

**MINUTES OF THE AUGUST 11, 2015
BOARD OF DIRECTORS MEETING OF
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

The Board of Directors of North Plains Groundwater Conservation District met in regular session *August 11, 2015* at 9:00 a.m. in the Conference Room of the North Plains Water Conservation Center, 6045 County Road E., Dumas, Texas 79029. The following persons were present:

Members Present at 9:04 a.m.:

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

Staff Present during part or all of the meeting:

Steve Walthour, General Manager;
Dale Hallmark, Assistant General Manager/Hydrologist;
Kirk Welch, Assistant General Manager/Outreach;
Kristen Lane, Executive Assistant;
Casey Tice, Compliance Coordinator;
Paul Sigle, Agriculture Engineer;
Odell Ward, GIS and Natural Resources Tech Lead;
Curtis Schwertner, Natural Resource Specialist; and
Lynsey Meharg, Conservation Outreach Assistant.

Others present during part or all of the meeting:

Coy Barton;
Dillon Pool;
Taylor Brown;
C. C. Sysombath, City of Amarillo;
Marty Jones;
F. Keith Good, Attorney; and,
Jessica McCallie, Attorney.

President Zimmer declared a quorum present and called the meeting to order at 9:04 a.m. Director Yoder gave the invocation. President Zimmer led the pledge.

1 – Public Comment

President Zimmer asked if there were persons present who desired to make public comments. No public comments were received.

2 – Consent Agenda

The Consent Agenda, consisting of the review and approval of the Minutes of the July 21, 2015 Board Meeting; the review and approval of District expenditures for July 1, 2015 through July 31, 2015; and considering approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional services and out-of-pocket expenses from July 1, 2015 through July 31, 2015 in the amount of \$10,731.19 was discussed by the Board. Gene Born moved to approve the Consent Agenda. Justin Crownover seconded the motion and it was unanimously approved by the Board.

Action Agenda 3a - Review and Consider Approval of Letter of Engagement for Audit and Non-Audit Services to be Performed by Coy Barton, C.P.A. for the year ended September 30, 2015.

The General Manager stated:

During the January 12, 2015 regular board meeting, the Letter of Engagement for Audit and Non-Audit Services to be performed by Barton, Brandon and Company was unanimously approved. Barton, Brandon and Company has now become Coy Barton, C.P.A. A replacement engagement letter has been submitted to the Board for approval with the name changed to Coy Barton, C.P.A. The letter submitted by Mr. Barton confirms the District's and Mr. Barton's understanding of the audit and non-audit services which the District has engaged Mr. Barton to perform. The letter provides:

- Coy Barton will be the partner in charge of all work performed by Barton, Brandon and Company.
- Coy Barton, C.P.A. will report on the audit of basic financial statements.
- Coy Barton, C.P.A will perform additional procedures enabling his firm to issue a second report in which the firm will test and report on the District's internal controls over financial reporting and the District's compliance with laws and regulations and other matters as required by *Government Auditing Standards*.

The letter also outlined the responsibilities of the North Plains Groundwater Conservation District's management in the auditing process for 2015.

Bob Zimmer moved that the Board approve the letter of engagement for Audit and Non-Audit Services to be performed by Coy Barton, C.P.A. for the District for 2014-2015. Gene Born seconded the motion and it was unanimously approved by the Board.

Action Agenda 3b - Consider Approval of Water Well Permits as Active and Complete Wells.

District staff processed 30 Water Well permits that are ready for Board consideration and approval. These permits, listed in the attached table, 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 their 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 Num	Class	Max Yield	QTR	Sec	Blk	Sur	NS	EW
DA5848	B	400	NW	54	1	B&B	132N	110W
DA7658	B	400	SE/4	32	4	CSS	865S	836E
DA7722	C	800	NW/4	34	4	CSS	179N	125W
DA7795	B	400	NW/4	67	4	CSS	100N	653W
DA7835	B	400	NE/4	73	5	CSS	103N	725W
DA7846	C	800	SE/4	9	W H Pardue	NONE	873S	204E
DA7847	C	800	NW/4	9	W H Pardue	NONE	449N	538W
DA7970	C	800	SW/4	9	W H Pardue	NONE	447S	541W
DA8367	C	800	NE/4	9	W H Pardue	NONE	353N	165W
DA8453	C	800	NW/4	71	7	CSS	856 N	279 W
HA5775	C	800	NW	36	12	CSS	435N	434W

HA6877	B	400	SW/4	43	48	H&TC	453S	488W
HA7400	B	400	NE/4	67	2	B&B	432N	455E
HA7578	C	800	SE/4	21	A1	PSL	585S	263E
HA7783	C	800	SW/4	104	4	CSS	421S	435W
HA8551	B	400	NE/4	96	2	B&B	801 N	168 E
HA8710	B	400	NE/4	M Whitley	NONE	NONE	100 N	1058 E
HA8745	C	800	SE/4	15	11	CSS	439 S	466 E
HA8746	C	800	NE/4	15	15	CSS	459 N	445 E
HA8747	C	800	NW/4	15	11	CSS	452 N	447 W
LI8537	D	1800	NE/4	952	43	H&TC	120 N	50 E
LI8538	D	1800	NE/4	987	43	H&TC	290 N	527 E
LI8539	D	1800	NE/4	1122	43	H&TC	229 N	853 E
MO6273	B	400	NE/4	347	44	H&TC	243 N	594 E
MO8775	C	800	NW/4	9	M2	NONE	110 N	101 W
MO8904	B	400	NW/4	396	44	H&TC	570 N	297 W
MO8905	B	400	NW/4	396	44	H&TC	740 N	102 W
SH7987	D	1800	NW/4	47	3T	T&NO	475N	539W
SH8061	D	1800	SE/4	95	1C	GH&H	215S	870E
SH8561	B	400	NW/4	140	1T	T&NO	368 N	107 W

Director Harold Grall moved to approve the Water Well Permits presented to the Board on the above Schedule because the Wells are properly equipped and otherwise comply with District Rules. Zac Yoder seconded the motion it was unanimously approved by the Board.

Action Agenda 3c - Consider Action to Adopt the 2015-2016 Budget.

The District's auditor, Coy Barton, provided a primer to the Board and discussed the Board's fiduciary responsibilities regarding development of the budget and setting the tax rate. Mr. Barton provided the following information to the Board:

- The governing body of a district is the board of directors;
- The board may appoint another director, the general manager, or any employee as assistant or deputy secretary to assist the secretary, and any such person shall be entitled to certify as to the authenticity of any record of the district, including but not limited to all proceedings relating to bonds, contracts, or indebtedness of the district;
- The board may employ or contract with a person to perform such services as general manager for the district as the board may from time to time specify. The board may delegate to the general manager full authority to manage and operate the affairs of the district subject only to orders of the board;
- The board shall prepare and approve an annual budget;
- The budget shall contain a complete financial statement, including a statement of:
 - (1) the outstanding obligations of the district;
 - (2) the amount of cash on hand to the credit of each fund of the district;
 - (3) the amount of money received by the district from all sources during the previous year;

- (4) the amount of money available to the district from all sources during the ensuing year;
 - (5) the amount of the balances expected at the end of the year in which the budget is being prepared;
 - (6) the estimated amount of revenues and balances available to cover the proposal budget;
 - (7) the estimated tax rate or fee revenues that will be required;
 - (8) the annual budget may be amended on the board's approval;
- The annual budget may be amended on the board's approval;
 - Creating a budget and adopting a property tax rate to support that budget are major functions of a taxing unit's governing body;
 - If a taxing unit fails to comply with the hearing, notice or tax rate adopting process in good faith, a property owner in the taxing unit may seek an injunction to stop the taxing unit from sending tax bills until it convinces the district court that it has complied with the law;
 - The taxing unit must identify its needs and draft a budget to meet those needs. To assist the taxing unit in this process, the chief appraiser prepares and certifies to the tax assessor, by April 30 (unless the date falls on a weekend or holiday), an estimate of the taxable value of property in the taxing unit;
 - The effective tax rate is a calculated rate that would provide the taxing unit with about the same amount of revenue it received in the year before on properties taxed in both versa. If property values rise, the effective tax rate goes down and vice versa;
 - With the exception of school districts, the rollback tax rate provides the taxing unit with about the same amount of tax revenue it spent the previous year for day-to-day operations, plus an extra eight percent increase for the operations, and sufficient funds to pay debts in the coming year.
 - The Tax Code requires that the governing body adopt the tax rate no less than three days but no more than 14 days after the second public hearing. Some taxing units must republish the second notice if the tax rate is not adopted during this time period;
 - Adoption of the tax rate must be a separate item on the agenda for the meeting;
 - Tax Code Section 111.012 provides that an officer, employee, or official of a county government who refuses to comply with this subchapter commits an offense. Section 111.012 further provides that an offense under this section is a misdemeanor punishable by a fine of not less than \$100 or more than \$1,000, confinement in the county jail for not less than one month or more than one year, or by both fine and confinement.
 - Mr. Barton also emphasized to the Board the importance of the District making payroll deposits.

Steve Walthour presented the following report to the Board:

Each year the Board prepares and adopts a budget and sets a tax rate for the following year.

The 2014-2015 budget contemplated reducing the District's reserves by \$591,600.

As of August 6, 2015, the District's total assets are \$1,891,690.47. The District should realize

\$3,225,068.17 estimated income and \$3,647,375.46 estimated expenses by the end of the fiscal year. Total expenses and income should reduce reserves by \$422,307.29 to \$1,469,383.18 for this fiscal year.

The Finance and Budget Committee met on August 10, 2015.

The General Manager provided the draft budget set forth below to the committee to consider proposing to the Board for the District's fiscal year 2015-2016 budget.

The General Manager's estimated end of year (EOY) income for FY 2014-2015 compared to proposed income for FY 2015-2016 is as follows:

	Estimated FY 2014-2015 EOY	Draft FY 2015-2016 (Effective Rate)	Draft FY 2015-2016 (Roll Back Rate)
Anticipated Income			
Taxes	2,065,256.40	2,068,278.00	2,233,740.24
Penalties & Interest	10,647.60	15,050.63	15,050.63
Delinquent Taxes	13,268.74	14,081.53	14,081.53
North Plains Water Conservation Center	70,900.00	50,000.00	50,000.00
Refunds	23,461.35	2,500.00	2,500.00
Fees for District Services	118,642.00	125,000.00	125,000.00
Other Income	96,378.77	100,000.00	100,000.00
TWDB Grant 200-12 Continuation (3-4-5)	32,640.40	80,000.00	80,000.00
TWDB Grant Meters	143,772.22	400,000.00	400,000.00
TWDB Irrigation Equipment Loan	620,000.00	0.00	0.00
Investment Income	12,708.98	12,000.00	12,000.00
CIG Grant	15,891.71	0.00	0.00
Donations	1,500.00	0.00	0.00
Dallam County Untaxed Area	0.00	50,000.00	50,000.00
Total Anticipated Income	3,225,068.17	2,916,910.16	3,082,372.40

The District's projected income from all sources in FY 2015-2016 will be \$2,916,910.16, if the Board elects to establish taxes based on the effective tax rate, or \$3,082,372.40 if the Board establishes a tax rate that is consistent with the roll back rate. Assuming all budgeted funds are expended in FY 2015-2016, the District will use \$229,763.84 from its reserves if the District elects to maintain the same effective tax rate reducing the District's reserves to approximately \$1,200,000. If the Board finds it necessary to increase the tax rate to the roll back rate, then the District will use \$64,301.61 from its reserves.

In FY 2015-2016, the District should receive income from two Texas Water Development Board grants totaling \$480,000.00. The North Plains Water Conservation Center rental income from rental should be \$50,000.00 per year. Additionally, the area within Dallam County that currently does not pay taxes to the District is projected to pay approximately \$50,000.00 in Production Fees. Permitting fees are listed under Fees for District Services. The General Manager anticipates a reduction from \$150,000 to \$125,000 per-year in this category because the number of new Wells and Test Hole permits have decreased. Other income, in part, includes penalties and fees received by the District which have been proposed based on 2014-2015 EOY estimates. The North Plains Water Conservation Center should complete its irrigation equipment installation in 2015-2016. The draft proposed expense budget for FY 2015-2016 compared to the FY 2014-2015 is as follows:

	2014-2015 Budget	2014-2015 EOY	Draft 2015-2016 Budget	Explanation
Anticipated Expenses				
Director's Expense	105,000.00	82,127.44	95,000.00	Director's expenses based on fewer
Personnel	1,229,598.40	1,165,913.47	1,254,000.00	Increased to reflect 2% increase over current budget
Administrative	133,500.00	114,695.80	122,000.00	Reduced based on projected EOY
Contacted Services	96,000.00	88,429.39	81,000.00	Reduced based on projected EOY
Professional Fees	305,000.00	304,685.74	227,500.00	Reduced because of no legislative
Tech., Communication &	155,000.00	101,237.46	100,000.00	Reduced based on projected EOY
Vehicle; Bldg; Field; Supplies	125,000.00	99,847.85	100,000.00	Reduced based on projected EOY
Capital Outlay	370,000.00	286,196.50	50,000.00	Funding for property improvements
Aquifer Science	290,000.00	286,238.34	200,000.00	Decrease to reflect completion of
Conservation Outreach	441,000.00	313,678.00	540,000.00	Increased to address TWDB Meter
Conservation Demo Project	190,000.00	186,522.35	175,000.00	Reduced because no more CIG payments to Cooperators
Water Conservation Center	682,500.00	617,803.11	202,174.00	Complete installation of equipment, and payment on
Total Anticipated Expenses	4,122,598.40	3,647,375.46	3,146,674.00	

The General Manager recommended that the Finance and Budget Committee propose that the Board adopt the following budget for 2015-2016 fiscal year:

Budget Item	Amount
Director's Expense	95,000.00
Personnel	1,254,000.00
Administrative	122,000.00
Contracted Services	81,000.00
Professional Fees	227,500.00
Tech., Communication, & Utilities	100,000.00
Vehicle, Bldg, & Field Supplies	100,000.00
Capital Outlay	50,000.00
Aquifer Science	200,000.00
Conservation Outreach	540,000.00
Conservation Demo Project	175,000.00
Water Conservation Center	202,174.00
Total Expense Budget	3,146,674.00

The proposed budget for FY 2015-2016 of \$3,146,674.00 is \$ 975,924.40 less than the 2014-2015 budget.

Harold Grall, Chairman of the Finance Committee, noted that the 2015-2016 budget proposed to the Finance Committee is less than the 2014-2015 budget, but the proposed budget is still a deficit budget because of capital expenditures. Mr. Grall noted that some line items were moved into the 2014-2015 budget from the 2015-2016 budget since District expenses in 2014-2015 were under budget. Mr. Grall stated that the Finance Committee recommended that the Board adopt the proposed budget.

Gene Born moved that the Board adopt the 2015-2016 District budget proposed by the General Manager and recommended by the Finance Committee. Justin Crownover seconded the motion and it was unanimously approved by the Board.

Action Agenda 3d - Review Last Year's Tax Rate, the 2015 Effective Tax Rate and the 2015 Rollback Rate and Consider Action to Propose a New Tax Rate.

On August 6, 2015, District staff published the effective tax rate and the rollback rate in the *Amarillo Globe News* for North Plains Groundwater Conservation District. The staff also published the notice on the District's website. The notice starts the process for setting a tax rate for the District. A copy of the notice set forth below was presented to the Board. The Finance and Budget Committee met on August 10, 2015. The District is funded through ad valorem taxes, fees and grants. Ad valorem taxes are based on certified property values in the District. From year-to-year, the

certified taxable property values may increase or decrease within each county. The table below shows the certified values by county for the last four years.

County	Certified Values			
	2012	2013	2014	2015
Dallam	657,512,807	705,324,465	736,674,045	803,102,856
Hansford	640,494,348	598,011,802	629,065,320	657,620,582
Hartley	554,727,947	594,833,715	588,456,108	609,979,400
Hutchison	284,764,250	233,750,810	206,343,400	186,668,380
Lipscomb	1,110,751,947	1,217,513,558	1,219,888,949	910,776,732
Moore	2,230,479,493	2,288,939,037	2,245,567,863	2,149,580,872
Ochiltree	1,331,731,584	1,730,153,898	1,976,158,575	2,159,858,960
Sherman	699,862,530	625,571,890	665,431,950	626,051,650

Funds generated are calculated by multiplying the total taxable value of properties within the District and the tax rate set by the District. The Property Tax Rate Notice presents information about three tax rates. Last year's tax rate is the actual rate the taxing unit used to determine property taxes last year. This year's *effective* tax rate would produce the same total taxes as last year if you compare properties taxed in both years. This year's *rollback* tax rate is the highest tax rate the taxing unit can set before taxpayers can start tax rollback procedures. In each case, these rates are found by dividing the total amount of taxes by the tax base (the total value of taxable property) with adjustments as required by state law. The rates are given per \$100 of property value.

Published Notice of Tax Rate

2015 Property Tax Rates for North Plains Groundwater Conservation District

This notice concerns 2015 property tax rates for North Plains Groundwater Conservation District. It presents information about three tax rates. Last year's tax rate is the actual rate the taxing unit used to determine property taxes last year. This year's *effective* tax rate would impose the same total taxes as last year if you compare properties taxed in both years. This year's *rollback* tax rate is the highest tax rate the taxing unit can set before taxpayers can start tax rollback procedures. In each case these rates are found by dividing the total amount of taxes by the tax base (the total value of taxable property) with adjustments as required by state law. The rates are given per \$100 of property value.

Last year's tax rate:

Last year's operating taxes	General Fund
Last year's debt taxes	\$ 2,067,687
Last year's total taxes	\$ 0
Last year's tax base	\$ 2,067,687
Last year's total tax rate	\$ 8,164,928,722
	0.025324/\$100

This year's effective tax rate:

Last year's adjusted taxes (after subtracting taxes on lost property)	\$ 2,068,278
÷ This year's adjusted tax base (after subtracting value of new property)	\$ 7,708,971,856
= This year's effective tax rate (Maximum rate unless unit publishes notices and holds hearings.)	0.026829/\$100

This year's rollback tax rate:

Last year's adjusted operating taxes (after subtracting taxes on lost property and adjusting for any transferred function, tax increment financing, state criminal justice mandate, and/or enhanced indigent health care expenditures)	\$ 2,068,278
÷ This year's adjusted tax base	\$ 7,708,971,856
= This year's effective operating rate	0.026829/\$100
x 1.08 = This year's maximum operating rate	0.028975/\$100

= This year's total rollback rate

0.028975/\$100

Statement of Increase/Decrease

If North Plains Groundwater Conservation District adopts a 2015 tax rate equal to the effective tax rate of 0.026829 per \$100 of value, taxes will increase compared to 2014 taxes by \$ 86,516.

Schedule A

- Unencumbered Fund Balances

The following estimated balances will be left in the unit's property tax accounts at the end of the fiscal year. These balances are not encumbered by a corresponding debt obligation.

Type of Property Tax Fund	Balance
NPGCD FUNDS HELD ACCOUNT	\$500,000

This notice contains a summary of actual effective and rollback rates' calculations. You can inspect a copy of the full calculations at 603 E 1st Street, Dumas TX 79029.

Name of person preparing this notice: Steven D. Walthour, P.G.

Title: General Manager

Date prepared: August 5, 2015

For the past two tax years, the Board has elected to establish the effective rate as the tax rate which means the District has essentially not received any additional income through ad valorem taxes. In drafting the proposed budget for 2015-2016, the General Manager has reviewed the District's finances and attempted to bring the budget back in line with its income while not adversely affecting the District's conservation programs.

The General Manager recommended that the Board consider the effects of continually operating the District with a negative budget into the future.

It was noted that a decrease in the valuation of property on the tax rolls requires an increase in the effective tax rate to generate the same amount of revenue as the previous year.

Harold Grall, Chairman of the Finance Committee, discussed the Finance Committee's recommendations with the Board regarding a proposed tax rate to be adopted by the Board.

Mr. Grall stated that the projection for the District's cash reserves is \$1,200,000 at the end of the 2015-2016 year, which appears to be adequate. Therefore, it is the recommendation of the Finance Committee that the Board adopt the effective tax rate for North Plains Groundwater Conservation District's 2015 property tax rate. Mr. Grall also stated that "we need to keep this District strong – it is very important to this area."

Gene Born stated that he does not like deficit spending and if the District is to continue providing services, that he doesn't want to put the District "behind the 8-ball" and deplete reserves as much. Mr. Born stated that the roll back rate should be proposed.

Harold Grall stated that he believed it was ok to adopt the effective tax rate for this year.

Justin Crownover stated that he believes that you need to be respectful of the tax base and asked how does this Board gauge what value the Water Conservation Center and Observation Wells are to the District. Mr. Crownover also stated that the District shouldn't take in more than it has to. Mr. Crownover stated that he was ok with proposing the effective tax rate.

Bob Zimmer asked Mr. Crownover if he was stating that Observation Wells have no value to the District. Bob Zimmer explained how Observation Wells began and the value of Observation Wells to the District. Mr. Zimmer stated that net equity has to be cash for the District.

Harold Grall stated that the District is not stockpiling dollars.

Justin Crowover stated that the Observation Wells and the Water Conservation Center are the most obvious choice for budget cuts. Justin Crowover also posed a question to the Board about the value of Texas AgriLife.

The General Manager emphasized the importance of Observation Wells to the District in defending its DFCs and protecting water quality.

Bob Zimmer stated that a 5% change alarms people. Mr. Zimmer also stated that he is concerned about inflation going forward and that he is not in favor of staying at the effective tax rate.

Gene Born moved to propose a property tax rate of 0.028975 which is effectively an Eight (8) percent increase in the effective tax rate. THIS PROPOSED TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE. THIS PROPOSED TAX RATE WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$2.15.

Harold Grall seconded the motion.

Zac Yoder stated that it is difficult to propose a tax rate increase to stakeholders without establishing value for the Water Conservation Center. A tax increase would be more palatable if the District can show value for the Conservation Center.

Mark Howard stated that he believes that the District budget is achievable with just the effective tax rate and believes that adopting the effective tax rate will give the District more credibility.

Danny Krienke stated that he supports the recommendation of the Finance Committee.

Bob Zimmer stated that he is hesitant, but that he can support the effective tax rate.

President Zimmer called for a vote on the motion and the motion failed by the majority vote of the Board with Gene Born being the sole member voting in favor of the motion.

Harold Grall moved that the Board propose the effective tax rate of 0.026829 as the proposed 2015 tax rate for North Plains Groundwater Conservation District which is effectively a 0% increase in the effective tax rate. Mark Howard seconded the motion and it was unanimously approved by the Board.

The Board recessed at 10:15 a.m. and reconvened at 10:27 a.m.

Action Agenda 3e - Receive Report Regarding the District's Irrigated Agriculture 3 4 5 Demonstration Program.

Steve Walthour presented the following report to the Board:

As of August 4, 2015, the District has installed gypsum blocks at all sites and the blocks are fully functional. AquaSpy has installed all probes and all probes are fully functional. Better Harvest is collecting samples and providing reports for the fields. PivoTrac has installed all equipment and the equipment it is fully functional.

Participants are utilizing variable rate irrigation to apply 3, 4, and 5 gallons per minute per-acre in side-by-side, production-field scale demonstrations. The "3-4-5" participants are applying the techniques and technologies used in the "200-12 Project," and utilizing even more advanced individual grower remote irrigation management to demonstrate their applications under the different levels of irrigation selected for the new project.

The 3-4-5 Project consists of five different producers from this area. Harold Grall, Danny Krienke, Zac Yoder, Stan Spain and Hartley Feeders/Dennis Buss have all provided acres to perform the 3-4-5 Project. In addition to the 3-4-5 Project, the District is performing a study comparing Precision Mobile Drip Irrigation (PMDI) to LEPA.

2015 Field Days

The North Plains Water Conservation Center Summer Field Day is scheduled for August 25, 2015. The event will feature the activities taking place at the WCC including the "3-4-5" demonstrations, nutrition and water quality, seed variety demos, and technology. The meeting will start in the morning and will include several tents located at the WCC, each housing presentations on one of the areas of emphasis. As a co-sponsor of the event, the District will have control of the content of one of the tents. The District tent will focus on the "3-4-5" Project. CPS, the District's corporate partner at the field, and the District are working together to draw more producers from across the District than ever before. There is the potential that focusing on increasing attendance at this meeting could allow for scaled-down, "turn-row" type meetings across the District later in the season. No other meetings have been scheduled at this time. TWDB Director, Kathleen Jackson, has expressed an interest in coming to the District for one of its field days.

Center Update

During the afternoon of July 29th, an alarm on the variable frequency drive next to the office tripped. The alarm indicated a DC Bus Overvoltage and was tripped when the DC bus voltage exceeded approximately 820 volts for a 400 volt class drive. After consulting with the pump installer and Tex-Zac Electric, staff determined the problem could be caused by the motor short-circuiting. The pump installer is bringing a generator with a 125 horsepower variable frequency drive to test the motor. If the generator is incapable of running the motor, the problem is down the well.

Action Agenda 3f - Receive Report and Consider Action Regarding Agriculture Demonstrations and Drip Irrigation Installation at the North Plains Water Conservation Center.

A notice soliciting Requests for Proposals for installation of the drip system at the District's Water Conservation Center ("WCC") has been published for two consecutive weeks in the *Amarillo Globe News*. The deadline to receive Requests for Proposals is August 21, 2015. Leon New requested general water quality samples for drip irrigation to be run on both wells. Those samples have been taken and sent to the AgriLife lab in College Station for analysis. District legal staff is creating an agreement between Stan Spain and the District regarding the acquisition and installation of the drip irrigation system. The Request For Proposal package for this project was presented to the Board.

Bob Zimmer stated that the Ag Committee will meet on August 24, 2015 to review the Proposals to select the Proposal which will be the best value to the District.

Keith Good, General Counsel for the District, discussed Payment and Performance Bond requirements for the project, the cost for the same, and the District's goals for the project with the Board.

The drip irrigation project at the WCC has already been approved by the Board so the Ag Committee can handle the selection of the proposals with the best value to the District after the deadline for submission of Proposals expires.

Action Agenda 3g - Receive Report and Consider Action Regarding District's Development of Partnerships with the USDA

***NRCS and Texas Water Development Board to
Advance Groundwater Conservation in the District.***

Steve Walthour presented the following report to the Board:

On July 24, 2015, Danny Krienke and Steve Walthour met with Ann Mills - Deputy Under Secretary for Natural Resources and Environment and Jason Weller - Chief, NRCS through Tom Forbes. Ms. Mills has responsibility for the Natural Resources Conservation Service (NRCS). Mr. Weller has served as Chief of NRCS since July 2013. As Chief, Mr. Miller oversees programs that help protect the environment, preserve our natural resources and improve agricultural sustainability through voluntary, private-lands conservation. Mr. Miller leads a staff of more than 10,000 employees across the country and manages a budget of about \$4 billion. Both Ms. Mills and Mr. Weller well received the District's proposed Master Irrigator Program and requested additional information. Danny Krienke is scheduled to meet with Salvador Salinas, the State Conservationist, to discuss the program on August 18th.

Danny Krienke discussed the Master Irrigator Program, cost-share programs, leaving water in the ground, and incentives for doing so, with the Board. Mr. Krienke stated that the next step is to talk about funding options. Mr. Krienke stated that Greg Sokora of the NRCS is committed to this endeavor. Mr. Krienke stated that this type of project would be a shift in focus for NRCS.

The General Manager discussed the lobbying efforts which Kemp-Smith has undertaken regarding this matter with the Board.

Action Agenda 3h - Receive Report and Consider District Meter Reimbursement Program.

In July, the Board directed General counsel and staff to work on getting approval from the Texas Water Development Board to partially fund the flanges for meters. In anticipation of the TWDB approving paying for the flanges, the General Manager requested that the Board set a value for the flanges based on pipe diameter the District staff can refer to in determining the reasonable cost for such items as follows:

Estimated Complete Purchase Cost

4" ID pipe – \$70.00
6" ID Pipe – \$80.00
8" ID Pipe – \$100
10"ID Pipe – \$130
12" ID Pipe – \$150

In 2014, the Texas Water Development Board ("TWDB") entered into a contract with the District for \$600,000 to cost share flow meters for agricultural irrigation wells. The District executed a second contract in June 2015 with the TWDB for an additional \$800,000 to be passed on to producers who install new meters on their irrigation wells. In July, the TWDB notified the staff that an additional \$300,000 has been approved for the District's stakeholders. That brings the total to \$1.7 million the TWDB is providing to fund the District's metering program. The funds are awarded to the District by the TWDB on the basis that meters are an accepted and effective management tool for producers and for groundwater conservation districts.

As part of the Meter Program, the District maintains a guidance document for the program to strictly follow. The document was originally issued to staff by the General Manager on June 30, 2015. The document may be amended as needed to reflect the procedures required to administer the program.

The Meter Program guidance document was presented to the Board. The General Manager requested that the Board review the document and provide input to him regarding any amendment that the Board feels is necessary to the guidance document.

The District's General Counsel, Keith Good, addressed the Board and reported that it is the TWDB's position, that the Legislature limited the meter grant funding to 50 percent of the actual meter cost and does not authorize the grant of funds for installation, or for ancillary equipment, and thus, the flanges do not qualify for cost-share reimbursement.

Steve Walthour discussed cost-share reimbursement for replacement of flow meters with the Board.

Action Agenda 3i - Receive Report and Consider Action Regarding Compliance Matters Before the District.

One (1) outstanding late filing fee has not been resolved as of August 3, 2015. A show cause hearing was ordered by the Board at the July 21, 2015 Board meeting. All information regarding this issue has been submitted to the Producer's legal counsel at the Producer's request.

As of August 3, 2015, there are six (6) unresolved potentially overproduced 2014 Annual Production Reports.

Executive Session - Section 551.071 of the Texas Government Code.

At 11:06 a.m., Harold Grall moved to go into Executive Session in compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, §551.071 to obtain legal advice from its attorney and under §551.074 to deliberate about the salary of a key employee. Gene Born seconded the motion and it was unanimously approved by the Board.

Executive Session: At 11:07 a.m., the Board went into Executive Session. At 11:21 a.m., Director Harold Grall moved that the Board reconvene into regular session. Gene Born seconded the motion and it was unanimously approved by the Board.

The Board reconvened into regular session at 11:21 a.m.

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

By consensus, the Board set its next regular Board Meeting and any required Show Cause Hearing for 9:00 a.m. on September 15, 2015 at the Water Conservation Center.

Discussion Agenda 4b - Committee Reports.

None.

Discussion Agenda 4c - General Manager's Report.

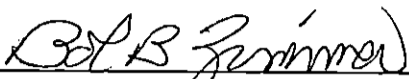
Steve Walthour presented the General Manager's Report, including information concerning upcoming meetings and conferences, the General Manager's activity summary and the District activity summary. The General Manager also discussed production reporting with the Board.

Discussion Agenda 4a - Director Reports Regarding Meetings and/or Seminars Attended, Weather Conditions and Economic Development in Each Director's Precinct.


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

Agenda 6 - Adjournment.

There being no further business to come before the meeting, Gene Born moved to adjourn the meeting. Justin Crowover seconded the motion and it was unanimously approved by the Board. President Zimmer declared the meeting adjourned at 12:21 p.m.



Bob B. Zimmer, President



Daniel L. Krienke, Secretary