

**MINUTES OF THE FEBRUARY 14, 2023
BOARD OF DIRECTORS MEETING OF
NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT**

The Board of Directors of North Plains Groundwater Conservation District met in regular session on February 14, 2023, at 9:00 a.m. in the Conference Room in the Richard S. Bowers Water Conservation Learning Center Building at the North Plains Water Conservation Center, 6045 West County Road E., Dumas, Texas 79029-7201. The following persons were present:

Members Present at 9:05 a.m.:

Mark Howard, President;
Bob B. Zimmer, Secretary;
Gene Born, Director;
Justin Crownover, Director;
Harold Grall, Director; and,
Allan Frerich, Director.

Staff present during part or all the meeting:

Steve Walthour, General Manager;
Kirk Welch, Assistant Manager;
Kristen Blackwell, Administration Manager;
Odell Ward, Aquifer Science Manager;
Curtis Schwertner, Natural Resource Specialist; and
Baylee Barnes, Conservation Outreach Specialist.

Others present during part or all the meeting:

Tom Forbes, Esq. – via Zoom
Nich Kenny – via Zoom;
Brantley Jones, Esq.;
Sabrina Leven, RNA Ag;
F. Keith Good, Esq.; and,
Ellen Orr, Paralegal.

President Howard declared a quorum present and called the meeting to order at 9:05 a.m. President Howard gave the invocation and led the pledge.

1. - Public Comment

No Public Comment was made to the Board.

2. - Consent Agenda

The Consent Agenda was discussed by the Board and consisted of: (a) the review and approval of the Minutes of the regularly scheduled Board of Directors Meeting held on January 10, 2023 and the regularly scheduled Board of Directors Meeting held on January 17, 2023; (b) the review and approval of un-audited District expenditures for January 1, 2023 through January 31, 2023, including the General Manager's expense and activity reports; and, (c) the review and approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional services and out-of-pocket expenses incurred from January 1, 2023 through January 31, 2023 in the amount of \$15,685.23.

Bob B. Zimmer moved to approve the Consent Agenda. Gene Born seconded the motion, and it was unanimously approved by the Board.

Action Agenda 3.a. - Consider resolution regarding optional personal property taxation in 2023 for the North Plains Groundwater Conservation District to property owners in Dallam, Sherman, Hansford, Ochiltree, Lipscomb, Hartley, Moore and Hutchinson Counties, Texas.

The General Manager stated that annually, the North Plains Groundwater Conservation District determines whether it will tax optional personal property including:

- Personal Boats;
- Personal Vehicles;
- Airplanes;
- Motor homes; and
- Trailers.

If an entity decides to tax any of the above listed property, the entity must tax all the above. Historically, the Board has chosen not to tax the optional personal property.

The General Manager recommended that the Board adopt the resolution to forego collecting the above mentioned optional personal property taxes for 2023 in Dallam, Sherman, Hansford, Ochiltree, Lipscomb, Hartley, Moore and Hutchinson Counties, Texas.

The proposed resolution was presented to the Board.

Harold Grall moved to adopt the proposed resolution to forego the optional personal property taxation for personal boats, vehicles, airplanes, motorhomes, travel trailers in calendar year 2023 in Dallam, Sherman, Hansford, Ochiltree, Lipscomb, Hartley, Moore and Hutchinson Counties, Texas. Justin Crownover seconded the motion, and it was unanimously approved by the Board.

Action Agenda 3.b. - Consider Homestead Exemptions for 2023.

The General Manager stated that historically, the District has adopted the following homestead exemptions.

- The greater of 10% of the taxable value or \$10,000 for a Homestead;
- \$100,000 – for persons over 65
- \$100,000 - Disability SS
- The maximum percentage for Disabled Veterans.

The General Manager recommended that the Board adopt the foregoing homestead exemptions for calendar year 2023.

Bob B. Zimmer moved that the Board adopt the following homestead exemptions for calendar year 2023:

- The greater of 10% of the taxable value or \$10,000 for a Homestead;
- \$100,000 – for persons over 65;
- \$100,000 - Disability SS; and,
- The maximum percentage for Disabled Veterans.

Gene Born seconded the motion, and it was unanimously approved by the Board.

Action Agenda 3.c. - Receive report and consider action as needed regarding agriculture water conservation demonstration programs and the North Plains Water Conservation Center.

The following report was presented to the Board:

NPGCD Water Conservation Center

Update Nicholas Kenny, P. E.

Corn Cotton Rotation: 2018 - 2021

Corn LEPA	21.1 acre-inches / season
Corn SDI	19.6 acre-inches / season
Cotton LEPA	10.2 acre-inches / season
Cotton SDI	9.8 acre-inches / season

Corn / Cotton on LEPA	15.65 inches
Corn / Cotton on SDI	14.7 inches
WCC Net (corners)	11.7 inches



2022 Irrigation Summary

Corn

Plant Date:	19-20 May 2022
West Pivot:	27.2 inches (4.3 -inches pre-water, 6.4 -inches after 1 September)
South SDI:	20.8 -- 22.9 inches
Rainfall:	7.0 Gross inches

Cotton

Plant Date:	13-14 May 2022
East Pivot:	14.3 inches (3.9 inches pre -water, 1.2 -inches after 1 September)
North SDI:	8.5 to 10.2 inches
Rainfall:	8.1 Gross inches



2022 Yield, WUE, and Revenue

Corn

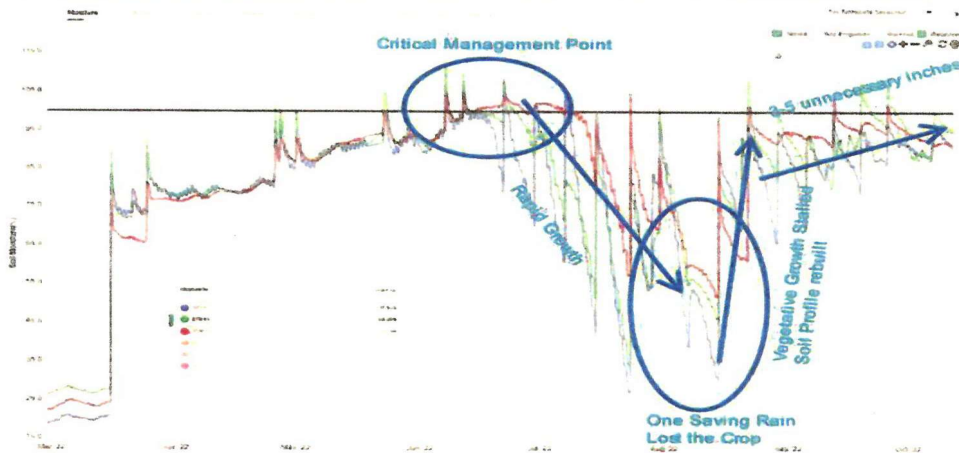
West Pivot: 216.5 Bu / Acre – 7.2 Bushel / Acre-inch
 \$1,353 / Acre \$44.80 / Acre -inch
 South SDI: 197.8 Bu / Acre – 7.9 Bushel / Acre-inch
 \$1,236 / Acre \$49.65 / Acre -inch

Cotton

East Pivot: 2.6 Bales / Acre (44.2 lbs lint & 56.3 lbs seed / Acre-inch)
 \$1,040 / Acre \$35.37 / Acre -inch
 North SDI: 2.25 Bales / Acre (46.0 lbs lint & 55.5 lbs seed / Acre-inch)
 \$900 / Acre \$36.81 / Acre -inch



West Pivot Corn- 2022



Domestic Well

The motor had to be replaced in the domestic well by Etter Water Well on 1/10/23. When the new motor was pump tested the amps were too high, caused by issues with the power source somewhere up the line. After the electrical issues were resolved, they determined the electrical issue had grounded the new motor, starter, and overload. They had to pull and replace the motor, starter, and overload, again. Etter Water Well has turned-in one of the motors for warranty. District staff is researching the liability on the second motor since the damage occurred before the District ever used the motor.

Assistant General Manager, Kirk Welch, presented the following report to the Board:

Master Irrigator

The Master Irrigator Class of 2023 is full, with 25 registered irrigators and the water engineer from WTAMU, David Parker, Ph.D. (See participant's list attached.) Master Irrigator 2023 Starts tomorrow. The dates are as follows:

February 15, 2023 – Agronomics
February 22, 2023 - Irrigation Scheduling
March 1, 2023 – Systems
March 8, 2023 – Systems and Special Topics.

Registration and breakfast begin at 8:30 a.m., presentations begin at 9:00 a.m., and there is a lunch break at 12:15 p.m.

Should Master Irrigator Funds be Distributed to Growers from Other Districts?

In discussions with Texas Water Development Board Agriculture Conservation Program Director, Antonio Delgado, the idea was presented of the District allowing producers from outside the boundaries of the District to qualify for the funding. Although growers within the District have priority for participation in the program, the District has allowed growers outside the boundaries of NPGCD to participate, if there were not enough applicants from inside the boundaries. Based on current District policy, these "outside" participants are not qualified to take part in the cost share. Delgado expressed that the TWDB would be agreeable to distribution of funds to "outside" participants within the State. The Board may consider allowing staff to draft a proposal that would outline a process and priorities that would allow for funds to be distributed to Master Irrigator graduates from outside the District.

Bob B. Zimmer moved to defer the issue presented, for the District to allow producers from outside the boundaries of the District to qualify for the Master Irrigation funding program, to the Ag Committee to make a recommendation and present its recommendation to the Board at a future meeting. Harold Grall seconded the motion, and it was unanimously approved by the Board.

Action Agenda 3.d. - Receive report regarding 2022 Annual Production Reporting.

The General Manager reported that approximately 2,988 production reports for calendar 2022 annual production were sent to 652 recipients via mail or email by December 5, 2022, with an option to report online, upon request. As of February 5, 2023, 800 production reports have been received and 517 reports have been entered. Ten (10) recipients have been set up to report online. Thirteen (13) production reports have been successfully submitted and approved through the online portal.

Action Agenda 3.e. - Receive report regarding the 88th Legislative Session.

The General Manager presented the following information to the Board in the Board Packet:

As of February 7th, three Bills have been filed in the Legislature, that if passed, could affect the District. They are as follows:

- SB638 (Springer) Relating to the governance and decision-making of groundwater conservation Districts in contested cases;

- SB 156 (Perry) Relating to the regulation of groundwater conservation Districts; and,
- HB 1256 (Holland) Relating to seller's disclosure notice concerning special Districts in which residential real property is located.
- HB57 (Zwiener) Relating to climate change planning and reporting.

SB 638 and SB 156 can have the greatest effects on the District and its stakeholders.

Mr. Walthour presented copies of the introduced versions of the Bills to the Board.

Tom Forbes presented the following listing of Senate and House Bills relating to groundwater and some recent articles about the Texas Legislature's efforts regarding groundwater to the Board:

Senate Bills

<u>SB 156*</u>	Author:	Perry
	Last	11/14/2022 S Filed
	Caption:	Relating to the regulation of groundwater conservation districts.
<u>SB 175*</u>	Author:	Middleton
	Last	11/14/2022 S Filed
	Caption:	Relating to the use by a political subdivision of public funds for lobbying activities.
<u>SB 223</u>	Author:	Campbell
	Last	11/14/2022 S Filed
	Caption:	Relating to public meetings held by the Texas Commission on Environmental Quality on the permitting of wastewater treatment facilities.
<u>SB 296</u>	Author:	Perry
	Last	12/19/2022 S Filed
	Caption:	Relating to a requirement that the Texas Commission on Environmental Quality obtain or develop updated water availability models for certain river basins.
<u>SB 469</u>	Author:	Springer
	Last	01/13/2023 S Filed
	Caption:	Relating to the eligibility of certain political subdivisions to receive certain financial assistance administered by the Texas Water Development Board.
<u>SB 638*</u>	Author:	Springer
	Last	01/26/2023 S Filed
	Caption:	Relating to the governance and decision-making of groundwater conservation districts in contested cases.
<u>SB 679</u>	Author:	Johnson
	Last	02/03/2023 S Filed
	Caption:	Relating to the use of audiovisual technology during meetings by the Texas Water Development Board and the Water Conservation Advisory Council.

[SB 735](#) Author: Springer
Last 02/07/2023 S Filed
Caption: Relating to memoranda of understanding between the Texas Water Development Board and other state agencies.

[SB 837](#) Author: Perry
Last 02/10/2023 S Filed
Caption: Relating to financial assistance provided and programs administered by the Texas Water Development Board.

[SJR 43](#) Author: Perry
Last 02/10/2023 S Filed
Caption: Proposing a constitutional amendment creating the water for Texas fund to assist in financing water projects in this state.

House Bills

[HB 585](#) Author: Raymond
Last 11/14/2022 H Filed
Caption: Relating to the creation by the Texas Commission on Environmental Quality of a plan to protect water treatment facilities from catastrophes.

[HB 973](#) Author: Zwiener
Last 12/09/2022 H Filed
Caption: Relating to the creation and uses of the critical infrastructure resiliency fund and the eligibility of certain water-related projects for state financial assistance.

[HB 1646](#) Author: King, Tracy O.
Last 01/25/2023 H Filed
Caption: Relating to the use of water withdrawn from the Edwards Aquifer.

[HB 1688](#) Author: Murr
Last 01/26/2023 H Filed
Caption: Relating to water quality protection areas.

[HB 1845](#) Author: Metcalf
Last 02/03/2023 H Filed
Caption: Relating to the licensing requirements for certain operators of wastewater systems and public water systems

[HB 1889](#) Author: Tinderholt
Last 02/03/2023 H Filed
Caption: Relating to a study of seawater desalination processes used in Israel and the feasibility of using similar processes in Texas.

[HB 1971](#) Author: Ashby
Last 02/07/2023 H Filed
Caption: Relating to the procedures for acting on a permit or permit amendment application by a groundwater conservation district and the disqualification of board members of groundwater conservation districts.

HB 2119* Author: Dorazio
Last: 02/09/2023 H Filed
Caption: Relating to the award of attorney's fees in certain suits involving a groundwater conservation district.

In the News

[The Lost Reservoir Inside Our Water Infrastructure \(Feb. 13, 2023\).](#)

[New Texas House caucus to focus on water security, updating systems \(Feb. 9, 2023\).](#)

[Opinion: It's time for a water session at the Legislature \(Jan. 15, 2023\).](#)

[Texas Lege Looks to Address Flooding and Drought Without Saying "Climate Change" \(Feb. 3, 2023\).](#)

[Even without water champion Lyle Larson, Texas lege poised to tackle tough water issues \(Jan. 26, 2023\).](#)

Action Agenda 3.f. - Receive Investment Report for October 1, through December 31, 2022.

The General Manager presented the following report to the Board in the Board Packet:

The quarterly investment report for the period from October 1, 2022, through December 31, 2022, reflects the North Plains Groundwater Conservation District investment transactions for all District funds subject to the District's Public Funds Investment Policy.

The report describes in detail the District's investment position as of December 31, 2022; states the maturity date of each separately invested asset that has a maturity date; and states the compliance of the investment portfolio of the District with the investment strategy expressed in the District's investment policy; and relevant provisions of Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act").

Standard of Care

The Board directs those public funds investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. The order of investment priorities are as follows:

Preservation and safety of principal;

Liquidity; and, lastly,

Yield.

In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds, or funds under the District's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and whether the investment decision was consistent with the District's written investment policy.

Investments

The District may invest in obligations of, or guaranteed by, governmental entities as provided in Section 2256.009(a) of the Act. The District's Board has authorized Perryton National Bank (PNB) as its primary depository and First State Bank as secondary depository.

The funds held in those accounts are as follows:

Bank Accounts	Account Name	Account	12/31/20	Interest Rate
Perryton National Bank	Main Account	337	\$1,038,743.40	0.01%
Perryton National Bank	Default Reserve	116	\$11,225.00	Non-Interest Bearing
Perryton National Bank	Interest & Sinking	256	\$100.00	Non-Interest Bearing
First State Bank	Late Filer Fees	9005805	\$2,500.00	Non-Interest Bearing

The Perryton National Bank Default Reserve Account and the Interest & Sinking Account, as well as the First State Bank Late Filer Fees Account are non-interest-bearing accounts and are not included in analyzing maturity and interest rate. Perryton National Bank is the District's primary financial institution that provides the District's main operating account. The main operating account and CDs at Perryton National Bank exceeds the FDIC insurance coverage so the bank pledges funds that are secured by securities more than FDIC insurance for all District funds deposited with the bank. The District is currently holding 3 pledged securities with an original face value of \$3,985,000.00. The Perryton National Bank Default Reserve Account and the Interest & Sinking Account are non-interest-bearing accounts by contract used to service Texas Water Development Board Loan for Water Conservation Center agriculture equipment construction. The First State Bank Account is used by the District to secure funds of well owners that filed their production reports late. Afterward, all remaining funds are swept from the account and are deposited in the District's operating account at Perryton National Bank. The District holds \$399.01 in petty cash at its offices.

The District's Board has approved a list of depositories for the District to purchase certificate of deposits (CDs). The District primarily secures its funds in CDs issued by a state or national bank domiciled in Texas, a savings and loan association domiciled in Texas and is guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor. The maximum allowable maturity of any authorized investment is two (2) years.

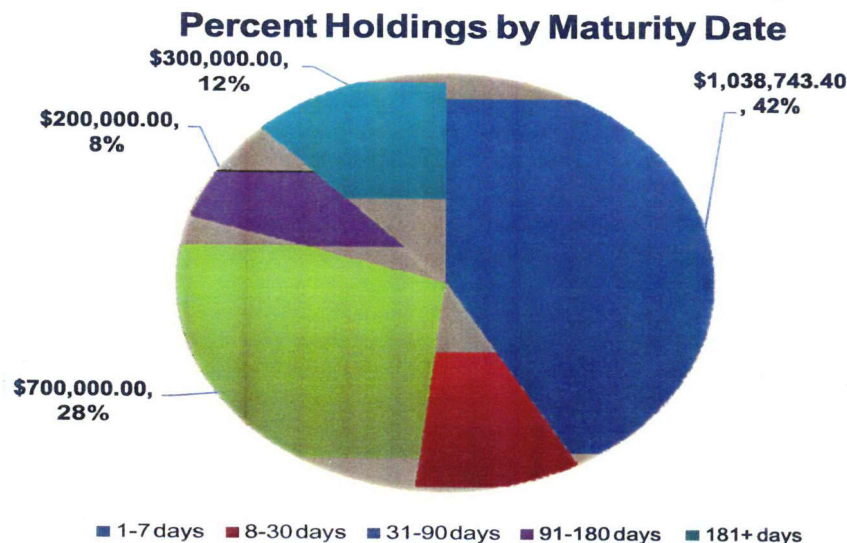
All interest from the CDs is paid by check to the District and deposited into the District's Perryton National Bank main operating account. On December 31, 2022, the District has funds in its Perryton National Bank Main Account which renews daily (1-7 days), two CDs set to mature in 30 days, four CDs between 31-90 days, two CDs set to renew between 91-180 days, and two CDs set to mature after 180 days. A summary of District funds by dollar amount, number of days until maturity, and weighted average maturity (WAM) is as follows:

Security Description	Investment Amount	Mat. in Days (DTM)	WAM
Perryton National Bank Main Account	\$1,038,743.40	1	0.42
First Bank Southwest CD 10000222	\$100,000.00	261	10.49
First National Bank CD 82938	\$100,000.00	16	0.64
First State Bank - Spearman CD 45152	\$150,000.00	23	1.39
Happy State Bank/Centennial Bank CD 11297	\$150,000.00	46	2.77
Dalhart Federal Savings & Loan CD 602-609183-3	\$150,000.00	47	2.83
Western State Bank CD 20855	\$250,000.00	49	4.92
Interstate Bank SSB CD 9361-13004190	\$150,000.00	86	5.18
First State Bank CD 21046	\$100,000.00	92	3.70
Dalhart Federal Savings & Loan CD 602-608808-8	\$100,000.00	123	4.94
Happy State Bank/Centennial Bank CD 12046	\$100,000.00	219	8.80
Perryton National Bank CD 21457	\$100,000.00	235	9.44
Total	\$2,488,743.40		55.53

The weighted average maturity (WAM) is used to illustrate the average amount of days it takes District investments to mature. The Perryton National Bank Account is the main

operating account used by the District. Funds within this account are available within one day.

The following pie chart shows a snapshot of what percent of the District's money is being held in longer investments versus money on hand. 41.74 percent of the District's investments are held in the main operating account with a one-day maturity rate (included in 1-7 days), whereas 28.13 percent of the District's investments are held in CDs with a maturity date between 31-90 days. The final three pieces of the pie are investments that are held for 8-30 days, 91-180 days, and over 180 days. Currently, the District has no CDs set to mature for 1-7 days. The highest interest rates the District receives on CD's is 3.50 percent. The pie chart representing the percent of holdings in investments based on the days to maturity is as follows:



District Yield Rates compared to U.S. Department of Treasury Par Yield Curve Rates

As of December 30, 2022 (last trading day of month), the U.S. Department of Treasury Par Yield Curve Rates for one month are 4.12 percent and the one year are 4.73 percent. This par yield curve, which relates the par yield on a security to its time to maturity, is based on the closing market bid prices on the most recently auctioned Treasury securities in the over-the-counter market. The par yields are derived from input market prices, which are indicative quotations obtained by the Federal Reserve Bank of New York at approximately 3:30 p.m. each business day.

District Loan Obligations

The District has one loan agreement with the Texas Water Development Board. The original loan agreement (TWDB Account# 21743) was executed in October 2014 for \$620,000.00 to equip the North Plains Water Conservation Center. The loan is for ten years with an 0.11 percent annual fixed interest rate. Two payments are remaining on the loan. The remaining loan amount as of December 31, 2022, and the remaining number of payments are as follows:

Loan	Account #	December 31, 2022	Notes
TWDB	21743	\$124,000.00	2 annual payments + 0.11% interest

The schedule of loan payments including interest is as follows:

Amount	Year
\$62,136	2023
\$62,068	2024

Action Agenda 3.g - Receive Panhandle Water Planning Group Report.

Steve Walthour reported that The Panhandle Water Planning Group (Region A) Agriculture and Executive Committees are met on February 13, 2023, in Amarillo. The agendas were presented to the Board.

The Agriculture Committee primarily considered the following:

- TWDB Ag Demands Timeline –FNI Consultant.
- Presentation, Discussion, and Action as Appropriate –Irrigation Demand Analysis Regarding Base Year Demands.
 - a. TWDB Proposed Methodology
 - b. Methodology Adopted for 2021 Regional Water Plan
 - c. Observations, Changing Conditions and Group Discussion
 - d. Approve Methodology for Base Year Demands
- Presentation, Discussion, and Action as Appropriate – Irrigation Demand Analysis Regarding Future Projections
 - a. TWDB Proposed Methodology
 - b. Alternative Approach to Future Water Use
 - c. Observations, Changing Conditions and Group Discussion
 - d. Approve Methodology for Future Demand Projections

The Executive Committee considered the following:

- Review responses to Solicitation for Nominations to fill the vacant, voting member position in the Industries, Environmental, and Water Districts interests' categories and consider a recommendation to PWPG.
- Composition of Agriculture Sub-Committee
- Draft Demand Projections provided by TWDB for the 2026 Regional Water Plan for population, plumbing code savings, and municipal water demand.
- Review of Local Water Solicitation
- Recommendation of new logo design to represent the PWPG.

Action Agenda 3.h - Receive report and consider action regarding compliance matters before the District.

Action Agenda 3.i - Closed Session.

Executive Session - Section 551.071 of the Texas Government Code.

At 9:59 a.m., Bob B. 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 on matters in which the duty of attorneys to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas conflicts with Chapter 551. Harold Grall seconded the motion, and it was unanimously approved by the Board.

Executive Session: At 10:05 a.m., the Board went into Executive Session. At 10:50 a.m., Bob B. Zimmer 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 10:50 a.m.

Discussion Agenda 4.a. - Director Reports regarding meetings and/or seminars attended, weather conditions and economic development in each Director's precinct.

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

Discussion Agenda 4.b. - Committee Reports.

No Committee reports were presented to the Board.

Discussion Agenda 4.c. - General Manager's Report.


The General Manager's presented his report to the Board which included the General Manager's activity summary, the District's activity summary, permits issued in January 2023, Conservation Outreach Activities, Aquifer Science Activities, Well Inspections and Type Completed during January 2023.

Set Next Meeting Date and Time

The next regular meeting of the Board was scheduled for March 14, 2023.

Adjournment.

There being no further business to come before the meeting, President Howard adjourned the meeting at 11:00 a.m.


Mark Howard, President


Bob B. Zimmer, Secretary