23.5%, and 76.5%, respectively, of the total groundwater production. Groundwater withdrawals for 2016 in the district totaled 1.56 million acre-feet. The east counties pumped 362 thousand acre-feet (21.3%) while the west counties pumped 1.2 million acre-feet (70.8%). 2016 district-wide production is 8% below average for the past five years. The east counties are 9.33% below average and west counties are 7.47% below average.

Table 1: Groundwater Production within the District

| County | 2012 | 2013 | 2014 | 2015 | 2016 ^[A] | Average ^[B] |
|------------|-----------|-----------|-----------|-----------|---------------------|------------------------|
| Dallam | 372,000 | 399,300 | 393,700 | 297,000 | 339,200 | 360,240 |
| Hartley | 458,700 | 459,000 | 442,100 | 332,700 | 391,600 | 416,820 |
| Moore | 234,700 | 228,300 | 210,000 | 156,700 | 185,700 | 203,080 |
| Sherman | 348,100 | 346,700 | 361,400 | 251,700 | 285,300 | 318,640 |
| Hansford | 218,800 | 202,000 | 211,700 | 148,800 | 170,400 | 190,340 |
| Hutchinson | 72,300 | 69,800 | 74,000 | 57,700 | 67,600 | 68,280 |
| Lipscomb | 55,600 | 42,600 | 48,800 | 39,400 | 42,300 | 45,740 |
| Ochiltree | 109,300 | 98,300 | 106,300 | 77,400 | 81,400 | 94,540 |
| West | 1,413,500 | 1,433,300 | 1,407,200 | 1,038,100 | 1,201,800 | 1,298,780 |
| East | 456,000 | 412,700 | 440,800 | 323,300 | 361,700 | 398,900 |
| Total | 1,869,500 | 1,846,000 | 1,848,000 | 1,361,400 | 1,563,500 | 1,697,680 |

[A] 2016 Production data are provisional and subject to change.

[B] Average is an average of the last five years.

Modeled Available Groundwater

Texas Water Development Board released the Modeled Available Groundwater (MAG) to the district on April 19, 2017, in the report "GAM RUN 16-029 MAG: Modeled Available Groundwater for the Aquifers in Groundwater Management Area 1" by Rohit Ray Goswami, Ph.D., P.E. (Rohit Raj Goswami 2017). The MAG includes the Dockum, Rita Blanca, and Ogallala Aquifers for each county. The total MAG for the district ranges from 2.39 to 1.27 million acre-feet per year between 2016 and 2062. The east ranged from 848 thousand to 846 thousand acre-feet, and the west ranged from 1.54 million to 428 thousand acre-feet. The west counties had the largest decline in the MAG at 72.22% over the 50 years. The east counties only declined 0.28%.

Table 2: Modeled Available Groundwater for the Aquifers in the North Plains Groundwater Conservation District.

| County | 2016 ^[C] | 2020 | 2030 | 2040 | 2050 | 2060 | 2062 |
|--------------------------|---------------------|---------|---------|---------|---------|---------|---------|
| Dallam ^{[A][B]} | 435,583 | 401,663 | 301,393 | 239,759 | 181,074 | 127,048 | 117,442 |
| Hartley ^[A] | 440,083 | 402,386 | 276,055 | 216,814 | 158,850 | 104,696 | 95,103 |
| Moore ^[A] | 242,451 | 226,455 | 183,387 | 149,846 | 115,576 | 84,199 | 78,545 |
| Sherman ^[A] | 422,960 | 398,183 | 349,022 | 281,817 | 212,871 | 148,647 | 136,869 |
| Hansford | 275,929 | 275,016 | 272,656 | 271,226 | 270,281 | 269,589 | 269,479 |
| Hutchinson | 61,964 | 62,803 | 64,522 | 65,652 | 66,075 | 66,027 | 65,956 |
| Ochiltree | 243,725 | 243,778 | 243,932 | 244,002 | 244,051 | 244,082 | 244,085 |
| Lipscomb | 266,852 | 266,809 | 266,710 | 266,640 | 266,591 | 266,559 | 266,557 |

| | | | | | | | |
|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>West</i> | 1,541,077 | 1,428,687 | 1,109,857 | 888,236 | 668,371 | 464,590 | 427,959 |
| <i>East</i> | 848,469 | 848,406 | 847,820 | 847,520 | 846,998 | 846,257 | 846,077 |
| <i>Total</i> | 2,389,546 | 2,277,093 | 1,957,677 | 1,735,756 | 1,515,369 | 1,310,847 | 1,274,036 |

[A] Counties with the Dockum Aquifer included in their MAG.

[B] Counties with the Rita Blanca Aquifer included in their MAG.

[C] 2016 numbers are based on second-order polynomial trendlines.

Conditions to Reduce Allowable Annual Production

The District's Rules, adopted on April 14, 2015, provide a method to determine if the Board of Directors should consider a reduction in the Allowable Annual Production Limit. Rule 8.4 states:

"Conditions to Reduce Allowable Annual Production: The Allowable Annual Production limit shall be reduced so as to achieve the DFC if the average Annual production in a Management Zone exceeds the average MAG amount for the first-Year cycle." (North Plains Groundwater Conservation District 2015)

For 2014 through 2016, the average production did not exceed the average MAG in either management zone. The west zone had 389 thousand acre-feet remaining and the east zone had 473 thousand acre-feet remaining. The MAG did not indicate a reduction in the Allowable Annual Production Limit is required in-order to achieve the DFC.

| <i>Modeled Available Groundwater</i> | | | | | |
|--------------------------------------|-------------|-------------|-------------|----------------|---------------------------------|
| <i>Management Zone</i> | <i>2014</i> | <i>2015</i> | <i>2016</i> | <i>Average</i> | <i>Difference^[A]</i> |
| <i>West</i> | 1,604,350 | 1,572,556 | 1,541,077 | 1,572,661 | 388,650 |
| <i>East</i> | 848,527 | 848,499 | 848,469 | 848,499 | 473,261 |
| <i>Total</i> | 2,452,877 | 2,421,055 | 2,389,546 | 2,421,160 | 861,911 |

[A] The difference is calculated by taking the MAG and subtracting the average production for the observed period.

[B] MAG numbers are based on a second-order polynomial trendlines.

The Board recessed at 10:45 a.m. and reconvened at 10:55 a.m.

Action Agenda 3g - Consider final adoption of Desired Future Conditions for the Ogallala, Rita Blanca and Dockum Aquifers:

**Ogallala Aquifer
(inclusive of the Rita
Blanca Aquifer):**

At least 40 percent of volume in storage remaining in 50 years, for the period 2012-2062 collectively in Dallam, Hartley, Moore, and Sherman counties;

At least 50 percent of volume in storage remaining in 50 years, for the period 2012-2062 collectively in Hansford, Lipscomb, and Ochiltree counties and that portion of Hutchinson County within North Plains GCD;

Dockum Aquifer:

At least 40 percent of the available drawdown remaining in 50 years for the period 2012-2062 collectively for Dallam, Hartley, Moore, and Sherman counties.

The General Manager stated that on December 16, 2016, the GMA 1 Districts provided the TWDB with the desired future conditions (DFCs) of the Ogallala Aquifer (inclusive of the Rita Blanca Aquifer) and the Dockum Aquifer adopted by the groundwater conservation districts in Groundwater Management Area 1 (GMA 1) on November 2, 2016.

The DFCs for the aquifers in GMA 1, were presented to the Board in Resolution No. 2016-2.

On April 19, 2017, the Executive Director declared that the desired future condition package submitted by the Groundwater Management Area 1 Joint Planning Committee was administratively complete and provided the modeled available groundwater (MAG) for the aquifers in GMA 1. Each district shall adopt the desired future condition for the aquifer(s) within its boundaries as soon as possible after the Texas Water Development Board's executive administrator advises that the desired future condition package submitted pursuant to §356.32 is administratively complete. Portions of the Ogallala Aquifer (inclusive of the Rita Blanca Aquifer) and the Dockum Aquifer are within the North Plains GCD's boundaries. District staff posted the ten-day notice of the District's consideration to adopt DFCs on June 9th and again on June 12th.

According the GAM RUN 16-029 MAG: Modeled Available Groundwater for the Aquifers in Groundwater Management Area 1 provided by the Executive Director, modeled available groundwater in the District by county and by decade to achieve the Ogallala DFCs are shown below. The GAM run was presented to the Board.

Ogallala Aquifer (inclusive of the Rita Blanca Aquifer) DFC of at least 40 percent of volume in storage remaining in 50 years, for the period 2012-2062 collectively in Dallam, Hartley, Moore, and Sherman counties model available groundwater expressed in acre-feet is as follows:

| County | 2020 | 2030 | 2040 | 2050 | 2060 | 2062 |
|--------------|------------------|------------------|----------------|----------------|----------------|----------------|
| Dallam | 387,471 | 287,205 | 225,573 | 166,890 | 112,864 | 103,258 |
| Hartley | 397,585 | 271,523 | 212,321 | 154,433 | 100,407 | 90,842 |
| Moore | 214,853 | 172,621 | 139,322 | 105,016 | 73,384 | 67,650 |
| Sherman | 398,056 | 348,895 | 281,690 | 212,744 | 148,552 | 136,776 |
| Total | 1,397,965 | 1,080,244 | 858,906 | 639,083 | 435,207 | 398,526 |

Ogallala Aquifer (inclusive of the Rita Blanca Aquifer) DFC of at least 50 percent of volume in storage remaining in 50 years, for the period 2012-2062 collectively in Hansford, Lipscomb, and Ochiltree counties and that portion of Hutchinson County within the District model available groundwater expressed in acre-feet is as follows:

| County | 2020 | 2030 | 2040 | 2050 | 2060 | 2062 |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Hansford | 275,016 | 272,656 | 271,226 | 270,281 | 269,589 | 269,479 |
| Hutchinson | 62,803 | 64,522 | 65,652 | 66,075 | 66,027 | 65,956 |
| Lipscomb | 266,809 | 266,710 | 266,640 | 266,591 | 266,559 | 266,557 |
| Ochiltree | 243,778 | 243,932 | 244,002 | 244,051 | 244,082 | 244,085 |
| Total | 848,406 | 847,820 | 847,520 | 846,998 | 846,257 | 846,077 |

Dockum Aquifer DFC of at least 40 percent of the available drawdown remaining in 50 years for the period 2012-2062 collectively for Dallam, Hartley, Moore, and Sherman counties model available groundwater expressed in acre-feet is as follows:

| County | 2020 | 2030 | 2040 | 2050 | 2060 | 2062 |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Dallam | 14,192 | 14,188 | 14,186 | 14,184 | 14,184 | 14,184 |
| Moore | 4,801 | 4,532 | 4,493 | 4,417 | 4,289 | 4,261 |
| Hartley | 11,602 | 10,766 | 10,524 | 10,560 | 10,815 | 10,895 |
| Sherman | 127 | 127 | 127 | 127 | 95 | 93 |
| Total | 30,722 | 29,613 | 29,330 | 29,288 | 29,383 | 29,433 |

The General Manager recommended that the Board adopt desired future conditions for the aquifers in the District consistent with Resolution No. 2016-2 as follows:

Ogallala Aquifer (inclusive of the Rita Blanca Aquifer):

- At least 40 percent of volume in storage remaining in 50 years, for the period 2012-2062 collectively in Dallam, Hartley, Moore, and Sherman counties;
- At least 50 percent of volume in storage remaining in 50 years, for the period 2012-2062 collectively in Hansford, Lipscomb, and Ochiltree counties and that portion of Hutchinson County within North Plains GCD;

Dockum Aquifer:

At least 40 percent of the available drawdown remaining in 50 years for the period 2012- 2062 collectively for Dallam, Hartley, Moore, and Sherman counties.

Gene Born moved to adopt to adopt desired future conditions for the aquifers in the District as follows:

Ogallala Aquifer (inclusive of the Rita Blanca Aquifer):

- At least 40 percent of volume in storage remaining in 50 years, for the period 2012-2062 collectively in Dallam, Hartley, Moore, and Sherman counties;
- At least 50 percent of volume in storage remaining in 50 years, for the period 2012-2062 collectively in Hansford, Lipscomb, and Ochiltree counties and that portion of Hutchinson County within North Plains GCD;

Dockum Aquifer:

At least 40 percent of the available drawdown remaining in 50 years for the period 2012- 2062, collectively, for Dallam, Hartley, Moore, and Sherman counties.

Zac Yoder seconded the motion and it was unanimously approved by the Board.

Action Agenda 3h - Consider General Manager's recommendation to amend the District's 2016-2017 budget.

The General Manager reported that he has reviewed the District 2016 – 2017 Budget. To cover possible District costs under specific budget items, the General Manager requested that the Board amend the 2016-2017 budget as follows:

| Budget Item | Current Budget Amount | Increase or (Decrease) | Proposed Budget Amount | Explanation |
|-----------------------|-----------------------|------------------------|------------------------|---|
| Personnel | 1,200,788.42 | 25,000.00 | 1,225,788.42 | Increased to address district obligations regarding joint planning and anticipated end of year expenses. |
| Administrative | 119,500.00 | 25,000.00 | 144,500.00 | Increased to address higher than expected expenses for conference and travel expenses and subscriptions and publications. |
| Contracted Services | 89,172.65 | 25,000.00 | 114,172.65 | Increased to absorb all Election Expenses and budget under this item |
| Elections | 25,000.00 | (25,000.00) | 0.00 | Discontinue separate Election Budget and roll election expenses into Contracted Services. |
| Conservation Outreach | 430,000.00 | (50,000.00) | 380,000.00 | Decreased to reflect end of year estimate. |

The above proposed budget amendments reflect no change in the District's overall budget.

Gene Born moved that the Board amend the District 2016-2017 budget as follows:

- Increase personnel budget from \$1,200,788.42 to \$1,225,788.42;
- Increase administrative budget from \$119,500.00 to \$144,500.00;

- Increase contracted services budget from \$89,172.65 to \$114,172.65;
- Delete the elections budget of \$25,000 and consolidate elections expenses under the contracted services budget; and
- Decrease conservation outreach budget from \$430,000.00 to \$380,000.00.

Daniel L. Krienke seconded the motion and it was unanimously approved by the Board.

Action Agenda 3i -

Consider action to approve TML-IEBP re-rate notice and benefit verification for Health Insurance.

The General Manager reported to the Board that the District provides health insurance to its employees through the Texas Municipal League Intergovernmental Employee Benefits Pool (TML). TML forwarded to the District a re-rate notice and benefit verification form for Employee Health Benefits guaranteed until October 1, 2018. A re-rate notice is used to set new rates for employee and dependent coverage. TML new rates for Fiscal Year 2017-2018 will increase 15% for medical coverage for the upcoming year. The new proposed monthly rates are as follows:

| TML | | | | |
|----------|--------------|-------------|------------|--------|
| | Current Rate | New Rate | Difference | |
| Employee | \$ 496.64 | \$ 571.14 | \$ | 74.50 |
| Spouse | \$ 659.70 | \$ 758.66 | \$ | 98.96 |
| Child | \$ 335.38 | \$ 385.70 | \$ | 50.32 |
| Family | \$ 949.34 | \$ 1,091.74 | \$ | 142.40 |

The District pays for each full-time employee's portion of the medical benefit, life, vision, dental premiums and a monthly administrative fee for the HRA or FSA plan. In addition to the medical benefit, the monthly costs for the other parts of the health plan are as follows:

| | |
|---------------|---------|
| Dental | \$37.64 |
| Vision | \$9.00 |
| Life and AD&D | \$0.225 |

Each employee can elect to have the costs for insuring their spouse, child or family from their paycheck.

As part of the general manager's review, the district received a quote for insurance through Blue Cross. Below shows the difference in cost between TML's new rerate and a Blue Cross policy comparable to what the District currently has.

| | Blue Cross Rate | TML New Rate | Difference | |
|----------|-----------------|--------------|------------|----------|
| Employee | 889.53 | \$ 571.14 | \$ | (318.39) |
| Spouse | 889.53 | \$ 758.66 | \$ | (130.87) |
| Family | 889.53 | \$ 385.70 | \$ | (503.83) |

The General Manager presented the TML re-rate notice and benefit verification form.

The General Manager requested that the Board review and approve the TML re-rate notice and benefit verification.

Gene Born moved to approve the TML rerate notice and benefit verification form and provide input regarding the District's Health insurance. Zac Yoder seconded the motion and it was unanimously approved by the Board.

Action Agenda 3j -**Consider action to develop 2017-2018 District Budget.**

Each year the Board prepares and adopts a budget and sets a tax rate for the following year. The general manager's draft proposed budget for FY 2017-2018 compared to FY 2016-2017 is 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 | 250,000.00 |
| 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 | 2,869,315.83 |
| 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 | 380,000.00 |
| Conservation Demo Project | 245,000.00 | 215,000.00 |
| North Plains WCC | 104,614.00 | 92,614.00 |
| Total Expense | 2,884,575.07 | 2,827,782.25 |
| Net Income/Expense | 79,552.00 | 41,533.57 |

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. The general manager requested that the Board set committee meetings for the Executive Committee, Finance Committee, Property Committee and the Agriculture Committee to review the budget and determine what modifications the committees will recommend to the Board before the next anticipated Board meeting on July.

By consensus, the Board set Committee meetings on July 6, 2017, in the District offices:

4:00 p.m. – District Property Committee;
5:30 p.m. – District Ag Committee; and,
7:00 p.m. – District Budget and Finance Committee.

Action Agenda 3k - *Consider order allowing discounts in Lipscomb County from the amount of 2017 ad valorem tax due if paid before January.*

The General Manager reported that the District allows county tax collectors and assessors upon request, to offer discounts from the ad valorem taxes due if the taxes are paid before January, to encourage the prompt payment of taxes. The Lipscomb County Tax Assessor/Collector has requested that the District adopt the discount policy for Lipscomb County by resolution.

A person is entitled to a discount from the amount of 2017 tax due if he or she pays the tax before January. The amount of discount shall be three percent (3%) if the tax is paid in October, two percent (2%) if the tax is paid in November, and one percent (1%) if the tax is paid in December. A Resolution and an Order was presented to the Board.

The General Manager recommended that the Board adopt the proposed Resolution and Order presented to the Board to offer discounts from the amount of 2017 ad valorem tax due in Lipscomb County, if paid before January.

Bob B. Zimmer moved to adopt the proposed Resolution and Order presented to the Board to offer discounts from the amount of 2017 ad valorem tax due in Lipscomb County, if paid before January. Gene Born seconded the motion and it was unanimously approved by the Board.

Action Agenda 3l - *Receive report regarding Aquifer Science Activities.*

Assistant Manager, Dale Hallmark, presented a report to the Board on the District's Aquifer Science programs.

Action Agenda 3m - *Receive report and consider action as needed regarding agriculture water conservation demonstration program activities and the North Plains Water Conservation Center.*

Irrigation Conservation Initiative

Assistant Manager, Kirk Welch, reported to the Board that on May 31, 2017, the Texas Water Development Board (TWDB) voted to award a grant of \$200,000 to the District for the Irrigation Conservation Initiative, which funds a cost share on soil moisture probes and other irrigation efficiency equipment. The grant, which is in response to an application submitted in February, was awarded in the category of Demonstration and Technology Transfer. The technology transfer aspect of the program will require an irrigator in the District to participate in one of the District's educational activities to qualify for the cost share. Current eligible activities include the Master Irrigator program and the 3-4-5 Project and field days. Other activities may be scheduled to provide more opportunities

to qualify. A similar request for an additional \$200,000 was submitted in May and is expected to be reviewed in August.

The TWDB has submitted a draft contract for the program which District staff is presently reviewing.

Gene Born moved that the Board authorize the General Manager to negotiate and execute a contract with the TWDB for the May 31, 2017 grant. Daniel L. Krienke seconded the motion and it was unanimously approved by the Board.

Meter Reimbursement Program

Assistant Manager, Dale Hallmark, presented the following report to the Board:

My Hallmark stated that the District has completed the first of three of the Texas Water Development Board's meter reimbursement grants. Under the first grant the District reimbursed owners of 259 Groundwater Production Units (GPU) for 673 meters. Of the \$600,000 the grant made available, the District reimbursed \$579,806.96 or 97% of the grant. The TWDB has reimbursed the District for all the funds it has disbursed.

The contract requires the District to file an annual crop and water use report for five years and staff are working on that first report due in mid-July. Earlier in the year staff mailed a crop reporting form to program participants and have received (as of June 7) information for 214 of the 259 GPU's in the program. Staff are making phone calls and actively collecting the information to insure a complete annual report.

The District is currently operating under the second TWDB meter reimbursement grant contract and can reimburse meters purchased after April 29, 2015. This second TWDB grant contract makes \$800,400 available for the period ending December 31, 2019.

Master Irrigator

Paul Sigle presented the following report to the Board:

Mr. Sigle reported that on June 6th, the Master Irrigator Project Advisory Committee (PAC) met at the center. The committee discussed the results of the 2017 meetings, planning of the 2018 meetings, NRCS cost-sharing, and expanding conservation adoption to other producers. The committee only made minor changes to the schedule, and kept the meetings in the same time frame. At the time of the meeting, the PAC reviewed funding distributed to participants. Master Irrigator participants applied for \$230,519 for soil probes, pivot conversions, new pivots, and flow meters. The dates set for the 2018 meetings are:

- Session I: Agronomics – March 21, 2018
- Session II: Irrigation Scheduling – March 28, 2018
- Session III: Systems – April 4, 2018
- Session IV: Systems & Special Topics – April 11, 2018

Limited Applied Irrigation Assistance Program (USDA-NRCS RCPP)

Mr. Sigle also presented the following report to the Board:

Mr. Sigle stated that the Limited Applied Irrigation Assistance Program will address inefficient use of irrigation and moisture management concerns within the Ogallala aquifer by encouraging agricultural water users to leave water in the ground through adoption of on-farm water conservation strategies or improved irrigation efficiency. The proposed project will build on existing programs such as EQIP, CSP and AWEPP to address water conservation needs in the proposed region and establish an economic incentive for producers to participate in the project. Additionally, by leveraging state and local cost-share for the purchase of equipment, this project will result in enhanced adoption of

conservation equipment such as flow meters, soil moisture probes and chemigation valves.

The RCPP priority areas include High Plains UWCD, Hemphill County UWCD, Llano Estacado UWCD, Mesa UWCD, North Plains GCD, Sandy Land UWCD, and South Plains UWCD. The project's resource concerns and practices are split into two priorities, high and medium priorities. High priorities include structures for water control (587, flow meters and chemigation valves) and irrigation water management (449, soil moisture probes). Medium priorities include irrigation systems, sprinkler (442), micro irrigation systems (441), irrigation pipeline (430) and well decommissioning (351).

Project Update:

District staff met with NRCS personnel on June 15th to discuss the field work the staff will be performing for the project. Both, District staff and NRCS personnel visited a local site to observe soil probes and flow meters in operation.

North Plains Water Conservation Center

The General Manager reported that Stan Spain and Crop Production Services planted the cotton on May 16th through 17th and planted the corn on May 24th through the 26th. The planting summary for the cotton and corn was presented to the Board. Nine varieties of cotton and sixteen corn hybrids were planted. Etter Water Well installed a sand separator at the east pivot.

"3-4-5" Project

Mr. Sigle reported that the "3, 4, 5" Field Demonstrations Project are at three locations in 2017. The demonstrations also include different irrigation systems that will provide timely information for area growers to develop strategies to improve groundwater management. Corn was planted in late May.

Location 1: Harold Grall 328.

A 121-acre center pivot equipped with LEPA shroud bubblers and T-L drag lines (PMDI) in span 6. The irrigation capacity of the field is about 2.5 GPM per acre. The 3, 4, and 5 GPM levels of irrigation are conducted with both LEPA and PMDI.

Location 2: Danny Krienke.

A 240-acre center pivot equipped with LEPA shroud bubblers. 60 acres of corn is planted early and 120 acres is to be planted later, with about a 30-day split in planting. The 3, 4 and 5 GPM levels of irrigation are conducted in each planting date. The irrigation capacity of the field is 3.13 GPM per acre.

Location 3a: WCC Center Pivot.

The south half of the 110-acre east center pivot is the 3, 4 and 5 GPM per acre demonstration. The center pivot is equipped with LEPA UP-3 bubblers. The irrigation capacity of the field is 4 GPM per acre.

Location 3b: WCC SDI.

The north subsurface drip irrigation 19-acres are planted to corn. The 3, 4 and 5 GPM levels of irrigation are in zones 3, 4 and 5. Irrigation capacity is 4 GPM per acre.

The WCC west center pivot 89-acres and south SDI 18-acres are planted to cotton. Plans are to conduct 3, 4 and 5 GPM levels of SDI cotton irrigation. The WCC will also provide cotton production with center pivot LEPA shroud bubbler and SDI irrigation systems.

Location 4: Harold Grall 414.

The 120-acre center pivot is equipped with T-L drag lines (PMDI). The location is included to help develop timely information for area growers in managing and retrofitting irrigation systems. The 3, 4, and 5 GPM levels of irrigation cannot be conveniently conducted with the T-L center pivot.

AquaSpy soil probes and gypsum block soil moisture sensors will be installed in all fields and used to manage soil water levels for optimum crop yields. All fields will also utilize various remote monitoring and irrigation control systems.

**Addendum to Independent Contractor Service Agreement
Between Leon New and the District.**

The General Manager reported that the Texas Water Development Board has notified the District that the District has spent the designated funds for Leon New's services in the District's contract with the TWDB. However, the District has money budgeted in the 3-4-5 program elsewhere that it will not be spending. The General Manager requested that the Board approve increasing the maximum amounts the TWDB can reimburse the District under the Task Budget and the Expense Budget for New's services in his contract to complete the 3-4-5 program. The addendum presented will not create any additional costs for the District, but it will allow the District to get reimbursed by the TWDB for a portion of Leon New's services over a five-year period. The proposed revised budget is as follows:

Task Budget

| Task | Description | Current Budget | Revised Budget |
|-------|--|----------------|----------------|
| 1 | Site selection, equipment acquisition, and installation | \$ 92,527.77 | \$ 193,113.38 |
| 2 | Application of technologies, monitoring, and data collection | \$ 40,517.80 | \$ 84,564.12 |
| 3 | Public field days | \$ 4,310.40 | \$ 8,996.18 |
| 4 | Data analysis and review | \$ 17,816.34 | \$ 37,184.23 |
| 5 | Administration and reporting | \$ 6,827.68 | \$ 14,249.95 |
| TOTAL | | \$ 162,000.00 | \$ 338,107.86 |

Expense Budget

| Category | Current Budget | Revised Amount |
|----------------------|----------------|----------------|
| Subcontract Services | \$ 162,000.00 | \$ 338,107.86 |

Zac Yoder moved that the Board approve increasing the maximum amounts the TWDB can reimburse the District under the Task Budget and the Expense Budget for New's services in his contract as outlined above. Daniel L. Krienke seconded the motion and it was unanimously approved by the Board.

Action Agenda 3n -

Receive report regarding the 85th legislative session.

The General Manager reported that eight bills passed the Legislature that can be characterized as high importance; however, the Governor has vetoed three of those Bills. The only Bill that failed that the District considered of high importance was SB 1268 filed by Seliger. SB 1268 would have reestablished the District's originally intended maximum tax rate. The Bill passed the Senate and the House Natural Resource Committee, but was not placed on the local calendar timely enough for the House to vote. (The General Manager noted that the District had received a letter from Dr. Cliff Skiles regarding SB 1268 and that he would respond to Dr. Skiles). None of the Bills the District took an initial position to oppose passed the Legislature.

The General Manager stated that he and the general counsel will review the legislation and propose any District rule amendments, if needed, to implement the new laws.

The following are the eight Bills that passed the Legislature:

HB 2308 - The Texas Legislative Council is required to carry out a non-substantive statutory revision program. The legislation is a continuation of the program and relates to the non- substantive revision of certain local laws concerning certain special districts. North Plains GCD was one of the special districts that went through the codification process and its enabling legislation is now Chapter 8887 in the Texas Government Code. A copy of Chapter 8887 was presented to the Board.

HB 2215 - Amends the Water Code to change the desired future conditions with which a regional water planning group's regional water plan is required to be consistent from the desired future conditions adopted as of the date the Texas Water Development Board (TWDB) most recently adopted a state water plan or, at the option of the regional water planning group, established subsequent to the adoption of the most recent plan to the desired future conditions adopted as of the most recent deadline for the TWDB to adopt the state water plan or, at the option of the regional water planning group, established subsequent to the adoption of the most recent plan. H.B. 2215 changes the deadlines by which groundwater conservation districts are required to consider groundwater availability models and other data or information for a management area and propose for adoption desired future conditions for the relevant aquifers within the management area from not later than September 1, 2010, and every five years thereafter to not later than May 1, 2021, and every five years thereafter. The bill revises the timeframe for a district's compilation of a summary regarding proposed desired future conditions that addresses relevant comments received, any suggested revisions to the proposed conditions, and the basis for the revisions and the timeframe for district representatives to reconvene to review certain reports, consider any district's suggested revisions to the proposed conditions, and finally adopt the desired future conditions. The bill provides a deadline of not later than January 5, 2022, by which the desired future conditions must be approved by a resolution adopted by a two-thirds vote of all the district representatives and requires subsequent desired future conditions to be proposed and finally adopted by the district representatives before the end of each successive five-year period after that date.

HB 2377 – Creates Section. 36.1015. RULES FOR PERMITS IN BRACKISH GROUNDWATER PRODUCTION ZONES. The new section defines "designated brackish groundwater production zone," "development board" and "Gulf Coast Aquifer." Authorizes a groundwater conservation district (district) located over any part of a designated brackish groundwater production zone (designated zone) to adopt rules to govern the issuance of permits for the completion and operation of a well for the withdrawal of brackish groundwater from a designated zone and requires the district to adopt rules described by this subsection if the district receives a petition from a person with a legally defined interest in groundwater in the district. Requires the district to adopt the rules not later than the 180th day after the date the district receives the petition. North Plains is not in a designated brackish water zone. **[VETOED BY THE GOVERNOR]**

HB 2378 - Amends the Water Code to require a term regarding the period for which water may be transferred out of a groundwater conservation district under a permit to be automatically extended on or before the term's expiration to a term that is not shorter than the term of an operating permit for the production of water to be transferred that is in effect at the time of the extension and for each additional term for which that operating permit for production is renewed without a permit amendment or remains in effect. The bill establishes that a permit automatically extended as such continues to be subject to conditions contained in the permit as issued before the automatic extension. The Bill applies only to the term of a permit that expires after September 1, 2017. North Plains uses a perpetual permit so this change should not negatively affect the district. **[VETOED BY THE GOVERNOR]**

HB 3025 - Amends Section 1901.255, Occupations Code, by amending Subsection (c) and adding Subsection (c-1), as follows:

(c) Requires the landowner or other person, not later than the 180th day after the date a landowner or other person who possesses an abandoned, rather than abandoned or deteriorated, well learns of its condition, to have the well plugged or capped under standards and procedures adopted by the Texas Commission of Licensing and Regulation (TCLR).

(c-1) Requires the landowner or other person, not later than the 180th day after the date a landowner or other person who possesses a deteriorated well learns of its condition, to have the well repaired or plugged under standards and procedures adopted by TCLR.

Amends Chapter 36 to require a district to require the owner or lessee of land on which a deteriorated well is located to plug the well or repair the well sufficiently to prevent pollution of any water in this state, including groundwater. Requires the district to notify the owner or lessee of a requirement under this subsection. Authorizes any person, firm, or corporation employed by the district, if the owner or lessee fails or refuses to repair or plug the well, rather than close or cap the well in compliance with this chapter (Groundwater Conservation Districts), in accordance with district rules, not later than the 10th day after the date the owner or lessee receives the notice from the district, to go on the land and repair or plug, rather than close or cap, the well safely and securely.

Provides that reasonable expenses incurred by the district in repairing or plugging, rather than closing or capping, a well constitute a lien on the land on which the well is located.

Provides that the lien arises and attaches upon recordation in the deed records of the county where the well is located an affidavit, executed by any person conversant with the facts.

[VETOED BY THE GOVERNOR]

SB 864 - Requires that notice be provided to a GCD with jurisdiction over the groundwater whenever a surface water permit at TCEQ proposes to use groundwater as an alternate source.

TCEQ already has a procedure for providing notice during the permitting process, so this bill would simply expand the notice requirements to apply to GCDs as well.

SB 865 - Amends the Water Code to specifically authorize a groundwater conservation district's board of directors to authorize payroll disbursements by electronic direct deposit. The District believes that it already had the power to take this action.

SB 1009 - Amends the Water Code to limit the contents that a groundwater conservation district may require to be included in a well permit or permit amendment application to statutorily prescribed contents, to specify that the inclusion of such contents be as applicable under the district's rules, and to include as such content information reasonably related to an issue that a district is authorized to consider and information included in a rule of the district in effect on the date the application is submitted that specifies what information must be included in an application for a determination of administrative completeness.

Other Legislation – A bill tracking report of less important water related Bills that have been signed by the Governor was presented to the Board.

Special Legislative Session - The Governor has called a special Legislative Session to deal with issues that were not fully addressed during the Regular Session. The only issue on the list that might affect the District is the Bill which proposes to reduce the ad valorem tax rollback rate from 8 percent to 4 or 5 percent and automatically require a rollback

election if the roll back rate is proposed. Some bill versions during the regular session proposed that a rollback election be held if the effective rate exceeded a certain amount.

Action Agenda 3a -

Consider compliance matters before the District.

The General Manager reported that civil action procedures continue against a producer who defaulted on a settlement agreement for late filing by the District's legal counsel.

Mr. Walthour stated that there were twenty-one (21) late filed 2016 Production Reports from fourteen (14) producers. The Board has set a late filing fee for Production Reports that are filed after March 1, 2017 of \$50 per day per report up to ten (10) days and a \$500 set fee after March 11, 2017. A reimbursement of the fee is available if 2017 production reports are filed on or before January 15, 2018. Letters and invoices were sent on May 2, 2017 with a due date to pay fee by June 30, 2017. As of June 8, 2017, eight (8) late reports were resolved by payment of fees, installing meters in lieu of payment, or were dropped due to mitigating circumstances at the General Manager's discretion.

There were eighteen (18) potentially overproduced GPUs (Groundwater Production Units) for the 2016 production year. The Board has set fees of \$25 per acre foot over the production limit for the first offense with a requirement to install flow meters on all wells in the GPU. The fee is tripled for any subsequent offenses of overproduction on the same GPU. Letters and invoices for overproduction were sent on May 2, 2017 with a due date to pay fee and install meters on all wells on the overproduced GPU by June 30, 2017 or to possibly re-establish the GPU to resolve overproduction. As of June 8, 2017, fees were paid on thirteen (13) overproduced GPUs or resolved administratively.

Discussion Agenda 4a -

Director Reports.

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

Discussion Agenda 4c -

General Manager's Report.

Steve Walthour presented the General Manager's Report, which included information concerning upcoming meetings and conferences, the General Manager's activity summary and the District activity summary.

Discussion Agenda 4b -

Committee Reports.

None.

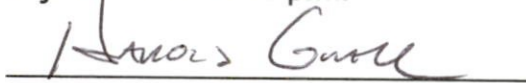
Agenda 5 -


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

By consensus, the Board set the next regular meeting at 9:00 a.m. on July 18, 2017.

Agenda 6 - Adjournment.

Director, Bob B. Zimmer, moved to adjourn the meeting. Zac Yoder seconded the motion and it was unanimously approved by the Board. President Grall declared the meeting adjourned at 12:02 p.m.


Harold Grall, President


Bob B. Zimmer