

**MINUTES OF THE JUNE 11, 2013  
BOARD OF DIRECTORS MEETING OF  
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

The Board of Directors of North Plains Groundwater Conservation District met in regular session June 11, 2013, at 9:30 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  
Daniel L. Krienke, Director;  
Bob Zimmer, Secretary;  
Phil Haaland, Director;  
Harold Grall, Director;  
Brian Bezner, Director; 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/District Outreach;  
Kristen Alwan, Executive Assistant; and,  
Laura West, Production Monitoring Coordinator  
Paul Sigle, Agricultural Engineer  
Craig Kondoff, Intern

**Others present during part or all of the meeting:**

Marty Jones, Esq.;  
C. C. Sysombath;  
Emmett A. Autrey;  
Sabrine Leven;  
Scott Clawson;  
Dee Vaughn;  
Amy Haschke;  
Darren Stallwitz;  
Mark Howard;  
F. Keith Good, District General Counsel; and,  
Ellen Orr, Paralegal.

President Born declared a quorum present and called the meeting to order at 9:31 a.m.

Director Harold Grall gave the invocation and President Born led the pledge.

Bob Zimmer 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. Brian Bezner seconded the motion and it was unanimously approved by the Board.

Executive Session: At 9:33 a.m., the Board went into Executive Session to seek legal advice from its attorney. At 10:13 a.m., Director Bob Zimmer moved that the Board reconvene into regular session. Phil Haaland seconded the motion and it was unanimously approved by the Board.

President Born recessed the regular Board meeting at 9:14 a.m. and called the Application for Exception Hearing to order for the purpose of considering the

Application for Exception to Section 3.5E of Rule 3 filed by Darren Stallwitz. The Hearing was closed at 9:45 a.m.

By consensus, the Board recessed the regular Board Meeting until 10:24 a.m. and the regular Board meeting was reconvened.

President Born asked if there were persons present who desired to make public comment. Marty Jones, Esq. stated that he was present to address Agenda Item 3c. President Born stated that Mr. Jones would be given the opportunity to address Agenda Item 3c at a later time during the meeting. No other public comment was made.

Harold Grall moved to remove the approval of the Minutes of the Board Meeting of May 14, 2013 from the Consent Agenda. Brian Bezner seconded the motion and it was unanimously approved by the Board.

Danny Krienke moved to approve the remaining items listed on the Consent Agenda consisting of the approval of the un-audited District expenses presented to the Board from May 1, 2013 through May 31, 2013, including the General Manager's Expense and Activity Report; and the approval of payment of professional services and out-of-pocket expenses to Lemon, Shearer, Phillips & Good, P.C. in the amount of \$4,510.81 for May 1, 2013, through May 31, 2013. Bob Zimmer seconded the motion and it was unanimously approved.

Danny Krienke moved to approve the Minutes of the May 14, 2013 Board of Directors Meeting. Phil Haaland seconded the motion and it was unanimously approved by the Board.

Danny Krienke moved to deny the Application for Exception to Rule 3 (Allowable Annual Production, Metering and Reporting of Production) Section 3.5E, filed by Darren Stallwitz. Harold Grall seconded the motion and the motion passed by the majority vote of the Board with Phil Haaland abstaining from the vote.

Laura West presented the following report to the Board regarding 2012 Production Reporting:

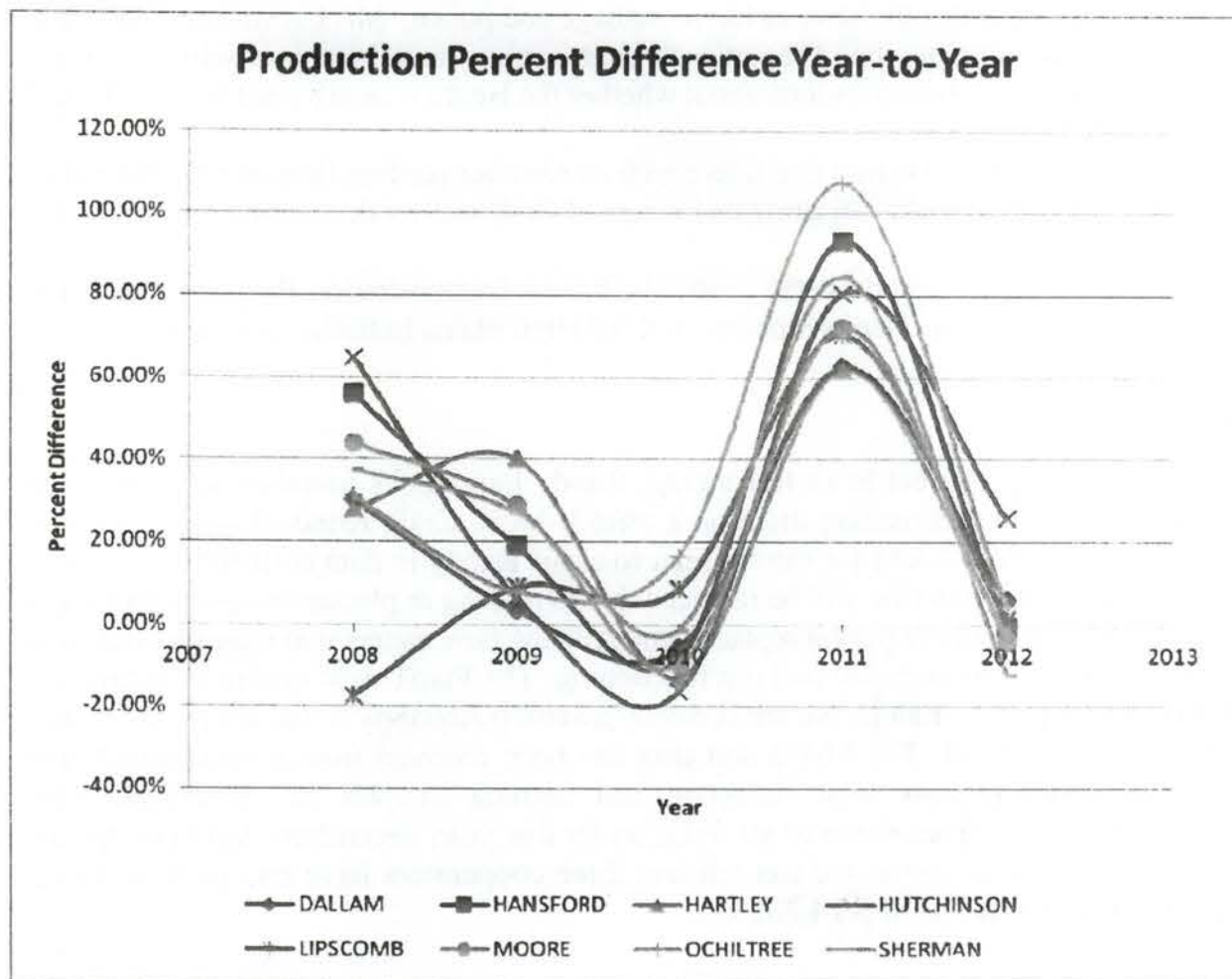
2012 production numbers have been completed and verified by District staff. The production numbers for a majority of the District are down from the previous year. A few of the counties (Dallam, Hutchinson and Ochiltree) are up slightly. The District has already sent out over-production notices for the 2012 production year, and is already receiving responses. Decreased production on individual properties is offset by new production from properties put into service in 2012. These numbers are preliminary and are subject to change as District staff continues to analyze production reports.

\*The production numbers for Dallam County will be changing slightly as the District begins to enter production for the newly annexed portion of Dallam County. The numbers on the chart below for Dallam County are for non-PGMA District properties only.

	ANNUAL PRODUCTION (ACRE-FEET)					
	2007	2008	2009	2010	2011	2012
DALLAM	171,131	222,642	229,785	216,326	351,804	372,274
HANSFORD	66,727	104,080	123,659	113,453	219,095	217,702
HARTLEY	185,223	236,586	331,702	288,813	467,530	458,585
HUTCHINSON	21,844	36,005	38,319	32,028	57,793	72,688
LIPSCOMB	31,364	25,922	28,242	30,638	52,206	52,885
MOORE	84,980	122,444	157,305	141,939	244,457	234,688
OCHILTREE	30,706	40,229	43,388	50,530	104,733	109,395



<b>SHERMAN</b>	125,679	172,726	219,397	216,282	399,173	348,287
<b>GMA-1 West</b>	<b>567,013</b>	<b>754,398</b>	<b>938,188</b>	<b>863,361</b>	<b>1,462,964</b>	<b>1,413,833</b>
<b>GMA-1 East</b>	<b>150,642</b>	<b>206,236</b>	<b>233,609</b>	<b>226,648</b>	<b>433,828</b>	<b>452,670</b>
<b>TOTAL</b>	<b>717,655</b>	<b>960,634</b>	<b>1,171,797</b>	<b>1,090,009</b>	<b>1,896,792</b>	<b>1,866,503</b>



The General Manager presented issues for discussion concerning possible Rule revisions to Chapter 7 regarding Pooling.

The Board discussed:

Chapter 7 – Pooled Groundwater Units:

- What is the criteria to clean up the rule to better delineate the boundaries between the pooled units that are owned by the same entity?
- What is the criteria to set a minimum time length for a pooled unit;
- Is there an alternative to pooled units that achieve the same density/spacing concept?
- Should the District change the size and shape limitations to a pooled unit?

Mr. Walthour presented the Board with a draft of revised Rules for Chapters 3 and Chapter 8 for its review as a result of the May 14, 2013 Board meeting.

Marty Jones, Esq. addressed the Board concerning Chapters 3 and 7 of the Rules and discussed Section 6.1.1, as well as Rule 1.10 and noted that there was no definition in the District Rules of "contiguous".

Director, Justin Crownover, noted that he dislikes placing restrictions on any farm. He believes a person should be able to manage his property. The more Rules that are adopted, the more Rules the District has to manage and police. Mr. Crownover stated that it was his opinion that juggling Properties through pooling, and thereby avoiding a penalty for overproduction, raises questions about whether the Board is doing what it needs to do?

Mr. Jones stated, if the District could live with an October pooling deadline, the later date permits a producer to make adjustments for acts of God, such as destruction of a crop, etc.

The Board received a report on the District's 200-12 Demonstration Program, the Texas Agrilife Extension EPIC Demonstrations and the High Plains Initiative as follows:

### **200-12**

The 200-12 Crop Project is in full swing. Randy has blocks installed all across the District and has begun reading them on a weekly basis. Craig Kondoff was selected as an intern from Texas A&M for the summer to assist Randy in data collection and entry. There are a few blocks that will be replaced due to reading or placement issues and some have been plowed over requiring replacement. All new flow meters that were ordered from PivoTrac® have been installed and are functioning. The PivoTrac® system is online and functioning properly although we are currently awaiting AquaSpy® and HydroBio® sites to become operational. The EM38 soil data has been received from CropMetrics® and Better Harvest has also been collecting and running samples as contracted. Nine cooperators have planted some or all fields so far this year, seven have light emergence to three leaf stage as far as we can tell and three cooperators have one or more fields that remain unplanted as of 5-24-2013.

### **EPIC**

The Extension Agents are continuing to monitor their demonstration sites. All six corn demonstration sites have been planted and the one grain sorghum demonstration site has also been planted. AquaPlanner has been setup for all demonstration sites and PivoTrac® is installed and functioning. Braum's Farm has been dropped from the project due to the farms decision to silage all corn fields and will be moving to alfalfa next year. Mark Howard has provided a field to continue the demonstration project in Lipscomb County.

### **TWDB Grant**

The District's staff has looked into the possibility of moving funds around in the grant budget to satisfy an area where the District has gone over budget. After discussing the matter with TWDB's staff, the budget will not be amended at this time, but the District may revisit amending the budget in the near future.

### **CIG Grant**

The District has notified NRCS of the amendments to the CIG grant budget. The District will move \$33,000.00 from Contractual and \$15,300.00 from Other. The funds will be applied to Supplies. The table below shows the original budget and the revised budget:

		Current Federal Request	Revised Federal Request
a.	Personnel	\$ 5,933.00	\$ 5,933.00



b.	Fringe Benefits	\$ 1,567.00	\$ 1,567.00
c.	Travel	\$ 11,283.00	\$ 11,283.00
d.	Equipment	\$ -	\$ -
e.	Supplies	\$ 164,499.00	\$ 212,799.00
f.	Contractual	\$ 99,000.00	\$ 66,000.00
g.	Construction	\$ -	\$ -
h.	Other	\$ 184,000.00	\$ 168,700.00
i.	Total Direct Cost	\$ 466,282.00	\$ 466,282.00
j.	Indirect Costs (15%)	\$ 33,567.00	\$ 33,567.00
k.	Total	\$ 499,849.00	\$ 499,849.00

Danny Krienke moved that the board approve reconditioning the existing irrigation well at a cost not to exceed \$70,000.00. If through the process, the District sees that the existing well is beyond repair, the District may drill a new irrigation well and use the existing well as a monitor well or a possible source of water for the offices at the research field. The total cost of the project should not exceed \$200,000.00 without further board approval. Phil Haaland seconded the motion and it was unanimously approved by the Board.

The General Manager has reviewed the District 2012 – 2013 Budget. Based on the General Manager's end-of-year expense estimates, the General Manager requested that the Board amend the 2012-2013 budget as follows:

- Reduce Professional Fees by \$15,000.00 from \$216,000.00 to \$201,000.00 because the professional fees are expected to be substantially less than the budgeted amount;
- Increase Technology, Communication & Utilities by \$10,000.00 from \$110,000.00 to \$120,000.00 because the District needs to complete work on the new production reporting and permitting database;
- Increase Repairs Maintenance and Supplies by \$30,000 from \$85,000.00 to \$115,000.00 because fuel and repair costs have exceed the original budget estimates because of increased field activities and increased fuel prices;
- Increase Capital Outlay by \$200,000.00 from \$105,000.00 to \$305,000.00 to cover the possible cost of a new or replacement well at the research field;
- and
- Reduce Conservation Outreach by \$15,000.00 from \$141,000.00 to \$126,000.00 because the program experienced savings regarding the projected cost in the Water Wise program and the original estimated costs.

These amendments increase the District's overall expense budget by \$210,000.00 which is offset by the additional revenue that has been collected through ad valorem taxes and fees for District services. The current budget and the estimated ad valorem end-of-year income and expenses are as follows:

Budget Item	Budget	Estimated EOY
<b>Income</b>		
Taxes	1,789,754.30	1,975,116.32
Tax Penalty & Interest	8,005.16	7,421.55
Delinquent Taxes	13,988.44	12,953.46
Texas A&M Lease - NPRF	8,800.00	8,800.00
Refunds	2,520.00	-17,140.48
Fees for District Services	200,000.00	365,425.00
Other Income	36,000.00	36,000.00
TWDB Grant	80,000.00	80,000.00
Investment Income	12,000.00	12,000.00
CIG Grant	166,000.00	100,000.00



Resale Items	0	186.00
<b>Total Income</b>	<b>2,317,067.90</b>	<b>2,580,761.85</b>
<b>Expense</b>		
Director's Expense	81,000.00	81,000.00
Personnel	1,014,000.00	1,014,000.00
Administrative	128,000.00	128,000.00
Contracted Services	86,000.00	86,000.00
Professional Fees	216,000.00	201,000.00
Technology, Communication & Utilities	110,000.00	120,000.00
Repairs, Maint. & Supplies	85,000.00	115,000.00
Capital Outlay	105,000.00	305,000.00
Aquifer Science	320,000.00	320,000.00
Conservation Outreach	141,000.00	126,000.00
Conservation Demonstration Project	282,350.00	282,350.00
<b>Total Expense</b>	<b>2,568,350.00</b>	<b>2,778,350.00</b>
<b>Net Income/Loss</b>	<b>-251,282.10</b>	<b>-197,588.15</b>

Phil Haaland moved that the Board amend the 2012-2013 budget as follows:

- Reduce Professional Fees by \$15,000.00 from \$216,000.00 to \$201,000.00;
- Increase Technology, Communication & Utilities by \$10,000.00 from \$110,000.00 to \$120,000.00;
- Increase Repairs Maintenance and Supplies by \$30,000 from \$85,000.00 to \$115,000.00;
- Increase Capital Outlay by \$200,000.00 from \$105,000.00 to \$305,000.00; and
- Reduce Conservation Outreach by \$15,000.00 from \$141,000.00 to \$126,000.00.

Brian Bezner seconded the motion and it was unanimously approved by the Board.

The Board discussed the development of the District's 2013-2014 budget. The General Manager reported to the Board that he will meet with the Finance and Budget Committee after the board meeting. The Board was presented with a preliminary proposal before the board meeting for discussion purposes only. This item is for members of the board to budget items the committee may wish to take up during development of the proposed budget. The general manager anticipates the board adopting a final budget in August or September.

Assistant Manager, Dale Hallmark, presented a report to the Board regarding a Stratigraphy and 3-D viewing model for the entire District.

Mr. Hallmark noted that in 2011, the Board of Directors approved conducting and creating a Lipscomb County Stratigraphy and 3-D viewing model.

In 2012 the Board of Directors approved continuing the study by conducting a Stratigraphy and 3-D viewing model project for Ochiltree County. The District advertised for bids in the *Amarillo Globe News* and received three bids for doing the project. The three bidding firms and bids are:

1. Aquaveo Water Modeling Solutions for a bid of \$25,029.20;
2. Daniel B Stephens & Associates, Inc. for a bid of \$60,378.00; and,
3. Talon LPE for a bid of \$76,329.20.

District staff believes each firm is capable of undertaking and completing the project in accordance with District requirements.

District staff recommended that the Board reject the bids from all three firms and consider publishing requests for proposals for a Stratigraphy and 3-D viewing model



project for the entire District. District staff believes that undertaking a District-wide Stratigraphy and 3-D viewing model project as opposed to completing one county at a time will result in a District savings of up to \$150,000.00. District staff believes that a District-wide Stratigraphy and 3-D viewing model project could cost between \$200,000.00 and \$375,000 and could be stretched over three fiscal years starting in calendar 2013.

The general manager recommended that the Board authorize District staff to advertise for proposals to determine if overall project costs are reduced if the District enters into a contract to perform a Stratigraphy and 3-D viewing model project for all of the remaining counties in the District, rather than contract on a county-by-county basis.

Danny Krienke moved that the Board authorize District staff to advertise for proposals to determine if overall project costs are reduced if the District enters into a contract to perform a Stratigraphy and 3-D viewing model project for the rest of the District rather than contracting the work one county at a time.

The general manager recommended that the Board annually review the policies of the District. The general manager requested that the Board review its Directors Policies and consider any amendments to the policies as it sees appropriate at this meeting. At upcoming meetings the general manager will place employee policies for board review and consideration. The purpose of these annual reviews is to ensure the District operations are consistent with the District's policies set by the Board.

Bob Zimmer stated that he would like for the Board to consider whether it would be beneficial to the District to have Directors participate in media training every two years and discuss this issue at the Board's next meeting.

The General Manager reported that the District tracked fifty-three bills and resolutions during the legislative session. Of those, eleven passed and were sent to the Governor (House Bills 4, 1324, 1563, 2615, 3137, 3233 and Senate Bills 293, 611, 902, 1282 and SJR 1). As of now, HB 4, SB 293, SB 611, SB 902 and SJR 1 have been signed by the Governor. The rest of the bills that passed are the Governor's desk awaiting his action. In a few instances companion bills passed, so a Bill which appears to have failed, actually passed in the form of its companion from the other chamber (HB 168, 1339, SB 4, SB 619).

<b>Bill</b>	<b>Author</b>	<b>Caption</b>
HB 4	Ritter, Allan	Funding of state water fund to assist projects
HB 1324	Davis, John	Exclusion land water district fail service
HB 1563	King, Tracy	Fees office director groundwater conservation
HB 2615	Johnson, Eric	Reporting information availability
HB 3137	Lucio III, Eddie	Funding construction regional water projects
HB 3233	Ritter, Allan	Interbasin transfers water
SB 293	Williams, Tommy	Water districts meet teleconference or video
SB 611	Lucio, Eddie	Irrigation powers functions water districts
SB 902	Troy Frazier	Relating to the operation, powers, and duties of certain water districts.
SB 1282	Robert Duncan	Relating to deadlines for proposals for adoption by certain districts or authorities of desired future conditions of relevant aquifers.
<u>SJR 1</u>	Williams, Tommy	Financial assist economic develop water infrastructure

Copies of the bills can be found on the Texas Legislature Website, <http://www.legis.state.tx.us/Home.aspx>.



The District spent a lot of time communicating with Legislators about the unique water issues facing the Panhandle, and the work the District is doing promoting conservation. The District's communication with Representative Price have been especially strong and Representative Smither was always receptive to the District's issues. Representative King from Canadian was in his first term and had a good session. In the Senate, the District continues to communicate frequently with Senator Seliger and his staff.

Of the bills that passed, note that HB 4 includes Sen. Fraser's language which changes the composition of the Water Development Board to three full time members appointed by the Governor. As we have discussed, this change will give the Legislature more control over the operations of the Board. Also, SJR 1 will be on the November ballot. If the voters approve it, the Water Development Board will get about \$2 Billion from the "Rainy Day Fund" for water infrastructure projects.

The General Manager presented the following report regarding compliance matters before the District:

As of May 30th, all production reports have been filed in the District offices.

As of May 31, (30) out of (33) Late filing fees have been paid or resolved. The due date to pay the late filing fee or install water meters on all wells on the Property is June 1, 2013. The next year's early filing option was offered with full reimbursement of the fee if filed by January 15, 2014 and the late filing fee paid by June 1, 2013.

There are (114) potentially overproduced properties in conjunction with 2012 Production filing. Letters and invoices were generated and sent with overproduction fees set at \$25 per acre foot over, \$75 per acre foot over for second offense and a requirement to install district approved flow meters at all wells with a due date of July 15<sup>th</sup>. An option to re-pool to avoid fees was given to be completed by July 1<sup>st</sup>.

District personnel will begin focusing on reading meters. In addition to reading meters, the staff will be working on the survey of wells in the Dallam County PGMA areas over the summer. The General Manager noted that Well owners in the PGMA areas are required to report their water use for 2013 by March 1, 2014.

The General Manager recommended that the District sponsor the Texas Alliance of Groundwater District's Groundwater Summit at a cost of \$5000. The event is scheduled for August 27-29 at the San Marcos, Texas Conference Center. The Summit is expected to attract over 300 groundwater industry leaders, including water planners, groundwater conservation districts, legislative representatives, legal experts and vendors. In exchange for the sponsorship the District will receive exhibit booth space (\$750 value), two full meeting badges (\$700 value), a half-page ad in the program, acknowledgement of sponsorship in press releases, e-blasts, and the TAGD website, and premium signage and acknowledgement as a sponsor at all three breaks. The General Manager believes the exposure will enhance the District's position as a groundwater policy leader in Texas.

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

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

By consensus, the Board set its next regular Board meeting for August 13, 2013 at 9:30 a.m.



Phil Haaland moved to adjourn the meeting. Harold Grall seconded the motion and it was unanimously approved by the Board. President Born declared the meeting adjourned at 12:46 p.m.

  
Gene Born, President

  
Bob Zimmer, Secretary