

**MINUTES OF THE NOVEMBER 18, 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 November 18, 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:

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

Staff Present during part or all of the meeting:

Steve Walthour, General Manager;
Dale Hallmark, Assistant General Manager and Hydrologist;
Kristen Lane, Executive Assistant;
Kirk Welch, Assistant General Manager/Outreach; and
Odell Ward, GIS and Natural Resource Tech Lead.

Others present during part or all of the meeting:

Sabrina Leven;
Ashley Handy;
Dee Vaughan;
Scott Clawson;
Craig Jones;
Taylor Brown;
F. Keith Good, Attorney;
Haley Rader, Attorney; and
Ellen Orr, Paralegal.

President Zimmer declared a quorum present and called the meeting to order at 9:04 a.m.

Director Mark Howard gave the invocation and President Zimmer led the pledge.

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

Danny Krienke moved to approve the Consent Agenda items 2a – 2c, including the review and approval of the Minutes of the regular Board Meeting held on October 14, 2014; the review and approval of un-audited District expenditures for October 1, 2014 through October 31, 2014, including the General Manager's Expense and Activity report; and the approval of payment to Lemon, Shearer, Phillips and Good, P.C. in the amount of \$9,055.26 for professional services rendered and out-of-pocket expenses from October 1, 2014 through October 31, 2014. Justin Crownover seconded the motion and it was unanimously approved by the Board.

Steve Walthour presented a report to the Board regarding Production Fees pursuant to Texas Water Code Chapter 36, Section 26.0171 and Texas Water Code Chapter 35, Section 35.013g-1 and other Sections of the Water Code. Mr. Walthour stated that in 2012, the District annexed the remaining approximately 393 square miles of Priority Groundwater Management Area (PGMA) in Dallam County as directed by the Texas Commission on Environmental Quality. Previously, ten owners of approximately 28 square miles of land within the PGMA between 2010 and the vote in 2012 petitioned to join the District and pay their share of the maintenance tax. Owners of these lands pay taxes today and will not be subject to a production fees set by the District for these lands. The District held an election for the voters in the rest of PGMA areas to vote on whether or not to approve a tax levy for a maintenance tax. An overwhelming majority of the votes cast at the election were against the levy of a maintenance tax. Texas Water Code Section 36.0171(h) directs that if the majority of the votes cast at the election are against the levy of a maintenance tax, the District shall set production fees in accordance with Section 35.013(g-1) to pay for the District's regulation of groundwater in the District, which may be based on the amount of water to be withdrawn from a well. Excerpts of Texas Water Code Chapters 35 and 36 were presented to the Board for its review. Also, a copy of the District's presentation at the four stakeholder meetings regarding Production Fees and/or maintenance tax in the PGMA area was also presented to the Board.

The General Manager analyzed the 2014-2015 District budget to estimate the District's costs regarding the regulation of groundwater. The District's total expense budget is \$4,122,598.00. A portion of the expense budget is defrayed by other non-tax anticipated income of \$1,432,994.96 including: North Plains Water Conservation Center, Refunds, Fees for District Services, Texas Water Development Board Grants and Loans, Investment Income, and the remainder of the Conservation Innovation Grant. Though listed as an anticipated source of income, the General Manager does not anticipate that fees will be collected from the untaxed area in Dallam County this fiscal year. Finally, the District budgets to pay for tax appraisal and collection expense in the amount of \$74,673.74. The total District net costs regarding the regulation of groundwater are \$2,614,929.30 of which a portion of the costs would be applicable to the non-tax area. The table below reflects the calculation.

Description		Amount
Total District Expense Budget	\$	4,122,598.00
Other Non Tax Income	\$	(1,432,994.96)
District Tax Collection Expenses	\$	(74,673.74)
Total District Net Cost (less tax collection expense)	\$	2,614,929.30

The General Manager prepared four methods of calculating the non-taxable area's cost-share for regulation of groundwater within the district. These methods are based on proportional shares of area, groundwater production, number of groundwater producing (property) units, and number of wells. In each of these analyses, the general manager estimates the invoicing and collection costs of for the production fees based on the selected method.

The District's area is 7324 square miles, of which the non-tax area is 393 square miles (5.37 percent) of the District based on information provided in the district's hydrologic report and management plan. Base on District area the cost share to the non-tax area is \$140,315.02 plus the collection costs of \$4,006.93 totaling \$144,321.95. The table below reflects the calculation.

Description	Amount
Total District Area (Sq Miles)	7324
Total Non-taxed Area (Sq. Miles)	393

Percent of Total Area	5.37%
Total District Net Cost (less tax collection expense)	\$ 2,614,929.30
Non Tax Area Net Cost Proportion	\$ 140,315.02
Non-Tax Area Fee Collection Cost	\$ 4,006.93
Total Share for Non-Tax Area	\$ 144,321.95

In 2013, the District's groundwater production was 1,845,681 acre-feet, of which the non-tax area produced approximately 68,000 acre-feet (3.68 percent) of the District's total groundwater production based on information provided in the District's groundwater production database. Based on District groundwater production, the cost share to the non-tax area is \$96,341.24 plus the collection costs of \$2,751.19 totaling \$99,092.43. The table below reflects the calculation.

Description	Amount
District Total Production (Acre-feet)	1,845,681
Non Tax Area Total Production (Acre-feet)	68,000
Total District Net Cost (less tax collection expense)	\$ 2,614,929.30
Percent of Production	3.6843%
Non Tax Area Net Cost Proportion	\$ 96,341.24
Non-Tax Area Fee Collection Cost	\$ 2,751.19
Total Share for Non-Tax Area	\$ 99,092.43

In 2014, the District will regulate approximately 2800 properties, of which the non-tax area has approximately 130 (4.64 percent) of the District properties based on information provided in the District's groundwater production database. Based on District properties the cost share to the non-tax area is \$123,293.64 plus the collection costs of \$3,520.86 totaling \$126,814.43. The table below reflects the calculation.

Description	Amount
District Total Properties	2,842
Non Tax Area Properties	134
Total District Net Cost (less tax collection expense)	\$2,614,929.30
Percent of Production	4.71%
Non Tax Area Net Cost Proportion	\$123,293.64
Non-Tax Area Fee Collection Cost	\$3,520.86
Total Share for Non-Tax Area	\$126,814.50

Currently, the District regulates 12,369 non-exempt wells, of which the non-tax area has 516 (4.17% Percent) wells based on the district's GIS database. Based on the number of District wells the cost share to the non-tax area is \$109,087.52 collection costs of \$3,115.18 totaling \$112,202.70. The table below reflects the calculation.

Description	Amount
District Total Wells (non-exempt)	12369
Non Tax Area Properties (non-exempt)	516
Total District Net Cost (less tax collection expense)	\$2,614,929.30
Percent of Wells (non-exempt)	4.17%
Non Tax Area Net Cost Proportion	\$109,087.52
Non-Tax Area Fee Collection Cost	\$3,115.18
Total Share for Non-Tax Area	\$112,202.70

If a majority of the votes cast at the election favored the levy of maintenance tax the estimated amount of taxes collected in the area would have been approximately \$19,500.00 for 2014, based on the District's tax rate and Dallam County appraised

values of properties within the non-tax area. However, an overwhelming majority of the votes cast at the election were against the levy of a maintenance tax. In fiscal years 2013-2014 and 2014-2015, the District's Board of Directors approved a lower effective tax rate for each fiscal year based, in part, on its then current and anticipated reserves and other anticipated income compared to the costs of the district regulating groundwater. These reserves have been built up over time in part from funds collected from current taxpayers. Setting a fee based on what would have been collected in taxes obligates the District's current taxpayers including Dallam County taxpayers to continue to cover the majority non-tax area's share of the costs for the District to regulate groundwater.

Mr. Walthour stated that in his opinion, the best approach for the District to utilize in setting Production Fees in the PGMA area is the fourth proposed method.

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 regarding various pending legal matters. Danny Krienke seconded the motion and it was unanimously approved by the Board.

Executive Session: At 9:20 a.m., the Board went into Executive Session to seek legal advice from its attorney. At 10:21 a.m., Director Gene Born moved that the Board reconvene into regular session. Justin Crownover seconded the motion and it was unanimously approved by the Board.

The Board reconvened into regular session at 10:24 a.m.

The District's legal counsel addressed the Board and stated that the maximum Ag Production Fee that the District could assess for the first year was \$1.00 per acre foot of groundwater withdrawn and \$10.00 per acre foot of groundwater withdrawn for all other users of groundwater in the PGMA area.

A general discussion about Production Fees ensued between the Board Members. Bob Zimmer stated that he felt that the District should give the public notice and decide what year Production Fees would start and when the collection date will be. Zack Yoder stated that while Ag users are not paying their fair share of use tax, that the next fair method was Example 2. Mr. Yoder stated that the Ag user is paying more than any other user in the District. Danny Krienke moved that the District set initial Production Fees in the PGMA at \$1.00 per acre foot of groundwater withdraw for Ag use and \$5.00 per acre foot of groundwater withdrawn for all other uses; and that District staff confer with general counsel and propose when and how the Production Fees should be collected by the District and being a proposal back to the Board. Gene Born seconded the motion and the motion passed by the majority vote of the Board with Mark Howard and Zack Yoder opposing the motion.

The General Manager and General Counsel reviewed proposed rules pending Board action that were in process before the Board elected to suspend consideration of adoption of the revised Rule set and adopted the Rules related to DFCs. At the October Board meeting, the General Manager reported that he believed the following Rules are the most critical:

Production Fees for the PGMA Area - Discussed under 3a of the Board packet.

Maximum Permitted Well Density – Currently the maximum permitted well density is set for every 80 acres on a property. The Board had originally intended that well density be tied to the Section.

Maximum Well Density Includes Capped Wells – Currently capped wells are not counted against the well density cap. The General Manager recommended that capped wells be counted against well density as non-exempt wells if reclassified wells are not actually converted to domestic wells as provided by District Rules.

Mark Howard stated that Rules which were particularly important to him were the Well Density Rule, the Pooling Rule and the Metering Rule. Zack Yoder stated that his Rule consideration list was very similar to Mark's, but he also was concerned with other proposed Rules and that he believed it was a good idea to take a chapter of the Rules at a time and receive outside input. Mr. Yoder stated that in some instances, he believed that a word or two could be added or modified to clarify an issue, but in other instances he believed that the Board's entire concept should be addressed. Danny Krienke stated that he heard what both Mr. Yoder and Mr. Howard were saying, but the trouble with taking a chapter of the proposed Rules at a time is that one chapter of the Rules impacts other chapters of the Rules and he does not believe that is a workable situation. Mr. Krienke stated that he thought that the Board had got it pretty well right. The District went through stakeholder meetings and hearings and listened to what the public's concerns were and re-wrote the proposed Rules to best address the concerns of the public while also following the mandate of the Legislature to conserve and protect our groundwater resources. Our Board has gone through these things and discussed things and where there was not a consensus on things, we moved on. Mark Howard stated "Danny, I think that consensus may have changed." I think we should work together to tweak the proposed Rules and I hope you are open to that. Mr. Krienke responded that he was open to working together. Gene Born stated that he was also interested in the Board proposing a Rule which would protect springs in Lipscomb County. Harold Grall stated that Pooling, Density, Metering and Reserve Rules were very important to him. Mark Howard inquired if the proposed maximum Density Rule included capped wells? Mr. Howard stated that he felt 10 or 12 class B Wells, or smaller were not too many Wells on a property if the owner would certify that all Wells would not exceed the property's Allowable Annual Production limitation. Danny Krienke asked what about the neighbors who are not pumping groundwater. The Well cap protects these people's interest. The people who have chosen not to pump their groundwater also have a vested interest in the groundwater. Mark Howard stated that these people have had all of these years to produce their groundwater and have chosen not to do so. Mr. Krienke stated that it has been proposed earlier that if a producer wants to go inside of his property line 200 feet that he can drill as many wells as he wants, but this proposal did not fly. Justin Crownover stated: "Are we thinking and promoting conservation here?" Are we going to learn to do things differently in the next few years, or are we just using too much water and not conserving and figuring out a way for us to continue to do so? Mark Howard expressed his concern with the DFC effect and stated that the crystal ball is still cloudy. Mr. Howard stated that in some areas production had fallen off. Bob Zimmer stated that a water right Owner should not have to produce his groundwater to be represented by the District.

The Board discussed proposed Rule 3.10 – Conveyance or Reservation of Water Rights and by consensus decided to leave the proposed Rule as drafted.

Dale Hallmark made a brief presentation about springs flows and possible regulatory strategies that may impact them.

The Board recessed for lunch at 12:12 p.m. and reconvened at 12:33 p.m. Gene Born departed the meeting at 12:29 p.m.

The Schedule of Well Permits set forth below was presented to the Board for its review. Danny Krienke moved to remove Well Permit SH-7223 and Well Permit SH-7284 and to approve the remaining Wells on the Schedule of Well Permits because the Wells are properly equipped and otherwise comply with District Rules. Zack Yoder seconded the motion and it was unanimously approved by the Board.

Well	Class	Qtr	Sec	Blk	Sur	NS	EW
DA5697	B	NW	393	1T	T&NO	757N	126W
DA5827	C	SE	18	50	H&TC	203 S	307E
DA6025	C	SE/4	7	A Smith	NONE	129S	30E
DA6058	B	SE/4	37	2	CSS	431S	444E
DA7197	B	SE/4	88	1T	T&NO	856S	872E
DA7255	C	SW/4	88	1T	T&NO	345S	879W
DA7256	D	SW/4	88	1T	T&NO	841S	41W
DA7257	D	SW/4	87	1T	T&NO	485S	100.5W
DA7258	C	NW/4	87	1T	T&NO	101N	104.5W
DA7262	C	NW/4	87	1T	T&NO	103N	515W
DA7264	B	SW/4	87	1T	T&NO	690S	853W
DA7265	B	SE/4	87	1T	T&NO	13S	687E
DA7293	C	NE/4	85	1T	T&NO	343N	12E
DA7294	B	NE/4	87	1T	T&NO	279N	224E
DA7295	B	NW/4	87	1T	T&NO	454N	109W
DA7307	B	NW/4	88	1T	T&NO	259N	175W
DA7332	B	SW/4	85	1T	T&NO	288S	100W
DA7333	B	NW/4	85	1T	T&NO	450N	106W
DA7334	B	NE/4	85	1T	T&NO	842N	876E
DA7335	B	SW/4	85	1T	T&NO	400S	881W
DA7339	B	SE/4	88	1T	T&NO	14N	726E
DA7340	B	SW/4	88	1T	T&NO	100S	366W
DA7564	C	SE/4	24	2	B&B	116S	467E
DA7782	C	NE/4	21	5	CSS	841N	303E
DA7816	C	SW/4	15	M E Hays	CRL	101S	111W
DA7817	C	NE/4	15	M E Hays	CRL	793N	765E
DA7839	C	SE/4	41	5	CSS	195S	820E
DA7840	B	NE/4	41	5	CSS	880 S	131 E
HA5037	D	NE	6	A2	PSL	28N	611E
HA5048	C	SE	17	13	CSS	247S	246E
HA6290	B	NW/4	124	48	H&TC	401N	24W
HA7395	C	SE/4	34	11	CSS	425S	427E
HA7401	C	NE/4	27	11	CSS	441N	425E
HA7402	C	NE/4	27	11	CSS	35N	635E

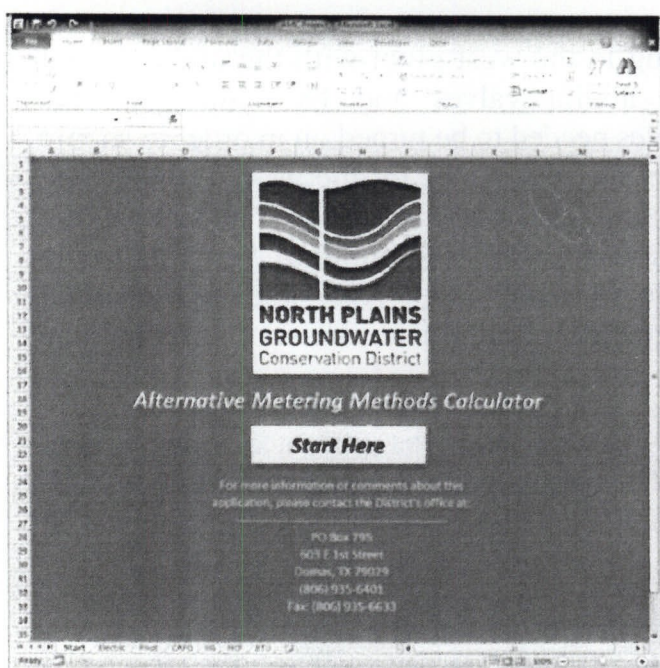
HA7404	C	NE/4	27	11	CSS	847N	206E
HA7405	C	NE/4	27	11	CSS	657N	828E
HA7467	C	SW/4	34	11	CSS	30S	218W
HA7468	C	NW/4	27	11	CSS	405N	517W
HA7469	C	NW/4	28	11	CSS	214N	841W
HA7470	C	NW/4	28	11	CSS	657N	28W
HA7473	C	NE/4	29	11	CSS	654N	864E
HA7484	C	NW/4	28	11	CSS	838N	652W
HA7580	C	NE/4	18	A1	PSL	561N	379E
HA7623	C	SE/4	128	48	H&TC	452S	101E
HA7630	C	NW/4	47	11	CSS	343N	29W
HA7714	D	NW/4	17	16	CSS	870N	538W
HA7715	D	SE/4	17	16	CSS	319S	668E
HA7810	D	SW/4	69	48	H&TC	367S	124W
HN-5820	D	NE	213	2	GH&H	21N	827E
HN6272	C	NW/4	70	4T	T&NO	20N	600W
HN6944	D	NE/4	70	4T	T&NO	675N	508E
HN7343	C	SW/4	30	1	CIF	493S	5W
HN7698	D	SE/4	31	4T	T&NO	228S	404E
HN7771	C	SE/4	270	2	GH&H	108S	22E
HU7292	D	NW/4	127	5T	T&NO	839N	33W
HU7653	D	SE/4	127	5T	T&NO	762S	112E
HU7665	C	SW/4	135	5T	T&NO	425S	100W
MO5213	B	NE	163	44	H&TC	103N	646E
MO7751	C	SE/4	343	44	H&TC	168S	413E
MO7803	C	NW/4	371	44	H&TC	126N	125W
OC3928	A	SE	82	13	T&NO	786S	783E
OC7104	D	NE/4	127	13	T&NO	36N	759E
OC7296	D	NE/4	25	4T	T&NO	718N	102E
OC7557	D	SW/4	19	4	GH&H	107S	857E
OC7562	D	SW/4	18	4	GH&H	390S	862W
OC7583	C	SW/4	45	4T	T&NO	262S	108W
SH4291	C	SE	61	1C	GH&H	54S	892E
SH4682	C	NE	197	1-C	GH&H	480N	482E

SH6188	C	SE/4	46	2B	GH&H	127S	151E
SH6344	C	NE/4	140	1T	T&NO	105N	518E
SH7052	C	SE/4	42	2B	GH&H	397S	107E
SH7223	C	SW/4	26	1	PSL	749S	597W
SH7284	B	NE/4	4	3T	T&NO	209N	855E
SH7289	C	SW/4	375	1T	T&NO	408S	440W

Danny Krienke moved to approve Well Permit SH-7223 and Well Permit SH-7284 because the Wells are properly equipped and otherwise comply with District Rules. Mark Howard seconded the motion and the motion passed by the majority vote of the Board with Justin Crownover abstaining from the vote.

On November 12, 2014 the District mailed or e-mailed 2014 Annual Production Report forms to non-exempt Well owners in the District. In the packet, the District sent the following: 1) front page of the form showing the Owner's Conservation Reserve before the beginning of the year and the blank for reporting current year's use; 2) the worksheets used to calculate production based on the various metering methods, and a form for the Owner to calculate the Conservation Reserve the Owner has available for 2015. The Conservation Reserve form was developed with input from Board members and the public. Additionally, the District has provided an opportunity for Well Owners to receive their reports in the future via e-mail by simply e-mailing the District their address. This year, District staff sent the reports out about three weeks early because Wells Owners wanted to have access to their Conservation Reserve amount before 2015. As Owners complete their reports they can calculate their reserves themselves and the General Manager has instructed District staff to process the Annual Reports as they come in to verify the Annual Production amount and Conservation Reserve as early as possible.

The District's staff has developed a Microsoft Excel based application to assist Producers in calculating their production. The application will calculate the production in acre-feet for meters, natural gas consumption, electric consumption, center pivot nozzle package and CAFOs. For meters, the Producer enters their beginning and ending readings with the meter multiplier. Natural gas consumption requires the Producer to know if their bills are read in MMBtu or MCF. For MCF, only the total consumption is required to calculate the volume. For MMBtu, the total consumption and a Btu Factor are required to calculate the volume. Electric consumption requires the total kilowatt-hours to calculate the volume. Center pivot nozzle package requires the flow rate and the hours running wet for the pivot. The CAFOs requires the Producers to input the monthly head count and the type of CAFO. Below are some screen shots of the application.



Natural Gas Consumption using MMBTUs

Natural Gas Usage (MMBTUs)

BTU Factor

View Results ac-ft

Natural Gas Menu Main Menu

Instruction

Confined Animal Feeding Operation (CAFO)

Select One

☐ Beef operation without overflow water tanks (CAFO 13)

☐ Beef operation with overflow water tanks (CAFO 13 & 15)

☐ Swine nursery (CAFO 1)

☐ Swine whole farm with effluent recycling (CAFO 5)

View Results ac-ft

Instruction Main Menu

Monthly Head Count

January	<input type="text"/>
February	<input type="text"/>
March	<input type="text"/>
April	<input type="text"/>
May	<input type="text"/>
June	<input type="text"/>
July	<input type="text"/>
August	<input type="text"/>
September	<input type="text"/>
October	<input type="text"/>
November	<input type="text"/>
December	<input type="text"/>

Assistant Manager, Dale Hallmark presented the following information to the Board regarding the North Plains Metering Grant Program. Mr. Hallmark stated that after a lengthy process to customize the District's Meter Cost Reimbursement Program contract with the TWDB; the program officially began November 1, 2014. District staff created applications, spreadsheets for data recording, program guidelines, and applicant responsibilities documents prior to the beginning of the program. The beginning of the program was announced in a news release to local radio stations, newspapers and television stations throughout the District and beyond. The announcement was also disseminated via Facebook and Twitter and was retweeted by the Texas Corn Growers Association and Texas Wheat Growers. District staff also began actively promoting the program to all new Permit applicants. As of November 10, 2014, the District has received registration applications representing 43 reporting properties. Those 43 reporting property registrations seek reimbursement for approximately 249 meters. The part of the meter cost eligible for reimbursement is estimated to be between \$149,000 and \$175,000.

The District anticipated a two-year eligibility period with \$300,000 available each year for a total budget of \$600,000. The District also anticipated the possibility that the entire two-year budget could be spent in the first year. The current cost share amount eligible for reimbursement is approximately one-half of the first year's budget or 1/4 of the entire two-year program budget. District staff will continue to publicize the reimbursements through traditional and web-based media avenues, as well as making public presentations about the program.

Mr. Hallmark also stated that the District would file its first report with the Texas Water Development Board regarding the disbursement of grant funds in January of 2015 and would later file a subsequent report in April of 2014.

General Manager, Steve Walthour and Harold Grall reported to the Board on the North Plains Water Conservation Center. Mr. Walthour stated that Ronnie Roles Custom Farming planted 125 bushels of wheat at the field on October 25th (about 100 acres of dryland and 40 acres of irrigated) and Texas A&M AgriLife planted their wheat between October 29th and 31st. Irrigation began on November 6th and concluded November 8th, applying 0.56 inches of groundwater.

AgriLife has finished removing all their equipment and completed harvest the week of October 20th. Green Country Equipment delivered our tractor on November 6th.

Texas Electric is currently working on tying in the west pivot with the underground system. They will be removing some alfalfa valves and have modified the underground to minimize the number of valves needed to be turned on in order to supply water at one of the pivots. They will also set the new motor for the west well after the head shaft is changed out. The gas line and water line going to the site of the chemigation building has been capped. Rita Blanca finished building their line to the field on November 10th. They were able to remove the Xcel line and restored electricity the same day. As of November 12th, Rita Blanca has not installed the transformers or drop for the west well.

A map showing the depth to caliche at the research field was presented to the Board. The darker greens are closer to the surface. The map is projected in the LL84 coordinate system, elongating the shape of the field. The shallowest caliche is located closest to the center of the field.

Mr. Grall reported that the Request for Proposals on the North Plains Water Conservation Center were still out and the deadline to respond to the District is December 1, 2014.

President Zimmer stated that he preferred that the Ag Committee review and analyze the Request for Proposals which the District receives regarding the North Plains Water Conservation Center and to bring the final two or three Proposals to the Board for its review and discussion.

The General Manager presented the following report regarding the District's 200-12 Demonstration Program, the EPIC Program and the High Plains Initiative:

EPIC

All EPIC fields in corn have been harvested. Yields have not been figured yet but preliminary estimates for some of the corn fields appear to be favorable in the terms of irrigation water savings and yields. The field in Lipscomb County was abandoned in August. The field that the project was being conducted on was 50% destroyed by herbicide drift. The producer continued using the technology on the remaining half of the field to manage his irrigation scheduling. No results will be available for this field. The grain sorghum project had multiple issues including extreme iron chlorosis early in the growing season. Also the irrigation differences and opportunities for water savings are so minor that Scott Strawn does not recommend a project of this nature in low water use crops in the future. All fields used AquaSpy and AquaPlanner during the season and some fields used HydroBio. A first draft of the final report is expected by January 1st and the results will be presented to the Board at the February meeting.

200-12

The 2014 200-12 Demonstration Project is slowing down. Seven of the ten producers (Brent Clark, David Ford, Phil Haaland, Harold Grall, Joe Reinart, Richard Schad and Tommy Laubhan) have harvested their fields. Dennis Buss, Brian Bezner and Danny Krienke have not harvested. Harold's preliminary estimate for his 200-12 shows he yielded 201 bushels using 12.5 inches of irrigation. AquaSpy® has completed the installation of all soil moisture probes. All probes appear to be fully functional. Better Harvest has collected plant samples and began making fertilizer recommendations.

It was also reported that the District's request for grant funds was not approved for any of the Regional Conservation Program with High Plains RCPP. Mr. Walthour stated

that he planned to inquire about the reason why the District was not approved for this grant.

Mr. Krienke also discussed the Regional State Technical Advisory Committee (STAC) meeting. Mr. Krienke reported that the EQUIP program previously had three pools available. Of these three pools, two of them-- proceeds for the Ogallala Aquifer and proceeds for the State EQUIP have both been terminated. Mr. Krienke stated that the Regional Partnership Program has taken their place. Mr. Krienke reported that the EQUIP money that the area was accustomed to getting has been drastically reduced. Mr. Krienke stated that he heard 9 proposals for state-wide research. Mr. Krienke also reported that if you review the amount of EQUIP money that was available last year and divide it by 254 counties the amount of funds equates to approximately \$250,000 per county. Mr. Krienke stated that the counties would be making the decision on disbursement of the funds.

Mr. Walthour also discussed with the Board the possibility of engaging John Padalino, an attorney with Kemp-Smith, who works directly with attorney, Thomas Forbes, and specializes in procuring grant funds, to assist with the District Conservation Programs. Mr. Walthour recommended that the District engage Mr. Padalino for a three-month period at the rate of \$6,000 per month, plus reimbursement of travel and out-of-pocket expenses for the three-month period, to assist the District in obtaining any funds available for its Conservation Programs.

A Board discussion regarding the District engaging Mr. Padalino ensued. Mr. Krienke stated that in his opinion it was money well spent and the District may be able to determine where it has gone wrong in the grant process. Bob Zimmer stated that he thought it was a good thing.

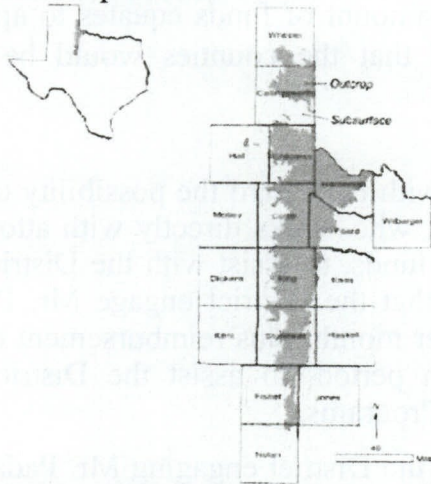
Justin Crownover moved that the District engage John Padalino of Kemp-Smith for a three month period to be compensated by the District \$6,000 per month, plus out-of-pocket expenses to assist the District with its Conservation Programs. Harold Grall seconded the motion and the motion passed by the majority vote of the Board with Zack Yoder opposing the motion.

Steve Walthour presented a report regarding the Panhandle Regional Water Planning Group. Mr. Walthour stated that on November 5, 2014, the Panhandle Regional Water Planning Group met to review draft Chapters 2 – Population and Water Demand Projections, Chapter 3 – Water Supply Analysis and Chapter 4 – Identification, Evaluation and Selection of Water Management Strategies for the 2016 Regional Water Plan. The group was introduced to Chapter 7 – Drought, the chapter now required to address drought in the State. Mr. Walthour also stated that Steve Amosson provided a presentation on the effectiveness of individual and multiple Agricultural Conservation Strategies to address water needs in Dallam, Hartley and Moore Counties.

Mr. Walthour presented a report regarding the GMA-1 Joint Planning Process. Mr. Walthour reported that on November 6, 2014, the Groundwater Management Area 1 Joint Planning Committee met at the Panhandle Regional Planning Commission (PRPC) in Amarillo. A copy of the GMA-1 packet was presented to the Board. The JPC reelected Bob Zimmer as its president and Danny Krienke as its representative on the Regional Water Planning Committee. The committee also approved a contract with the PRPC to provide administrative services.

The City of Amarillo provided a presentation regarding the City's water related activities as a water producer and user in GMA-1.

Panhandle Groundwater Conservation District provided two presentations. One presentation regarded its groundwater decline and monitoring methods to achieve DFCs. The second presentation was regarding declaring the Blaine aquifer in southern Wheeler County non-relevant to the GMA-1 planning process. The Blaine aquifer is a minor aquifer in the state but is an important groundwater resource to the south of GMA-1 as shown in the map below.



Steve Walthour presented a report to the Board regarding the upcoming Legislative Session. Mr. Walthour provided the following information to the Board:

The Legislative Budget Board (LBB) is gearing up for the 84th Legislative Session; and bill pre-filing which began Monday, November 10, 2014. Local government analysts responsible for the analysis and corresponding fiscal impact—Fiscal Notes (FN) will be: Tyra Peterson for *primarily* local government bills (mostly local government impact); Kelsey Vela for *secondary* local government bills (mostly state government impact, but also local impact); and Elizabeth “Lizzie” Krog for all local election bills (mostly local government impact/secondary local impact).

The LBB *Guide to Preparing Fiscal Notes on Local Government Issues in Texas* and an Excel worksheet used to prepare fiscal note impact analysis was presented to the Board. Due to the volume of local government Bills, it is necessary that LBB fiscal impact requests begin as soon as Bills are filed, even though Bills will not be heard until Session begins.

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TWCA has been working on a brackish water Bill since this summer. It appears that a brackish water Bill will probably not be forthcoming from the organization because members are divided on whether groundwater conservation districts or the Texas Water Development Board (TWDB) would have final jurisdiction on the matter. The District's General Manager believes that groundwater conservation districts clearly have jurisdiction over brackish water. However, he anticipates a brackish Bill supported by other parties will be filed that place ultimate control of brackish groundwater in the hands of the TWDB and the courts in Travis County. At its last meeting in Kingsville, TAGD voted to create its own brackish Bill that would leave groundwater, whether brackish or not, in the hands of groundwater conservation districts and the local courts. The District's General Manager is on a six member committee to draft language for the TAGD. Other members include representatives from High Plains Underground Water Conservation District and Panhandle Groundwater Conservation District.

Texas Water Conservation Association

The Texas Water Conservation Association has so far approved four bills to be filed with the 84th Legislative Session as follows:

- Texas Department of Licensing and Regulation (TDLR) regarding training driller and pump installer apprentices and training local governmental agencies on proper well site investigations;
- State Auditor Office repeal of audit jurisdiction over groundwater conservation district management plans and operations except for financial audits; and
- Aquifer Storage and Recovery (ASR) amending Texas Water Code Chapter 27 to provide exclusive jurisdiction to TCEQ over ASR projects. The District voted to abstain from this Bill in TWCA committee. The Bill needs to require groundwater conservation districts within which an ASR is proposed to be necessary automatically parties to any proceedings before TCEQ on an ASR project.

TWCA is also working on proposed Bills to cleanup administrative procedures and contested case hearings languages in Chapter 36. TWCA is also working on a draft groundwater policy for the organization.

The Board continued its discussion regarding Rules. Mark Howard discussed a concept where a groundwater right owner could pool all contiguous acres and produce 1.5 acre feet of groundwater on all contiguous acres with a maximum production limitation of 2.5 acre feet per Section within the same unit and require a meter on every well.

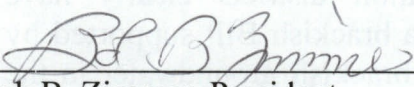
Zack Yoder stated that in his opinion Rule 3.3 should be deleted. The General Manager agreed.


The General Manager reported that the District's Christmas party would be held December 8, 2014 at 6:30 p.m. at the Alley Café in Dumas.

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

President Zimmer set the next regular Board Meeting at 9:00 a.m. on December 16, 2014.

Mark Howard moved to adjourn the meeting. Zack Yoder seconded the motion and it was unanimously approved by the Board. President Zimmer declared the meeting adjourned at 2:13 p.m.


Bob B. Zimmer, President


Daniel L. Krienke, Secretary