

**MINUTES OF THE MAY 21, 2014
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 21, 2014, 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:

Gene Born; President
Danny Krienke, Director;
Harold Grall, Director;
Bob Zimmer, Secretary; and,
Justin Crownover, Director.

Staff Present during part or all of the meeting:

Steve Walthour, General Manager;
Dale Hallmark, Assistant General Manager and Hydrologist;
Kirk Welch, Assistant General Manager/Outreach
Kristen Lane, Executive Assistant;
Casey Tice, Compliance Coordinator;
Laura West, Production Monitoring Coordinator;
Pauletta Rhoades, Finance and Administration Coordinator;
Odell Ward, GIS and Natural Resource Tech Lead; and,
Paul Sigle, Agricultural Engineer.

Others present during part or all of the meeting:

Sabrina Leven;
Mick Balleys;
Ashley Handy;
Scott Clawson;
Marty Jones, Esq.;
Melissa Mead;
Brenda McKanna;
C. C. Sysmobath;
Dee Vaughn;
Steve Yoder;
Russell Williams;
Mark Howard;
Zachary Yoder;
F. Keith Good, Attorney;
Haley Rader, Attorney; and,
Ellen Orr, Paralegal.

President Born declared a quorum present and called the meeting to order at 9:06 a.m.

Director Bob Zimmer gave the invocation and President Born led the pledge.

President Born called for the canvass of the election in Precinct 1 – Dallam County, Texas and Precinct 2 – Hartley County, Texas by the District. The General Manager reported the following for the respective precincts:

Precinct 1 – Dallam County

	Brian Bezner	Zachary Yoder	Precinct Total
Total Number of Early Votes Received	55	52	107
Total Number of Election Day Votes	42	61	103
Total Votes	97	113	210

Precinct 2 – Hartley County

	Phil Haaland	Mark Howard	Precinct Total
Total Number of Early Votes Received	17	117	134
Total Number of Election Day Votes	19	69	88
Total Votes	36	186	222

Brenda McKanna, Moore County Clerk, administered the Oath of Office to: Director of Precinct 1, Dallam County, Texas, Mark Howard; Director of Precinct 2, Hartley County, Texas, Zachary Yoder; Director of Precinct 3, Sherman County, Texas, Justin Crownover; and Director of Precinct 4, Moore County, Texas, Harold Grall. Directors Mark Howard and Zachary Yoder began participation in the Board meeting after the Oath of Office was administered.

President Born asked if there were persons present who desired to make public comment. No public comment was made.

Bob Zimmer moved to approve items 2a through 2e of the Consent Agenda consisting of the review and approval of the Minutes of the regular Board of Directors Meeting of April 8, 2014; the Proposed Rule Stakeholders Meeting of April 1, 2014; the Proposed Rule Stakeholders Meeting of April 8, 2014; the Proposed Rule Stakeholders Meeting of April 9, 2014; the Proposed Rule Stakeholders Meeting of April 15, 2014; the review and approval of District expenditures for April 1, 2014 through April 30, 2014, including the General Manager's Expense and Activity Report; the report regarding the budget and financial condition of the District for the first seven months of the 2013-2014 fiscal year; the approval of payment of professional services and out-of-pocket expenses to Lemon, Shearer, Phillips & Good, P.C. in the amount of \$9,674.36 for April 1, 2014, through April 30, 2014; the approval of Moore County Appraisal District and Hansford County Appraisal District collections contracts; the approval of order allowing discounts for Lipscomb County Appraisal District; and the approval of the budget for Sherman County Appraisal District. Justin Crownover seconded the motion and the motion passed unanimously.

In 2011, the Board entered into a joint funding agreement with the USGS to use its personnel, experience and equipment to perform a district-wide high-quality overview survey of the groundwater quality in the Ogallala aquifer. Sampling was split over two years and the project concludes in May 2014. Mick Baleys presented a preliminary report to the Board of USGS's water quality findings in the Ogallala aquifer and stated that the final report should be published within the next couple of months.

The Schedule of Well Permits set forth below was presented to the Board for its review. Bob Zimmer moved to approve the Schedule of Well Permits because the Wells are properly equipped and otherwise comply with District Rules. Danny Krienke seconded the motion and it was unanimously approved by the Board.

Well	Class	MaxYield	Quarter	Section	Block	Survey	NS	EW
DA-0435	B	400	NE	31	1	CSS	422 N	436 W
DA-5744	C	800	NW	68	7	CSS	455N	448W
DA-5847	C	800	NE	49	1	B&B	55N	842E
DA-6039	B	400	NW	45	4	CSS	172N	326W
DA-7042	C	800	SE	55	47.5	H&TC	806S	101E
DA-7043	C	800	NE	54	47.5	H&TC	834N	664E
DA-7044	C	800	NE	59	47.5	H&TC	101 N	811 E
DA-7133	C	800	NW	54	47.5	H&TC	869N	268W
DA-7135	C	800	NW	55	47.5	H&TC	680N	844W
DA-7148	C	800	NE	59	47.5	H&TC	875N	100E
DA-7149	C	800	NW	59	47.5	H&TC	851 N	103 W
DA-7196	C	800	SW	120	1-T	T&NO	101S	105W
DA-7198	D	1800	NW	32	2	B&B	870 N	757 W
DA-7263	D	1800	NE	120	1-T	T&NO	284 N	104 E
DA-7266	B	400	SW	85	1-T	T&NO	6S	460W
HA-3924	C	800	NW	72	48	H&TC	872N	112W
HA-4873	D	1200	NW	292	44	H&TC	457N	224W
HA-4985	C	800	SE	37	16	CSS	258S	105E
HA-4987	C	800	SW	37	16	CSS	287S	848W
HA-5074	B	400	NW	43	13	CSS	853N	625W
HA-5131	C	800	NE	25	11	CSS	105N	607E
HA-5133	C	800	SW	27	A-1	PSL	165S	1905W
HA-5146	D	1200	NW	56	2	B&B	601N	301W
HA-5276	C	800	SW	27	A-1	PSL	66N	2288W
HA-5278	C	800	SW	25	11	CSS	436S	447E
HA-5461	C	800	NE	27	A-1	PSL	69N	579E
HA-5611	B	400	SE	67	2	B&B	876S	477E
HA-5713	C	800	NW	27	A-1	PSL	57N	544E
HA-5714	C	800	NE	37	11	CSS	434N	438E
HA-5716	C	800	SE	39	11	CSS	445S	431E
HA-5717	C	800	SW	39	11	CSS	440S	439W
HA-5718	C	800	SE	40	11	CSS	448S	447E
HA-5719	C	800	NE	39	11	CSS	453N	533E
HA-5721	C	800	NW	41	11	CSS	435N	146W
HA-5722	C	800	NW	24	A-1	PSL	260 N	413W
HA-5723	C	800	SE	49	11	CSS	462S	494E
HA-5724	C	800	SE	48	11	CSS	429S	597E
HA-5725	C	800	SW	47	11	CSS	446S	131W
HA-5726	C	800	SE	19	A-1	PSL	615S	693E
HA-5789	C	800	SE	25	A-1	PSL	810S	556E
HA-5790	C	800	NW	37	11	CSS	434N	421W
HA-5795	C	800	SW	40	11	CSS	443S	399W
HA-5801	C	800	NW	39	11	CSS	405N	280W
HA-5803	C	800	NE	22	A-1	PSL	78N	738E
HA-5804	C	800	NW	22	A-1	PSL	74N	167W
HA-5807	C	800	SW	49	11	CSS	451S	281W
HA-5809	C	800	SE	21	A-1	PSL	802S	742E
HA-5810	C	800	SW	21	A-1	PSL	802S	165W
HA-5813	C	800	NE	26	11	CSS	458N	345E
HA-5814	C	800	NW	26	11	CSS	439N	445W
HA-5816	C	800	SW	35	11	CSS	433S	455W

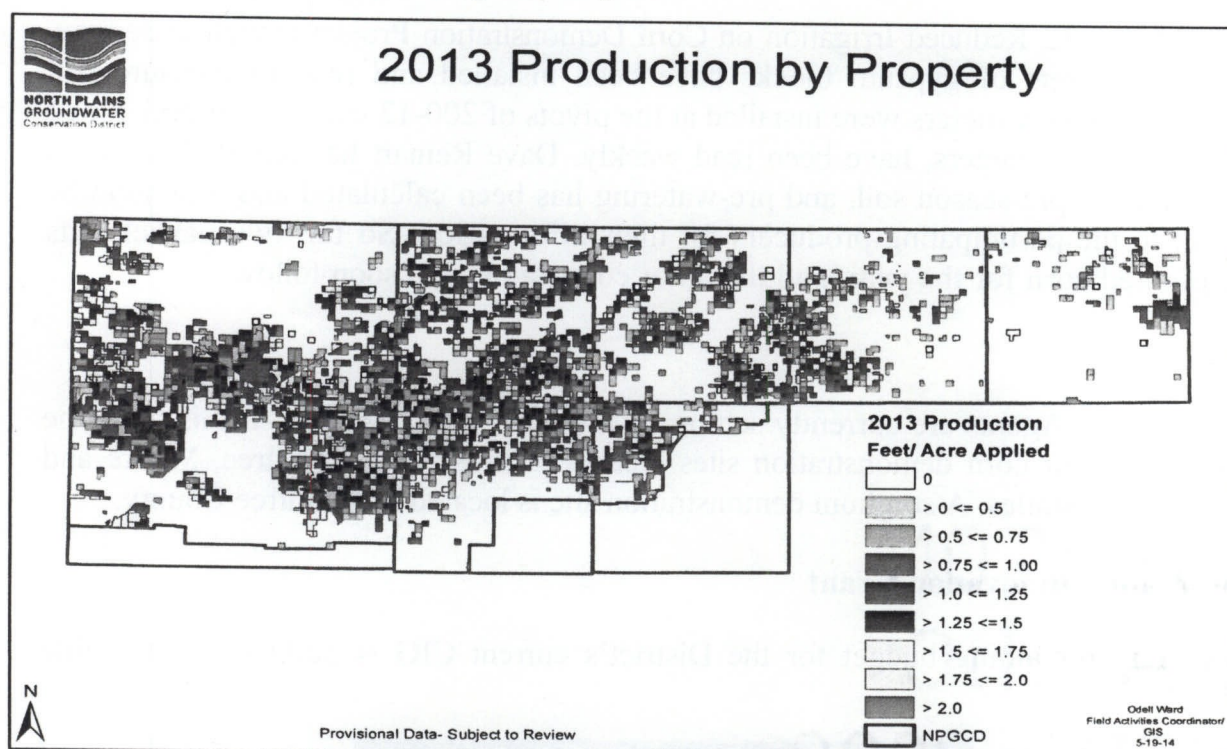
HA-6186	C	800	SW	19	A-1	PSL	155S	720W
HA-6281	C	800	SW	25	A-1	PSL	316S	568W
HA-6282	C	800	NW	27	A-1	PSL	536N	323W
HA-6284	C	800	NW	25	A-1	PSL	776N	739W
HA-6285	C	800	NE	27	A-1	PSL	471N	354E
HA-6313	C	800	NW	24	A-1	PSL	512N	26W
HA-6314	C	800	NE	24	A-1	PSL	664N	472E
HA-6316	C	800	NW	26	11	CSS	852N	673W
HA-6317	C	800	NE	26	11	CSS	859N	661E
HA-6318	C	800	NW	26	11	CSS	225N	866W
HA-6319	C	800	NW	25	A-1	PSL	550N	111W
HA-6517	C	800	SE	40	11	CSS	215S	849E
HA-6529	C	800	NE	48	11	CSS	341N	698E
HA-6530	C	800	NE	48	11	CSS	550N	89E
HA-6533	C	800	SE	48	11	CSS	36S	373E
HA-6534	C	800	SW	49	11	CSS	226S	756W
HA-6536	C	800	NW	39	11	CSS	22N	68W
HA-6537	C	800	SE	39	11	CSS	842S	670E
HA-6538	C	800	NE	39	11	CSS	550N	121E
HA-6645	C	800	NE	21	A-1	PSL	100N	837E
HA-6646	C	800	NW	21	A-1	PSL	716N	573W
HA-6648	C	800	SE	21	A-1	PSL	145S	329E
HA-6649	C	800	NW	40	11	CSS	849N	505W
HA-6664	C	800	NW	21	A-1	PSL	101N	67W
HN-5495	D	1200	NW	23	1	CIF	608N	502W
HN-6868	C	800	SE	294	2	GH&H	102S	185E
HU-6013	C	800	SE	115	5-T	T&NO	725S	102E
MO-0956	B	400	NW	98	44	H&TC	25N	25W
MO-4933	C	800	SW	202	44	H&TC	874S	697W
MO-5707	C	800	SW	9	44	H&TC	103S	885W
MO-5711	B	400	SW	154	3-T	T&NO	400S	768W
OC-6294	D	1800	NW	7	W Freeze	NONE	262N	46W
OC-6512	C	800	SE	107	13	T&NO	117S	764E
OC-6588	B	400	NW	3	JT	TWNG	352N	107W
SH-5019	C	800	SE	188	1-C	GH&H	132S	233E
SH-5363	B	400	SE	103	1-T	T&NO	104 S	565E
SH-5686	B	400	SW	8	2-B	GH&H	111S	565W
SH-5853	C	800	SW	25	3-B	GH&H	392S	441W
SH-6021	B	400	SW	109	1-T	T&NO	144 S	417 W
SH-6128	C	800	SW	149	1-C	GH&H	265S	835W
SH-6144	C	800	NE	97	1-T	T&NO	579N	25E
SH-6153	C	800	SE	412	1-T	T&NO	44S	100E
SH-6154	C	800	NE	445	1-T	T&NO	755N	100E
SH-6264	D	1200	NW	30	2	GH&H	42N	23W

The General Manager presented a report to the Board regarding 2013 Annual Production Reporting. The General Manager stated that the District is checking and entering the 2774 production reports that the District mailed to producers in December. The District has processed 2746 Production reports through May 14th. Laura has been working hard to get all of the reports checked and entered by the middle of May. On May 16, 2014 the District is scheduled to send notices to owners or their authorized agents of 109 properties that appear to have exceeded their annual authorized withdrawal amount and their available conservation reserve. These properties represent approximately 3 percent of the total properties processed so far. The notices will advise the property owners that the District's Board has set a fee for any groundwater producer exceeding the 2013 annual production limit for the first time on a property of \$25 for each acre-foot over the production limit, and additional fees for properties that exceeded the production limit more than once. Also the producer will be required to install flow meters to measure total production on the property if flow meters are not

already in place, and provide the District a management plan to achieve the District's production limitations.

In the event that the property owner could have pooled their property per guidelines set by District Rule 17 (Pooling) to avoid fees set by the Board, they will be allowed to pool their property by July 1, for 2014 and sign a settlement in which they agree to have any future poolings completed by August 1st for a current year and pool any property acquired after August 1st within 30 days of the acquisition or December 31st, whichever is earliest. Otherwise, the property owners were asked to pay the fee set per the invoice enclosed in the notice no later than August 1, 2014 and install District approved flow meters at all wells or central collection points if not already installed. If the property owner believes that the attached report is in error or the property owner wishes to examine the possibility of pooling properties to avoid the fees they are asked to contact the District no later than July 1, 2014. District staff anticipates having all reports completely processed and entered by mid-May to the end of May.

The General Manager presented a report regarding projected 2013 production and a comparison of that production to previous years.



In April, the Board held stakeholder meetings in Dalhart, Dumas, Spearman and Perryton to receive comment regarding the draft proposed rules before the Board formally proposes rules and proceeds with a rules hearing process. The District also received written comment which was presented to the Board at the meeting. The General Manager presented a draft of the Rules for discussion purposes to the Board. The Board reviewed the proposed Rules which were presented by the General Manager. The General Manager stated that he will have a report of production in the PGMA area available for the next Board meeting. Bob Zimmer asked legal counsel to research and determine whether the residents of the PGMA could hold an election to determine whether they could pay ad valorem tax to the District in lieu of production fees. Mark Howard stated that he would like to have more discussion and slow down the process on certain segments of the draft Rules. Mr. Howard stated that he had heard very little comment on Chapter 8 of the proposed Rules and that he sees the validity of it, especially if drought conditions continues for the areas. Justin Crownover stated that the majority of the constituents of the District believes we are doing things right. Bob Zimmer stated that the District has a deadline to meet its Desired Future Conditions and Chapter 8 needs to be moved forward by the Board. Mr. Zimmer stated that you cannot every tell anyone that one will not ever have to reduce their annual allowable production and that the District has to set the highest production in balance with conservation. Mr. Howard stated that his main concerns with the proposed Rules were metering and pooling. Zachary Yoder stated that he has a few concerns with the Board variance in in Rule 8.7 and felt that the Rule should reflect how much variance ability the Board shall

has. Otherwise, Mr. Yoder stated that he did not have a problem with the remainder of Chapter 8. Mr. Yoder also stated that he had heard nothing positive on proposed Rule 7.5.2.

Danny Krienke moved to add the contents of the draft of Chapter 8 to the current Rules adopted by the Board on January 15, 2013. Harold Grall seconded the motion and it was unanimously approved by the Board.

The Board recessed at 11:04 a.m. and reconvened at 11:20 a.m.

Director, Gene Born, stated that he would like to see proposed Rule 2.10 modified to preclude any perforation above the static water level when drilling a Well.

The General Manager and Paul Sigle presented the following report regarding the District's Agriculture Conservation Programs and the North Plains Water Conservation Center:

200-12

The 2014 200-12 Reduced Irrigation on Corn Demonstration Project is well underway. All but three sets of gypsum blocks have been installed and read to measure soil moisture. Five new meters were installed at the pivots of 200-12 cooperators and, along with the existing meters, have been read weekly. Dave Reinart has reported twice on fertility for the pre-season soil, and pre-watering has been calculated and will soon be sent out to the participating producers for their information. So far, two participants have planted corn for the year, and the other cooperators will soon follow.

EPIC

The Extension Agents are currently setting up the 2014 EPIC Project. At this time, the agents have four corn demonstration sites located in Lipscomb, Ochiltree, Moore and Hutchinson Counties. A sorghum demonstration site is located in Ochiltree County.

Conservation Innovation Grant

The current remaining budget for the District's current CIG is outlined in the table below.

		NPGCD		TTU		Total Cost	
		Cost	Percent Remaining	Cost	Percent Remaining	Cost	Percent Remaining
a.	Personnel	\$ -		\$ -	100.00%	\$ -	100.00%
b.	Fringe Benefits	\$ -		\$ -	100.00%	\$ -	100.00%
c.	Travel	\$ -		\$ 4,059.22	64.02%	\$ 4,059.22	64.02%
d.	Equipment	\$ -		\$ -		\$ -	
e.	Supplies	\$ 89,318.30	17.14%	\$ 49,325.18	55.16%	\$ 138,643.48	36.34%
f.	Contractual	\$ -		\$ 38,333.33	41.92%	\$ 38,333.33	41.92%
g.	Construction	\$ -		\$ -		\$ -	
h.	Other	\$ 81,200.00	39.72%	\$ 8,333.33	66.67%	\$ 89,533.33	46.93%
i.	Total Direct Cost	\$ 170,518.30	29.68%	\$ 100,051.06	56.27%	\$ 270,569.36	42.59%
j.	Indirect Costs (15%)	\$ -		\$ 15,007.66		\$ 15,007.66	
k.	Total	\$ 170,518.30	29.68%	\$ 115,058.72	56.27%	\$ 285,577.02	43.52%

The District completed a full proposal for the fiscal year 2014 NRCS CIG. The proposal was for the total amount of \$824,307.20, \$410,702.20 requested from NRCS and \$413,603.00 in local cost sharing. A copy of the full proposal was presented to the Board.

TWDB Grant

The staff is currently working on a final report for the Grant.

North Plains Water Conservation Center

The District received proposals for the Request for Proposal: Irrigation Systems. Proposals were received from Valley, Lindsay, T-L and Rienke. The Ag Committee will be meeting to review the proposal and determine a selection for the board.

The staff inquired about dropping an additional electric line for replacing the natural gas engine with an electric motor. The current supplier of electricity at the Center is Xcel Energy. Xcel told staff the location for the electric line is outside their service area and to call Rita Blanca Electric Cooperative. Rita Blanca indicated the nearest 3-phase electric line is 2 miles away and estimated \$148,000 to run the line to the location. Director Krienke and staff discussed the situation with Xcel a second time. The engineers for Xcel will visit the location and assess the situation.

The General Manager recommended that the Board authorize Director Krienke, the Ag Committee and the General Manager to negotiate a contract as needed to extend sufficient electrical service and bring the proposed contract or an alternative proposal back to the board for consideration.

The General Manager recommended that Action Item 3h, receive report and consider action regarding compliance matters before the District, be taken up by the Board after Action Agenda Items 3k and 3l.

The General Manager stated that Bob Zimmer would advance to the Presidency under the District's Board Policy and that the offices of Vice-President and Secretary would need to be filled. Danny Krienke moved that Harold Grall be nominated as Vice President. Justin Crownover seconded the motion. Gene Born moved that nominations for the office of Vice President cease. Mark Howard seconded the motion. Both motions were unopposed and were unanimously approved by the Board.

Gene Born moved that Danny Krienke be nominated as Secretary. Justin Crownover seconded the motion and it was unanimously approved by the Board.

President Zimmer appointed the following Board committees:

Budget

Harold Grall – Chairman

Mark Howard

Justin Crownover

Property

Danny Krienke – Chairman

Zachary Yoder

Gene Born

Ag Committee

Danny Krienke, Chairman

Harold Grall

Zachary Yoder

Phil Haaland (in an advisory capacity, if he will serve).

Danny Krienke 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 regarding pending compliance matters. Gene Born seconded the motion and it was unanimously approved by the Board.

Executive Session: At 12:02 p.m., the Board went into Executive Session to seek legal advice from its attorney. At 12:33 p.m., Director Gene Born moved that the Board reconvene into regular session. Harold Grall seconded the motion and it was unanimously approved by the Board.

The Board reconvened into regular session at 12:37 p.m.

Justin Crownover moved to revisit Action Agenda Item 3f, receive report and discuss draft proposed rules stakeholder meetings and consider action to set schedule for proposing rules to the public. Zachary Yoder seconded the motion and it was unanimously approved by the Board.

Justin Crownover said that he would like to see proposed Rule 6.3 added to the Rules to propose to the public and for it to be effective for calendar year 2014. Harold Grall stated that he would like to see the reserve period lengthened for a greater period of time than five years and for the reserve to stay with the land regardless of the tenant.

Justin Crownover moved that proposed Rule 6.8 as presented to the Board be added to the current set of Rules adopted by the District on January 15, 2013. Harold Grall seconded the motion and it was unanimously approved by the Board.

Director, Gene Born, stated that he questioned whether proposed Rule 6.8 fits with the District mission statement.

Justin Crownover inquired about how long an over-production violation stays with a Property. The General Manager stated that under the Board's present policy the violation is perpetual and never resets.

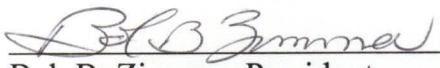
Justin Crownover moved that the Board adopt a policy to stop the escalation of over-production civil penalties if an Owner voluntarily reduces his Annual Allowable Production limitation until the over-production amount is paid back. Danny Krienke seconded the motion and it was unanimously approved by the Board.

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

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

President Zimmer set the Board next regular Board Meeting at 9:30 a.m. on June 10, 2014.

There being no further business to come before the meeting, President Zimmer declared the meeting adjourned at 2:25 p.m.


Bob B. Zimmer, President


Daniel L. Krienke, Secretary