

**MINUTES OF THE MARCH 13, 2018
BOARD OF DIRECTORS MEETING OF
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

The Board of Directors of North Plains Groundwater Conservation District met in regular session March 13, 2018, 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 9:05 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;
Kirk Welch, Assistant General Manager – Outreach;
Kristen Blackwell, Executive Assistant;
Curtis Schwertner, Natural Resource Specialist; and
Julia Stanford, Conservation Outreach Specialist.

Others present during part or all of the meeting:

Dr. Charles Hillyard;
Stan Spain;
Janet Guthrie, General Manager of Hemphill County
Underground Water Conservation District;
Jim Haley, Chairman of the Board of Directors of
Hemphill County Underground Water Conservation District
F. Keith Good, Attorney; and,
Ellen Orr, Paralegal.

President, Harold Grall, declared a quorum present and called the meeting to order at 9:05 a.m. Secretary, Bob Zimmer, gave the invocation and President Grall led the pledge.

1 – Public Comment

No Public Comment was made to the Board.

Kirk Welch announced that the District was a finalist for the Texas Environmental Excellence Award as a result of The Master Irrigator program. The award ceremony will be held on May 16, 2018 in Austin, Texas.

2 – Consent Agenda

The Consent Agenda was discussed by the Board and consisted of: the review and approval of the Minutes of the regularly scheduled February 13, 2018 Board Meeting; the review and approval of un-audited District expenditures for February 1, 2018 through February 28, 2018, including the General Manager's expense and activity report; and the review and approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional services and out-of-pocket expenses from February 1, 2018 through February 28, 2018, in the amount of \$3,676.41.

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

Action Agenda 3a - Consider action to approve North Plains GCD Management Plan.

Chapter 36.1071 of the Texas Water Code requires Groundwater Conservation Districts to develop a five-year management plan that addresses certain required management goals. The District's current management plan was adopted in 2013 and expires August 29, 2018. District staff have coordinated with the Texas Water Development Board and the TWDB has completed three preliminary reviews of the District's proposed Management Plan. District staff incorporated TWDB's requirements and many of their suggestions into the plan. The TWDB had no required changes after the third review. In the February Board meeting, the Board opened the previously Proposed Management Plan for public comment. The public comment period ended on March 12, 2018.

Calendar of Events:

1. The Board proposed the District Management Plan: January 9, 2018
2. Public Management Plan Hearing: February 13, 2018
3. The District mailed or emailed copies of the proposed management plan to the Canadian River Municipal Water Authority (CRMWA), Red River Authority and Palo Duro Water District for review and comment. No comments were received.
4. Public comment period: February 14- March 12, 2018.
No comments were received.

Gene Born moved that the Board adopt the 2018 Management Plan, as amended, and that the Board adopt the following Resolution:

**BOARD RESOLUTION OF
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT
2018 REVISED GROUNDWATER MANAGEMENT PLAN**

WHEREAS, Texas Water Code, Chapter 36, Section 36.1071 requires the North Plains Groundwater Conservation District ("the District") to develop a comprehensive management plan to address specific management goals; and,

WHEREAS, the District issued Notice of the 2018 Groundwater Management Plan Hearing that was held on February 13, 2018 at 9:00 a.m. on January 17, 2018 by posting the said Notice on the District's website and by publishing the said Notice in the *Amarillo Globe News* on January 21, 2018 and January 28, 2018, respectively; and,

WHEREAS, the District also gave notice of the District's intent to propose the adoption of the 2018 Revised Groundwater Management Plan at its March 13, 2018 regular Board Meeting; and,

WHEREAS, the District held a public hearing on February 13, 2018 to receive public comment regarding the proposed 2018 Revised Groundwater Management Plan that was transcribed by Court Reporter, Dana Moreland; and,

WHEREAS, no members of the public appeared on February 13, 2018 to offer public comment regarding the proposed 2018 Revised Groundwater Management Plan

and no oral, or written, public comment has been received by the District as of March 13, 2018; and,

WHEREAS, Texas Water Code, Section 36.1071 also requires the District to identify the performance standards and management objectives under which the District will operate to achieve its management goals; and,

WHEREAS, the Board of Directors of the North Plains Groundwater Conservation District believes that the 2018 Revised Management Plan of the District reflects the best management of the groundwater for the District and meets the requirements of Section 36.1071 as applicable; and,

WHEREAS, the Board further believes that the description of activities, programs, and procedures of the District included in the Revised Management Plan provide performance standards and management goals and objectives necessary to affect the Revised Plan in accordance with Section 36.1071.

NOW, THEREFORE, BE IT RESOLVED, AND IT IS HEREBY RESOLVED, THAT the Board of Directors of the North Plains Groundwater Conservation District does hereby adopt the 2018 North Plains Groundwater Conservation District Revised Management Plan on this 13th day of March, 2018.

Bob Zimmer seconded the motion and the adoption of the Resolution and the motion was unanimously approved by the Board and the Resolution was unanimously adopted by the Board.

Action Agenda 3b - Receive Presentation by Texas AgriLife Regarding the Irrigation Dashboard Project.

The General Manager stated that the project titled "Efficient Irrigation Management via a Fully Integrated System," is intended to create and promote a solution to one of the major obstacles to adoption of conservation technologies for a total project cost of \$30,000. The contract initiating the project was signed in August of 2016.

Mr. Walthour reported that irrigated agriculture has never had more high-quality data at its disposal from specialized equipment such as soil moisture sensors, pivot monitoring and control, remote sensing technology, flow meters and on-farm weather stations. The problem is that managing all that data is time-consuming and prohibitive for many farmers. This project was designed to create an integrated system to assimilate the data from multiple sources and generate water use recommendations based on the data. The application would make precise water management much more manageable for producers, resulting in enhanced adoption of these technologies and increased conservation of the State's groundwater. This project fits hand-in-hand with the District's "The Master Irrigator" Program. The irrigating farmers participating in "The Master Irrigator" will have the opportunity to demonstrate it to promote its adoption.

The General Manager then introduced Dr. Charles Hillyer, with Texas A&M AgriLife Extension, who made a presentation to the Board of Directors about an Irrigation Scheduling dashboard.

Action Agenda 3c - Consider District Agriculture Water Conservation Demonstration Programs.

AG Committee Meeting

The General Manager discussed future demonstrations being considered by the Agriculture Committee.

On-farm Demonstration Support

The General Manager stated that he is in the process of creating a proposal for a Memorandum of Understanding with Texas A&M AgriLife for the purpose of retaining Texas A&M AgriLife under the direction of Dr. Bell, Assistant Professor, Agronomist for the District's on-farm demonstrations. Dr. Bell splits her time between Research and Extension with Texas AgriLife.

Master Irrigator Program 2018

Mr. Walthour reported that the District has 23 applicants for the Master Irrigator Program for 2018.

Master Irrigator applicants as of 3/6/18:

Willie Wieck;
Dorland Burton;
Clinton Born;
Kenton Laubhan;
Dennis Holubec;
Nathan Webb;
Dustin Sargent;
Sam Koehn;
Janet Reinart;
Frank Mininger;
Ridgel Koehn;
Linda Williams;
Dustin Borden;
Glen Green;
Everett Timmons;
Justin Ritchey;
Eddie Riggins;
Paul Breland;
Bryce Howard;
Mark Howard;
Chanda Reynolds;
Colt Reynolds; and,
Misty Williams.

Irrigation Conservation Initiative

The General Manager reported that after sending email reminders to all of the qualified growers, District staff is beginning to see some activity. The District has received one application and a proposal for review by the ag committee. More applications are expected as we approach the 2018 growing season.

Mr. Walthour stated that the ICI is made possible by grants from the Texas Water Development Board (TWDB) for the purchase of irrigation efficiency equipment. The 29 qualified growers are each entitled to apply for up to a 50% cost share on equipment. Eligible equipment includes, soil moisture probes, plant stress monitors, on-farm weather stations, well cut-off systems, telemetry, and pivot monitoring and control systems. Other

items not on this list may be cost shared at the District's discretion while funds are available.

The program is funded by two recent grants from the TWDB, totaling \$300,000. To be eligible for funding through the ICI, producers are required to attend a District approved educational program and then report certain crop and usage information pertaining to the cost-shared equipment. Attendance at one of the District's two field days qualified producers to apply for funds. Additional opportunities to qualify for the funding may be announced in the future.

Zac Yoder moved that District staff continue working to complete a proposal for a Trimble/Valley VRI system at the discretion of the Ag Committee. Mark Howard seconded the motion and it was unanimously approved by the Board.

Daniel L. Krienke moved for the District to contract with Dr. Charles Hillyer to complete and troubleshoot the dashboard project. Zac Yoder seconded the motion and it was unanimously approved by the Board.

The Board recessed at 11:49 a.m. and reconvened at 12:05 p.m.

Action Agenda 3f - Supreme Court Opinion Regarding Ad Valorem Taxation of Heavy Equipment and Compressors.

The District's General Counsel, F. Keith Good, made a PowerPoint presentation to the Board regarding the decision of the Texas Supreme Court in *EXLP, LLC, et al vs. The Galveston Central Appraisal District*.

On March 2, 2018, the Texas Supreme Court overturned the decision of the Court of Appeals for the 14th District of Texas in *EXLP Leasing, LLC and EES Leasing, LLC, Petitioners, v. Galveston Central Appraisal District, Respondent*. *EXLP Leasing, LLC, and EES Leasing, LLC* (collectively, "EXLP") are wholly owned subsidiaries of Exterran Holdings, Inc. EXLP owns and leases out compressor stations used to deliver natural gas into pipelines. Some of these compressors are in use in Galveston County ("County").

The County traditionally taxed the compressors in its jurisdiction as business-personal property based on their full market value. But the legislature overrode that practice in 2012 when it added "Leased Heavy Equipment" to a statutory formula used to appraise the value of heavy equipment held by dealers for sale. Act of May 21, 2011, 82d Leg., R.S., ch. 322, 2011 Tex. Gen. Laws 938, 938-41. Accordingly, state law now requires appraisal based on the lease revenue the compressors generated during the previous tax year divided by twelve.

The court interpreted the statute to mean that the heavy natural gas compressors are defined as heavy equipment. At this point, each of the eight county appraisal districts are estimating the refund to which the heavy compressor owners are entitled for previous years.

The General Manager stated that most of the CADs have responded to the District's request for them to provide a rough estimate on how much the District may be required to refund because of this Supreme Court decision. The District has heard back from the following:

- Dallam CAD is not involved in that lawsuit;
- Hartley CAD estimates \$11.87 and if they have the fund distribution, they will take that amount from the distribution we would receive if that is acceptable to the District;

- Hansford CAD & TAC have worked together and is estimating \$558.96 with 100% refund plus interest as a worst-case scenario;
- Ochiltree CAD reported that it is working on an estimate;
- Moore CAD and Moore TAC have provided an estimate of \$1,642.95; and
- Hutchinson CAD and Hutchinson TAC have submitted e-mails to their attorneys and will respond with estimates.

Action Agenda 3d - Consider Action to Approve Using Texas Local Governmental Investment Pools as Provided in Chapter 2256 of the Public Funds Investment Act.

The General Manager stated that the Board directs that public funds investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. The order of investment priorities are as follows:

1. Preservation and safety of principal;
2. Liquidity;
3. Yield.

Mr. Walthour reported that 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

Mr. Walthour stated that the District may invest in obligations of, or guaranteed by, governmental entities as provided in Section 2256.009(a) of the Act.

Perryton National Bank is the District's primary financial institution that provides the District's main operating account that pays 0.1 percent interest. Perryton National Bank secures District funds above \$250,000 with pledged securities of \$2,000,000. The District manages the amount of funds in the District's operating account through the purchase or sale of CDs issued by a state or national bank domiciled in Texas, or a savings and loan association domiciled in Texas. Such CDs must be guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor. The maximum allowable maturity of any authorized investment is two (2) years. The District's Board has approved a list of depositories for the District to purchase CDs. The quarterly finance report ending December 31, 2017, shows that the District has CDs in eight banks in the Panhandle with interest rates ranging from 0.50 percent to 1.25 percent interest.

The primary criteria for buying CDs has been the general manager's understanding that the Board wishes to keep District funds and investments locally. The maturity dates of the CDs are scheduled such that a CD would mature in time for use to pay the District's obligations. The General Manager looked at two other options for investing the District's funds.

The first option is an insured cash sweep account with a bank that automatically transfers amounts that exceed, or fall short of, a certain level into a higher interest-earning investment option at the close of each business day. Commonly, the excess cash is swept into money market funds. At this point, the general manager is investigating whether the District's primary depository offers a sweep account.

The second option is investing in a local government investment pool. A local government investment pool, is a state or local government pool offered to public entities for the investment of public funds. These pools are important investments tools, offering safety with a competitive yield. A common LGIP is TEXPOOL which is used locally by other governmental entities. This type of LGIP seeks to preserve principal, liquidity, and yield of capital investment consistent with the Texas Public Funds Investment Act (TPFIA). TEXPOOL, like other LGIPs, invests conservatively in U.S. government securities, repurchase agreements, and AAA-rated money market mutual funds to provide a safe, efficient, and liquid investment option. LGIPs normally pay slightly less than CDs, except currently in the Panhandle, but offer a better value than keeping funds in an interest-bearing checking account.

The Board has already authorized the General Manager as its financial officer to invest in LGIPs by authorizing investment allowed by Section 2256.009(a) of the Public Funds Investment Act. However, the Board has not approved any particular LGIP. The general manager proposed that the District continue to purchase CDs, locally up to \$1 million and place the remaining funds in a LGIP for operations during the year. At the end of the year the District can purchase additional CDs.

The General Manager recommended that the Board direct the General Manager to solicit proposals from Local Government Investment Pools allowed by Section 2256.009 of the PFIA and provide those results to the Board with a recommendation for consideration and selection of a Local Government Investment Pool.

Gene Born moved that the Board direct the General Manager to solicit proposals from Local Government Investment Pools allowed by Section 2256.009 of the PFIA and to provide those results to the Board with a recommendation for consideration and selection of a Local Government Investment Pool. Daniel L. Krienke seconded the motion and it was unanimously approved by the Board.

Action Agenda 3e - Receive Report Regarding Groundwater Production Reporting for 2017.

The General Manager reported that as of March 6, 2018, the District has received 2,849 Annual Production Reports of the 2,879 reports mailed out. 1,533 reports have been entered and processed by the District. Out of the 30 missing production reports, several reports are being resolved or are being submitted. Letters for non-filed reports will be sent to producers who were unreachable by phone or email. The remaining and corrected Conservation Reserve letters will be mailed out sometimes in April.

Bob Zimmer inquired how much banked groundwater came out of the Conservation Reserve that was not used in the five-year period. The General Manager stated that he did not know the amount of groundwater but that he would provide a report to the Board regarding the same.

Action Agenda 3g - Consider compliance matters before the District.

The General Manager reported that the Tamplin compliance matter had not been resolved. Mr. Tamplin has until March 31, 2018 to respond to the District.

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 4b - Committee Reports.

None, except as stated above.

Discussion Agenda 4c - General Manager's Report.

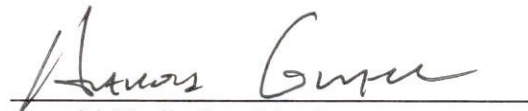
Steve Walthour presented the General Manager's Report, which included information concerning upcoming meetings and conferences, the General Manager's activity summary and the District activity summary.

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

The date and time of the next regular meeting of the Board was not set.

Agenda 6 - Adjournment.

There being no further business to come before the meeting, Gene Born moved to adjourn the meeting. Harold Grall seconded the motion and it was unanimously approved by the Board. President Grall adjourned the meeting at 1:04 p.m.


Harold Grall, President


Bob B. Zimmer, Secretary