

**MINUTES OF THE MAY 12, 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 May 12, 2015 at 9:00 a.m. in the Conference Room of the Hampton Inn, 2010 South Dumas Avenue, Dumas, Texas 79029. The following persons were present:

Members Present at 9:06 a.m.:

Danny Krienke, Secretary;
Gene Born, Director;
Mark Howard, Director; and
Zac Yoder, Director.

Staff Present during part or all of the meeting:

Steve Walthour, General Manager;
Kristen Lane, Executive Assistant;
Dale Hallmark, Assistant General Manager/Hydrologist;
Kirk Welch, Assistant General Manager/Outreach;
Casey Tice, Compliance Coordinator;
Paul Sigle, Agricultural Engineer; and,
Laura West, Production Monitoring Coordinator.

Others present during part or all of the meeting:

Sabrina Leven;
Ashley Handy;
Scott Clawson;
C. C. Sysombath;
F. Keith Good, Attorney;
Jessica McCallie, Attorney; and
Ellen Orr, Paralegal.

Secretary Krienke declared a quorum present and called the meeting to order at 9:06 a.m. Secretary Krienke stated that President Zimmer would be participating in the meeting, but he would be arriving at a later time and that Harold Grall would be absent. Therefore, Mr. Krienke was the acting meeting Chairman. Secretary Krienke gave the invocation and led the pledge.

1— Public Comment

Secretary Krienke asked if there were persons present who desired to make a public comment. No public comments were received.

2— Consent Agenda

The Consent Agenda, consisting of the items set forth below, was discussed by the Board:

Board Minutes for the April 14, 2015 regular meeting of the Board of Directors; review the budget and financial condition of the District for the first seven months of the 2014-2015 fiscal year; consider approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional services and out-of-pocket expenses in the amount of \$18,048.69 for April 1, 2015 through April 30, 2015; and to consider approval of Moore County Appraisal District and Hansford County Appraisal District collection contracts; review and approval of an order allowing discounts from the 2015 ad valorem tax due if paid

before January for Lipscomb County Appraisal District; and approval of the budget for the Sherman County Appraisal District.

The General Manager recommended that the approval of the Minutes of the April 14, 2015 regular Board meeting be removed from the Consent Agenda because of the absence of Board members Zimmer, Grall and Crownover.

Mark Howard moved to remove the review and approval of the Minutes of the April 14, 2015 regular Board meeting from the Consent Agenda. Gene Born seconded the motion and it was unanimously approved by the Board.

Gene Born moved to approve the remaining items on the Consent Agenda consisting of: the budget and financial condition of the District for the first seven months of the 2014-2015 fiscal year; approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional services and out-of-pocket expenses in the amount of \$18,048.69 for April 1, 2015 through April 30, 2015; approval of Moore County Appraisal District and Hansford County Appraisal District collection contracts; approval of an order allowing discounts from the amount of 2015 ad valorem tax due if paid before January for Lipscomb County Appraisal District; and approval of the budget for the Sherman County Appraisal District. Mark Howard seconded the motion and it was unanimously approved by the Board.

Action Agenda 3a - Receive report regarding groundwater production reporting for 2014.

The General Manager presented a report regarding 2014 Groundwater production reporting. Mr. Walthour stated:

As of May 5, 2015, the District has received and entered 2807 2014 Annual Production Reports. The District has processed 2807 of those reports. The District is further along than last year when it comes to entering the data because of improved processing of production reports when they are received. There are still 36 reports outstanding, but the District is working on contacting those producers to get the missing reports turned in. Below is a preliminary table showing total production numbers by county. Mr. Walthour noted that Groundwater production for Hutchinson, Ochiltree, Hansford, Lipscomb and Sherman Counties had increased for calendar year 2014.

Counties	2014 Production in Acre-Feet
Dallam	307,938.84
Dallam PGMA	83,932.29
Hansford	212,701.10
Hartley	443,206.96
Hutchinson	76,144.31
Lipscomb	48,557.67
Moore	208,173.56
Ochiltree	107,100.56
Sherman	360,887.77
Total District	1,848,643.06

North Plains Groundwater Production Compared to MAG 2010-2014

Steve Walthour: General Manager

May 12, 2015

Provisional Data Subject to Review

District Production 2007-2014 in Acre-Feet

County	Year							
	2007	2008	2009	2010	2011	2012	2013	2014
Dallam	268,667	313,451	317,441	302,561	374,733	371,965	399,272	391,871
Hanford	106,887	142,694	152,686	129,984	234,903	218,793	201,914	212,701
Hartley	312,449	364,560	387,305	401,506	519,684	458,696	458,998	443,207
Hutchinson	34,973	52,846	53,869	42,023	73,747	72,230	69,716	76,144
Lipscomb	32,710	30,832	30,242	33,826	52,003	55,572	42,519	48,558
Moore	148,159	191,409	200,220	178,336	271,684	234,688	228,297	208,174
Ochiltree	53,658	75,527	65,840	62,269	114,392	109,213	98,280	107,101
Sherman	220,530	275,128	285,571	261,608	407,265	348,012	346,685	360,888
Total	1,178,033	1,446,447	1,493,174	1,412,113	2,048,411	1,869,169	1,845,681	1,848,643

District Production 2010-2014

County	Year				
	2010	2011	2012	2013	2014
Dallam	302,561	374,733	371,965	399,272	391,871
Hansford	129,984	234,903	218,793	201,914	212,701
Hartley	401,506	519,684	458,696	458,998	443,207
Hutchinson	42,023	73,747	72,230	69,716	76,144
Lipscomb	33,826	52,003	55,572	42,519	48,558
Moore	178,336	271,684	234,688	228,297	208,174
Ochiltree	62,269	114,392	109,213	98,280	107,101
Sherman	261,608	407,265	348,012	346,685	360,888
Total	1,412,113	2,048,411	1,869,169	1,845,681	1,848,643

Area 1 (Dallam, Hartley, Moore, Sherman)

Area 1 Annual Production					
	Year				
County	2010	2011	2012	2013	2014
Dallam	302,561	374,733	371,965	399,272	391,871
Hartley	401,506	519,684	458,696	458,998	443,207
Moore	178,336	271,684	234,688	228,297	208,174
Sherman	261,608	407,265	348,012	346,685	360,888
Total	1,144,011	1,573,366	1,413,361	1,433,252	1,404,139

Area 1 MAG as a Percent of Production					
	Year				
County	2010	2011	2012	2013	2014
Dallam	135.06%	107.66%	107.06%	98.43%	98.96%
Hartley	106.69%	81.35%	90.93%	89.64%	91.57%
Moore	111.25%	72.77%	83.95%	86.00%	93.99%
Sherman	123.57%	78.84%	91.64%	91.36%	87.16%
Total Area 1	118.77%	85.48%	94.19%	91.93%	92.86%

Area 3 (Hansford, Hutchinson, Lipscomb, Ochiltree)

Area 3 Annual Production					
	Year				
County	2010	2011	2012	2013	2014
Hansford	129,984	234,903	218,793	201,914	212,701
Hutchinson	42,023	73,747	72,230	69,716	76,144
Lipscomb	33,826	52,003	55,572	42,519	48,558
Ochiltree	62,269	114,392	109,213	98,280	107,101
Total	268,102	475,045	455,808	412,429	444,504

F Area 3 MAG as a Percent of Production					
	Year				
County	2010	2011	2012	2013	2014
Hansford	218.94%	120.20%	128.03%	137.63%	129.60%
Hutchinson	145.89%	82.73%	84.07%	86.68%	78.98%
Lipscomb	858.84%	557.35%	520.35%	678.51%	592.75%
Ochiltree	432.74%	233.55%	242.52%	267.16%	243.01%
Total Area 3	337.88%	189.53%	196.33%	215.65%	198.85%

Preliminary Ogallala MAG

Ogallala	Available Groundwater (afy)						
County	2015	2020	2030	2040	2050	2060	2070
Dallam	374,126	320,050	260,256	217,828	181,448	149,518	120,618
Hansford	237,633	287,695	287,695	285,761	276,145	248,732	216,388
Hartley	512,431	313,587	255,985	219,915	188,614	159,382	131,894
Lipscomb	54,556	65,512	65,512	65,230	64,848	63,979	62,700
Moore	272,320	169,553	155,514	139,617	123,260	107,430	93,567
Ochiltree	113,834	137,816	137,816	137,792	137,289	131,600	123,301
Sherman	404,132	314,505	281,892	251,740	222,380	194,782	169,928
Hutchinson	71,685	105,961	106,900	104,653	102,365	99,456	95,575

Preliminary Dockum MAG

Dockum	Available Groundwater (afy)							Average Drawdown (ft)					
County	2015	2020	2030	2040	2050	2060	2070	2020	2030	2040	2050	2060	2070
Dallam	2,756	10,874	12,529	13,764	15,018	16,182	17,435	19	57	96	134	172	210
Hartley	2,021	41,805	49,555	54,913	59,246	62,570	65457	12	37	61	BG	111	136
Moore	1,605	3,323	4,319	4,904	5,411	5,902	5,376	5	14	24	34	43	53
Sherman	484	59	136	222	328	429	547	8	23	38	53	GB	83
Armstrong	172	10,092	12,490	13,044	12,939	12,614	12,185	5	14	23	31	38	44
Carson	137	338	509	640	754	857	950	9	26	41	54	65	75
Potter	1,472	62,371	60,828	56,717	52,477	47,990	43,917	5	15	24	31	38	44
Oldham	1,128	287,561	279,371	260,160	240,184	219,492	200,921	9	27	44	59	72	84
Randall	2,633	14,581	17,984	18,902	19,055	18,867	18,544	7	19	29	39	47	54

Preliminary Rita Blanca MAG

Rita Blanca	Available Groundwater (afy)							Average Drawdown (ft)					
County	2015	2020	2030	2040	2050	2060	2070	2020	2030	2040	2050	2060	2070
Dallam	6,202	5,793	5,302	5,071	4,860	4,770	4,642	6	15	25	34	49	51

Preliminary Rita Blanca + Ogallala + Dockum MAG

	Available Groundwater (afy)							
County	2015	2020	2030	2040	2050	2060	2065	
Dallam	374,126	336,722	278,087	236,663	201,346	170,470	142,695	
Hansford	237,633	287,695	287,695	285,761	276,145	248,732	216,388	
Hartley	512,431	355,392	305,540	274,828	247,860	221,952	197,351	
Lipscomb	54,556	65,512	65,512	65,230	64,848	63,979	62,700	
Moore	272,320	172,876	159,833	144,521	128,671	113,332	99,943	
Ochiltree	113,834	137,816	137,816	137,792	137,289	131,600	123,301	
Sherman	404,132	314,564	282,028	251,962	222,708	195,211	170,475	
Hutchinson	71,685	105,961	106,900	104,653	102,365	99,456	95,575	
Total	2,040,717	1,776,538	1,623,411	1,501,410	1,381,232	1,244,732	1,108,428	

Current MAG

County	Year					
	2010	2020	2030	2040	2050	2060
Dallam	404,607	352,474	309,076	270,317	234,813	203,491
Hansford	284,588	262,271	240,502	218,405	197,454	177,536
Hartley	424,813	368,430	319,149	276,075	238,186	205,137
Hutchinson	61,306	58,383	50,723	44,360	39,048	34,580
Lipscomb	290,510	283,794	273,836	256,406	237,765	219,100
Moore	193,001	186,154	162,142	137,321	114,658	95,490
Ochiltree	269,463	246,475	224,578	203,704	183,227	164,265
Sherman	322,683	300,908	263,747	229,122	197,480	169,172
Total	2,250,971	2,058,889	1,843,753	1,635,710	1,442,631	1,268,771

Action Agenda 3b - Receive Report and Consider Action Regarding GMA-1 and Panhandle Regional Water.

The General Manager met with Intera, and requested the initial model run as follows:

- Using the measured production in 2011 as a starting point show 40% of the aquifer in storage and saturated thickness remaining in 50 years in Dallam, Hartley, Moore and Sherman Counties for the Ogallala aquifer using the 30' above the base of the aquifer as the maximum decline limit;
- Using the measured production in 2011 as a starting point show 50% of the aquifer in storage and saturated thickness remaining in 50 years in Hansford, Hutchinson, Ochiltree, and Lipscomb Counties for the Ogallala aquifer using the 30' above the base of the aquifer as the maximum decline limit;
- For the Rita Blanca aquifer, 50% drawdown in 50 years; and
- For the Dockum aquifer, 50% drawdown in 50 years.

In the previous model, the Dockum was set to achieve an average 30 foot drawdown over the 50 year period. No model was available to separate the Rita Blanca from the Ogallala aquifer during the previous series of joint planning. Once this initial model run is completed, the District and the other members of the joint planning committee will be able to evaluate and adjust the parameters in the model for a second run.

President Zimmer arrived to participate in the meeting at 9:19 a.m.

Action Agenda 3c - Receive Report and Consider Action Regarding Agriculture Water Conservation Demonstration Program.

Paul Sigle and Steve Walthour presented the following report:

3-4-5 Project

The District's new demonstration project is in full swing with a total of seven demonstration fields. Six demonstration fields will demonstrate 3, 4 and 5 gallons per minute groundwater application for corn production. The additional field will be demonstrating T-L Irrigation's Precision Mobile Drip Irrigation. The project will consist of six producers. Danny Krienke, Harold Grall and Zachary Yoder have all committed to the project. In addition to the three Board members, the North Plains Water Conservation Center will conduct the demonstration project and Hartley Feeders, a 200-12 cooperator, will also participate in the demonstration project.

NRCS

Salvador Salinas, State Conservationist, contacted the District in April to offer his staff to assist the District in developing a proposal related to the RCPP or another CIG. The General Manager, with assistance from Danny Krienke, Leon New, and District personnel submitted a rough draft of a proposal for the master irrigator program. The General Manager plans to meet with the NRCS in the next couple of weeks. The submittal was timely because the Secretary of Agriculture has announced a new round of Regional Conservation Partnership Program applications.

TWDB

The TWDB has announced the North Plains Groundwater Conservation District has been granted an additional \$800,400.00 for its meter program. Pending successful execution of a contract, the district will obtain a total of \$1.4 million cost share from the TWDB for this program. Also, the TWDB has grant funding available for agricultural water conservation monitoring projects. Applications are due in TWDB offices by June 3, 2015, at 12:00 noon. This funding announcement includes \$329,600 available to groundwater conservation districts with eligible rules; and \$50,000 available to districts and other eligible entities for similar water monitoring projects.

Danny Krienke moved to authorize the General Manager to pursue additional agricultural water conservation monitoring project funding on behalf of the District from the TWDB in the amounts of \$329,600 and \$50,000, respectively. Gene Born seconded the motion and it was unanimously approved by the Board.

Danny Krienke moved to engage Steve Amosson to develop an Application for a Master Irrigator Program and to develop contracts for participation with entities like NRCS and to seek grant funding for the project with input from the General Manager and the Ag Committee. Mark Howard seconded the motion and it was unanimously approved by the Board.

Mr. Walthour stated that the NRCS may have for this project, \$2.8 million of cost-share money, but does not believe the cost-share money will be available to fund the engagement of Mr. Amosson for this project.

Action Agenda 3d - *Review the North Plains Groundwater Conservation District Annual Group Annuity Contract with John Hancock Life Insurance Company.*

Steve Walthour presented the following report to the Board:

Every year the Board must review the annual contract for the plan year regarding the District's retirement account investment options, investment policy, fund performance, participant demographics, fund managers and asset charges through John Hancock Life Insurance Company for the plan year. For plan year 2014, the Board should review the following:

Contract statistics, participant details, asset allocation by investment category and by age group, plan services review, fiduciary warranty review, top ten investment options,

allocation of contract assets by investment option, return and risk relative to peer group, investment returns and standard deviations, lifestyle performance, and asset charges and sub-account fees.

A copy of the plan was provided to the Board.

The General Manager recommended that the Board move to accept the investment options, investment policy, fund performance, participant demographics, fund managers and asset charges, for plan year 2014.

Gene Born moved to accept the investment options, investment policy, fund performance, participant demographics, fund managers and asset charges, for plan year 2014 from John Hancock Life Insurance Company. Zac Yoder seconded the motion and it was unanimously approved by the Board.

Action Agenda 3e - Review and Approval of District Fees for Services.

Historically, the District has charged a flat rate of \$25.00 per document to file required documents on behalf of District Producers with the respective County Clerks within its boundaries. In January 2014, all of the County Clerks revised their fee schedules to the following:

Dallam, Sherman, Moore, Lipscomb, Hartley, Hansford and Hutchinson Counties - \$26 for the first page, \$4 for each additional page; and,

Ochiltree County -\$25 for the first page, \$4 for each additional page.

For example, Property Line Spacing Easements contain a minimum of five pages for a cost of \$42 per document, plus applicable postage costs.

District staff requested that the Board modify the District's fee schedule to reflect filing fees being charged by the District at the actual cost for the filing of each document, instead of a flat fee rate.

Zac Yoder moved that the Board approve modifying the District's fee schedule to reflect filing fees being charged by the District at the actual cost for the filing of each document, instead of a flat fee rate. Gene Born seconded the motion and it was unanimously approved by the Board.

Action Agenda 3f - Receive Report and Consider Action Related to the Purchase of 607 1st Place, Dumas, Texas.

In April, the General Manager appeared before the City of Dumas Zoning Commission to request a special permit for the property located at 607 1st Place. The special permit allows the District to use the property for other than residential purposes. The Commission voted favorably to recommend the City Commission approve the permit. The City Commission will meet in May. The special permit is necessary for the District to complete the purchase of the property.

Action Agenda 3g - Receive Report and Consider Action Related to the 84th Legislative Session.

On May 4, 2015, the General Manager testified in favor of Senate Bill 2030, relating to the District's election dates before the Senate Committee on Agriculture, Water & Rural Affairs. The committee passed the bill and sent it to the Senate Calendar. The General Manager extended a special thanks to Senator Kel Seliger, who laid the Bill out for the committee. Senator Seliger was recently in a motorcycle accident and appeared before the committee in a wheel chair with his arm in a brace. On May 6th, the General Manager testified on the companion Bill before the House Committee on Natural

Resources.

Action Agenda 3h - Consider Compliance Matters Before the District.

As of May 6, 2015, six (6) 2014 Annual Production Reports had not been filed with the District. These reports were associated with four (4) producers who, as of May 6th, had no contact with the District and had not turned in, or attempted to turn in, any of their production reports. District staff, in turn, was not able to contact these producers by phone or email. Letters were sent out on April 14, 2015 requesting these producers file their reports. On April 28, 2015, certified letters were sent by the General Manager for these producers to contact the District and file the reports by May 12, 2015. As of the date of the Board Meeting, the General Manager reported that there was only one (1) 2014 Annual Production Report which had not been filed with the District.

Forty-eight (48) 2014 Annual Production Reports were filed after the March 2, 2015 due date, by twenty-six (26) producers. Certified late filing letters were sent to these producers with invoices for \$50 per day late filing fees up to ten (10) days totaling \$500 if filed after March 12, 2015 and by May 12, 2015 as previously set by the Board. It was reported that out of the forty-eight (48) Properties which filed Annual Production Reports after the March 2, 2015 due date, seventeen (17) violations have been resolved through the payment of civil penalties, installing flow meters in lieu of a civil penalty, or dismissed because of mitigating circumstances.

Seventy-two (72) 2014 Annual Production Reports filed, with any available Conservation Reserve included, were potentially over-produced. There are forty-eight (48) agents associated with these reports. Letters and invoices are being generated to send out with over production fees of \$25 per acre foot over for first offense, \$75 for the second offense and \$225 for third offense by May 18, 2015.

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 for 9:00 a.m. on July 21, 2015.

Action Agenda 3i - Closed Session.

None.

Discussion Agenda 4c - General Manager's Report.

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

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

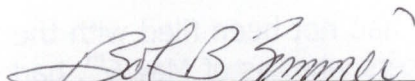
District Directors reported to the Board regarding meetings and/or seminars attended, weather conditions and economic development in each Director's precinct.

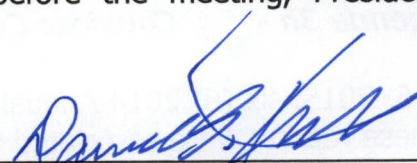
Discussion Agenda 4b - Committee Reports.

None.

Agenda 6 - Adjournment.

There being no further business to come before the meeting, President Zimmer adjourned the meeting at 10:00 a.m.


Bob B. Zimmer, President


Daniel L. Krienke, Secretary