

**MINUTES OF THE NOVEMBER 12, 2019
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 12, 2019, at 8:00 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 8:02 a.m.:

Daniel L. Krienke, President
Bob B. Zimmer, Vice-President;
Mark Howard, Secretary; and
Harold Grall, Director.

Staff Present during part or all of the meeting:

Steve Walthour, General Manager;
Dale Hallmark, Assistant General Manager — Hydrologist/Production Services
Kirk Welch, Assistant General Manager — Outreach;
Kristen Blackwell, Executive Assistant;
Odell Ward, Program Coordinator — GIS/Monitor Wells;
Curtis Schwertner, Natural Resource Specialist;
Paige Glazner, Conservation Outreach Assistant; and
Krista Markham, Public Information Officer.

Others present during part or all of the meeting:

Mandi Boychuk, Natural Prairie & Northside Farmland;
Nicholas Kenny;
F. Keith Good, General Counsel for the District; and
Ellen Orr, Paralegal.

President, Daniel L. Krienke declared a quorum present and called the meeting to order at 8:02 a.m. Director, Harold Grall, gave the invocation and President Krienke led the pledge.

Director Zac Yoder arrived to participate in the meeting at 8:03 a.m.

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: the review and approval of the Minutes of the regularly scheduled October 15, 2019 Meeting of the Board of Directors; the review and approval of un-audited District expenditures for October 1, 2019 through October 31, 2019, including the General Manager's expense and activity report; and the review and approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional services and out-of-pocket expenses from October 1, 2019 through October 31, 2019, in the amount of \$5,181.29.

Mark Howard moved to approve the Consent Agent. Harold Grall seconded the motion and it was unanimously approved by the Board.

Gene Born arrived to participate in the meeting at 8:05 a.m.

Action Agenda 3.b. - Consider Action to ratify the creation of a debt service account and a sinking and interest account as required by the Texas Water Development Board Agriculture Loan Agreement.

The General Manager reported that the Texas Water Development Board (TWDB) Agricultural Loan Agreement requires the District to establish and maintain a federally insured interest and sinking account separate and apart from any other accounts of the District, from which it will pay the TWDB loan principal and accrued interest. The District is also required to establish and maintain a federally insured Default Reserve account, separate and apart from other accounts of the District. The District will be required to deposit into the Default Reserve account, an amount equal to at least the average principal interest payment over the duration of the loan with TWDB. The TWDB notified the General Manager that the accounts needed to be set up before the loan could be closed. The General Manager has created three accounts with Perryton National Bank, the creation of three accounts and funded the accounts with \$100.00 as follows:

An account to receive the TWDB Loan Funds;
A Debt Service Fund Account; and
A Default Reserve Account.

Since the District is borrowing funds from the Texas Water Development Board to Loan funds to growers for upgrading or replacing current irrigation systems with more efficient equipment the Board budgeted \$1,000,000.00 under the TWDB Agriculture Loan Program. Instead of accounting for the principal and interest owed in the District's General Budget, the District must adopt a debt service fund budget for the Texas Water Development Board contract and a debt service fund budget Default Reserve Account. For the first year the interest on \$1,000,000 at a 1.59% interest rate will be \$8,038.30.

The Texas Water Development Board Agriculture Loan Program Debt Service Fund holds monies to pay principal and interest on the District's debt to the Texas Water Development Board. Each year the Board must adopt a separate budget to pay the interest and principal of the loan.

As part of the Texas Water Development Board loan contract, the District established a Default Reserve Account that includes two percent of the loan amount. The account is an interest-bearing account and the District is required to track the interest for the account.

The General Manager requested that the Board ratify the General Manager's action to set up separate accounts to receive the TWDB funds, to create a Debt Service Fund, and to create a Default Reserve Account and place funds in the Debt Service Fund Account, and in the Default Reserve Account as follows:

**TEXAS WATER DEVELOPMENT BOARD
AGRICULTURE LOAN PROGRAM FUND**

Description	Budget Amount
Transfer In	\$ 100.00

**TEXAS WATER DEVELOPMENT BOARD
AGRICULTURE LOAN PROGRAM DEBT SERVICE ACCOUNT**

Description	Budget Amount
Income	
Transfer In	\$ 108,038.30
Expenses	
Principal	\$ 100,000.00
Interest	<u>8,038.30</u>
Total Expenses	\$108,038.30
Net Income/Expense	\$ 0.00

**TEXAS WATER DEVELOPMENT BOARD
AGRICULTURE LOAN PROGRAM DEFAULT RESERVE ACCOUNT**

Description	Budget Amount
Investment Income	\$ 100.00

Director, Justin Crownover, arrived to participate in the meeting at 8:07 a.m.

Harold Grall moved that the Board ratify the General Manager's action to set up separate accounts to receive the TWDB loan funds, to create a Debt Service Fund, and to create a Default Reserve Account and place funds in the Debt Service Fund Account, and in the Default Reserve Account as follows:

**TEXAS WATER DEVELOPMENT BOARD
AGRICULTURE LOAN PROGRAM FUND**

Description	Budget Amount
Transfer In	\$ 100.00

**TEXAS WATER DEVELOPMENT BOARD
AGRICULTURE LOAN PROGRAM DEBT SERVICE ACCOUNT**

Description	Budget Amount
Income	
Transfer In	\$ 108,038.30
Expenses	
Principal	\$ 100,000.00
Interest	<u>8,038.30</u>
Total Expenses	\$108,038.30
Net Income/Expense	\$ 0.00

**TEXAS WATER DEVELOPMENT BOARD
AGRICULTURE LOAN PROGRAM DEFAULT RESERVE ACCOUNT**

Description	Budget Amount
Investment Income	\$ 100.00

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

Action Agenda 3.c. - Consider final compliance approval of Water Well Permits as active and complete wells.

The General Manager reported that District Rule 2.13 provides, after the site inspection is complete, and it is determined that the Well (and all Wells within the Groundwater Production Unit) is/are in compliance with the Rules of the District, and the Well Permit application, the General Manager shall submit the Well Permit to the Board for final compliance approval.

The General Manager reported that the District staff had processed 16 Water Well Permits which are ready for Board consideration and approval. These permits, listed in the table below, represent completed Wells that have been inspected and are in compliance with District Rules. The inspections verify that the Wells were completed as required by the respective Permits, including proper Well location, Well classification, maximum yield, and proper installations of check valves and flow meters. Copies of the individual permits were presented to the Board. It was noted by the General Manager that Director, Justin Crownover, had a Well on the Well Permit Schedule presented to the Board, MO-10660.

WELL	CLASS	SEC	BLK	SUR	NS	EW
DA-0290	A	NW	1	1	SPRR	47 N
DA-10515	C	NE/4	16	1	BS&F	830 N
DA-10663	C	SE/4	31	2	B&B	137 S
HA-0506	A	SE	136	48	H&TC	883 S
HA-10665	C	SE/4	45	2	B&B	445 S
HN-10600	B	SW/4	83	45	H&TC	105 S
HN-10601	B	SE/4	83	45	H&TC	101 S
HU-10699	C	NE/4	None	None	J J HALL	7.85 N
MO-10213	B	NW/4	397	44	H&TC	102 N
MO-10419	C	NE/4	387	44	H&TC	35 N
MO-10660	C	NE/4	362	44	H&TC	103 N
MO-10677	C	SW/4	347	44	H&TC	546 S
MO-10700	C	NE/4	280	44	H&TC	918 N
MO-10701	C	SE/4	280	44	H&TC	103 S
OC-10681	D	SW/4	95	13	T&NO	105 S
OC-10682	D	NW/4	97	13	T&NO	613 N

Zac Yoder moved to approve Well Permit MO-10660 noting that the Well is properly equipped and otherwise complies with District Rules. Bob B. Zimmer seconded the motion and it was approved by the majority vote of the Board with Justin Crownover abstaining from the vote.

Zac Yoder moved to approve the remaining Well Permits on the Well Permit Schedule, noting that the Wells are properly equipped and otherwise comply with District Rules. Harold Grall seconded the motion and it was unanimously approved by the Board.

Action Agenda 3.d. - Receive presentation from Zachary Yoder regarding how he uses weather stations in his farming operation.

Director, Zac Yoder, made a presentation to the Board regarding use of weather stations in his farming operation.

Curtis Schwertner, Natural Resource Specialist, was recognized for five years of service. Krista Markham, the District's Public Information Officer, was introduced to the Board.

Action Agenda 3.a.- Consider recommendation to approve a Credit Analyst – Loan Officer for funds related to the Texas Water Development Board Agricultural Loan Agreement.

Kirk Welch, Assistant General Manager — Outreach, stated that under direction from the Board, District staff has solicited proposals for a person, or persons to perform the functions of analyzing the loan applications for credit worthiness and then making loan recommendations to the Board accordingly. Three proposals were received and were presented to the Board. The proposals received were:

1. Alvia Calvert (Dumas) and Lanny Crow (Sunray), both retired from Happy State Bank, submitted a proposal as follows:

Re: RFP Loan Application Reviews

Alvia Calvert and Lanny Crow (HSB retired banker from Sunray- 20+ years ag lending) would tag team the review, and recommendation of approval or denial for North Plains Ground Water Conservation Districts loan applications at \$250 per loan request.

In addition to the above fee, Calvert and Crow will charge \$125 per hour, plus normal IRS approved mileage reimbursement over 15 miles for attendance at any Board or committee meetings, due diligence required by the Board, interaction with loan customers or lawyers, that might occur in the event collection efforts, foreclosure, or bankruptcy should occur.

2. Gary Sutherland, sales agent and land appraiser for Clift Scott and Associates, with over 50 years of experience in agricultural loans, submitted the following proposal:

As per my conversation with Steve Walthour a couple of weeks ago, I would be happy to review your loan applications in the same manner as I have been doing for the Panhandle Groundwater District for more than 25 years.

Because I live in Pampa there would be a "Trip Charge" of \$ 225 for each trip plus my time in your office to conduct the Reviews. Time in the office would be at \$ 150 per hour and I would want at least a one week notice prior to your Board Meeting to give me a window of time to get there. The initial loans might require more than an hour to review, but after "startup" I would expect that most loans would take less than an hour to conduct the review.

3. Andrew McMurray, Senior Loan Officer, Ag Resource Management, Amarillo, Texas proposed a flat fee of 2.0% per the dollar amount of the loan to conduct the review.

Calvert and Sutherland's resumes were presented to the Board. Andrew McMurray did not provide a resume.

The General Manager recommended that Alvia Calvert and Lanny Crow be selected to provide the services of credit analyst/loan reviewer based on their experience in ag lending and their respective residences in proximity to the District office.