

**MINUTES OF THE JUNE 20, 2017  
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 20, 2017, 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 9:03 a.m.:**

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

**Staff Present during part or all of the meeting:**

Steve Walthour, General Manager;  
Dale Hallmark, Assistant General Manager/Hydrologist/Producer Services;  
Kirk Welch, Assistant General Manager/Outreach;  
Pauletta Rhoades, Finance/Administration Manager;  
Kristen Blackwell, Executive Assistant;  
Casey Tice, Compliance Coordinator;  
Laura West, Production Monitoring Coordinator;  
Paul Sigle, Agricultural Engineer;  
Odell Ward, Program Coordinator – GIS/Monitor Wells;  
Shari Stanford, Natural Resource Specialist – Meter Program;  
Jerry Green, Natural Resource Specialist;  
Alyssa Holguin, Conservation Outreach Assistant;  
Curtis Schwertner, Natural Resource Specialist;  
Paige Glazner, Summer Intern; and,  
Jessica Fischbacher, Summer Intern.

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

Faith Tyler, Apex Clean Energy;  
Harry Snyder, Apex Clean Energy;  
F. Keith Good, Attorney; and,  
Ellen Orr, Paralegal.

President Grall declared a quorum present and called the meeting to order at 9:03 a.m. President Grall gave the invocation and led the pledge.

Mr. Walthour introduced Paige Glazner and Jessica Fischbacher who have been employed as Summer interns for the District. Paige is engaged to animate PowerPoint templates and to enhance the District's artwork. Jessica is engaged to assist Alyssa Holguin with District communications and outreach.

President Grall recognized Jerry Green for 5 years of District service and Steve Walthour for 10 years of District service.

**1 – Public Comment**

No public comments were received.

## 2 – Consent Agenda

The Consent Agenda was discussed by the Board and consisted of: the review and approval of the Minutes of the regular April 11, 2017 Board Meeting; the review and approval of April 10, 2017 Minutes of the Ag Committee; the review and approval of the Minutes of the April 10, 2017 Executive Committee; the review and approval of un-audited District expenditures for April 1, 2017 through May 31, 2017, including the General Manager's expense and activity report; the review and approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional services and out-of-pocket expenses from April 1, 2017 through May 31, 2017, in the amount of \$8,294.41; and the review and consideration of the Hansford County Tax Collection Contract for 2017-2018.

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

### ***Action Agenda 3a - Recognize Pauletta Rhoades for twenty years of District service.***

Nora Pauletta Rhoades was recognized for 20 years of outstanding District service by the Board of Directors of the District.

The following Resolution was read by the General Manager:

#### **A RESOLUTION OF THE NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT BOARD OF DIRECTORS RECOGNIZING NORA PAULETTA RHOADES FOR DISTINGUISHED SERVICE**

#### **KNOW ALL PEOPLE BY THESE PRESENTS:**

The North Plains Groundwater Conservation District ("District") serves all, or parts, of Dallam, Hansford, Hartley, Hutchison, Lipscomb, Moore, Ochiltree, and Sherman Counties in Texas;

The District's mission statement is "Maintaining our way of life through conservation, protection, and preservation of our groundwater resources";

Nora Pauletta Rhoades ("Pauletta") began employment with the District on June 2, 1997; Pauletta has always been mindful of the interests of the District and she has worked tirelessly to advance the District's administrative programs that assist in achieving the District's mission;

Pauletta is now celebrating her twentieth year as a devoted and dedicated District employee;

Therefore, the North Plains Groundwater Conservation District's Board of Directors proposes the following resolution:

**BE IT RESOLVED, AND IT IS HEREBY RESOLVED**, that the Board of Directors of the North Plains Groundwater Conservation District hereby acknowledges and extends its profound appreciation to Pauletta for her twenty years of exemplary and outstanding service to the North Plains Groundwater Conservation District.

Gene Born moved to adopt the Resolution as read, recognizing Nora Pauletta Rhoades for distinguished District service. Bob Zimmer seconded the motion and it was unanimously approved by the Board.

**Action Agenda 3b - Board review and determination that Wells constructed during 150-day construction period, but not equipped to produce water, are properly located and constructed according to the permit.**

The General Manager reported, that in April 2015, the District amended its Rules to require under District Rule 2.3.2, if a proposed Well is constructed, within the 150-day (or extended) construction period, but not equipped to produce Water, the General Manager shall, after termination of the construction period, submit the Well Permit to the Board for review and determination by formal vote if the Well is properly located and constructed according to the permit and District Rules. Thereafter, when the Well is equipped to produce Water, the permit shall then be reviewed by the Board to determine if the Well, as equipped, complies with the Rules.

Since April 2015, District staff has worked to complete the Well approval process under the old program and is now implementing District Rule 2.3.2 that the Board approved in 2015.

The General Manager submitted the Well permits listed below to the Board for review and determination by formal vote if the Wells are properly located and constructed according to the permit and District Rules for each well as follows:

District Well No.	Date Expired	Well Class	Permitted Location	Location Drilled	Owner
DA- 8554	3/26/15	C	- 102.36094	36.16027	- 102.360908
DA- 9544	11/05/2016	B	- 102.442	36.070508	- 102.442062
HA- 7739	07/14/2014	C	- 102.807062	36.000733	- 102.807105
HA- 9206	03/28/2016	D	- 102.396197	35.963962	- 102.396212

Bob Zimmer moved that each Well listed in the above schedule is properly located and constructed according to the Well permit and District Rules. Zac Yoder seconded the motion and it was unanimously approved by the Boar.

**Action Agenda 3c - Consider 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) 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 17 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.

Well	Class	Qtr.	Sec.	Blk.	Sur.	NS	EW
DA-8982	C	NE/4	390	1-T	T&NO	169 N	232 E
DA-9009	B	SW/4	57	2	CSS	294 S	48 W
DA-9019	C	NW/4	322	1-T	T&NO	385 N	154 W
DA-9020	C	NE/4	322	1-T	T&NO	478 N	23 E
DA-9474	B	NW/4	26	1	BS&F	728 N	110 W
DA-9560	B	NE/4	26	1	BS&F	555 N	13 E
HA-9289	C	SW/4	30	3	B&B	890 S	347 W
HN-6288	D	NE/4	45	R	AB&M	189 N	340 E
HN-9829	D	NW/4	141	45	H&TC	108 N	770 W
HU-9478	D	SE/4	-	-	WM HEATH	109 S	105 E

LI-9383	D	SE/4	1170	43	H&TC	760 S	130 E
MO-9408	B	SW/4	124	3-T	T&NO	283 S	21 W
OC-9106	D	SE/4	12	12	H&GN	738 S	120 E
SH-8394	C	NE/4	252	1-T	T&NO	393 N	203 E
SH-9487	D	SE/4	307	1-T	T&NO	905 S	695 E
SH-9822	C	NW/4	6	2-T	T&NO	669 N	877 W
SH-9863	C	SE/4	76	3-T	T&NO	387 S	337 E

Zac Yoder moved to approve Well Permit HA-9289 on the above schedule noting that the Well is properly equipped and otherwise complies with District Rules. Daniel L. Krienke seconded the motion and it was approved by the majority vote of the Board, with Mark Howard abstaining from the vote.

Mark Howard moved to approve all of the remaining Well Permits on the above schedule noting that the Wells are properly equipped and otherwise comply with District Rules. Bob B. Zimmer seconded the motion and it was unanimously approved by the Board.

**Action Agenda 3d - Consider Resolution and Order proposed by Oslo Wind, LLC whereby the District would elect to become eligible to participate in property tax abatements and adopt guidelines and criteria for granting property tax abatements; and consider the formal adoption of the Resolution and Order.**

**Action Agenda 3e - Consider Resolution and Order proposed by Oslo Wind, LLC ("Oslo") wherein the District approves and authorizes the execution of a tax abatement agreement with Oslo on wind turbines and related facilities and equipment proposed to be constructed and/or installed by Oslo in the Sherman County Reinvestment Zone and the Hansford County Reinvestment Zone; and consider the formal adoption of the Resolution and Order.**

Director, Daniel L. Krienke stated that he may have a conflict of interest in this matter and requested to discuss this matter with the District's general counsel.

**Executive Session - Section 551.071 of the Texas Government Code.**

At 9:23 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 from its attorney. Daniel L. Krienke seconded the motion and it was unanimously approved by the Board.

Executive Session: At 9:25 a.m., the Board went into Executive Session. At 9:44 a.m., Daniel L. Krienke moved that the Board reconvene into regular session. Zac Yoder seconded the motion and it was unanimously approved by the Board.

The Board reconvened into regular session at 9:46 a.m.

Faith Tyler ("Tyler") and Harry Snyder ("Snyder") of Apex Clean Energy discussed the Oslo Wind project with the Board. They reported that Apex Clean Energy is proposing to construct, operate, and maintain a wind farm ("Oslo Wind") utilizing wind-powered electric generation equipment in Hansford County and Sherman County. Apex anticipates that the overall Project will have a 357.5 MW capacity consisting of 143 GE 2.5-116 LNTE turbines, with each having a nameplate capacity of 2.5 MW. On March 27, 2017, Oslo Wind, LLC entered tax abatement agreements with Hansford and Sherman County commissioners' courts for the wind project. (It was noted that before the District can become eligible to participate in any property tax abatement, the Board must adopt

guidelines and criteria for granting property tax abatements by a resolution and order. Oslo Wind, LLC provided proposed guidelines and criteria, as well as a proposed resolution for the District to adopt to become eligible to grant ad valorem abatements.)

Tyler and Snyder stated that as part of the Oslo Wind Project:

1. Electrical connections will be installed to permit the interconnection and transmission of electricity generated by the wind turbines. In addition to the wind turbines, some or all of the following related improvements may be located in the District: an electrical substation; a transmission line to the interconnection point just north of the project site; permanent buildings and offices; office equipment and computers; anemometer towers; electrical transmission interconnects, cables, towers, spare parts, and control systems for commercial generation of electricity; fencing and other equipment as needed for safety and security and related office and control buildings; and personal property supporting the Project.

2. All of the Project's turbines and other equipment will be located within the taxing jurisdiction of the District. The Project's collector substation will be in Hansford County. The Project will interconnect into the SPP market's power grid at the substation in Gruver, Texas. An approximately 9-mile transmission line connecting the Project's collector substation to the SPP substation will be in Hansford County.

- Oslo Wind, LLC anticipates commencing construction of the Project in the first quarter of 2018 and completing construction before December 31, 2018.
- The expected area for the entire Project comprises approximately 65,320 acres, all of which are located within the District.
- The estimated taxable of Oslo Wind is approximately \$488,025,000.

3. Apex Clean Energy (Apex) is an independent renewable energy company based in Charlottesville, VA. Since its founding in 2009, Apex has become one of the fastest-growing companies in the industry. In December 2012, Apex completed development and construction of the 300 MW Canadian Hills Wind project outside Oklahoma City, and in the past two years, Apex completed construction of five wind facilities and started construction on additional projects in Illinois, Texas, and Oklahoma. Operating assets under management by Apex have grown to 1,012 MW as of the second quarter of 2016. The company has a diversified portfolio of over 12,000 MW of wind energy facilities in development around the country and owns several operating solar PV assets. The company's management team comprises experts from throughout the industry whose collective prior experience includes the development, financing, construction and operation of over \$10 billion in wind and solar energy facilities now operating in the United States.

4. Apex expects that the project will be operational for 25 years or more, and has the potential to enhance prospects for existing jobs in the construction trades.

5. Wind projects create many construction jobs but only require a small number of highly skilled technicians to operate the project once commercial operations begin. The permanent employees of a wind farm maintain and service the wind turbines, underground electrical connections, substation, and other infrastructure associated with the safe and reliable operation of the Project. Based upon Apex's extensive experience in wind development and a survey of experienced developers and operators of large scale wind projects, we find that the industry standard for ratio for permanent employment is one full-time employee for every fifteen turbines. Based on the ratio of one full-time employee for every fifteen turbines, Oslo Wind, LLC anticipates that the Project will create 15 new permanent jobs.

It was further noted by Tyler and Snyder:

## TAX ABATEMENT AGREEMENT

Any tax abatement agreement shall include at least the following provisions:

1. the kind, number and location of all proposed improvements on the real property;
2. provisions allowing for reasonable access to the property for initial and intermittent inspection purposes by District employees or designated representatives to ensure improvements are made in compliance with the agreement;
3. provisions limiting the use of the property consistent with the general purpose of encouraging development or redevelopment of the area during the period of the abatement;
4. provisions for recapturing property tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided in the agreement;
5. the term of any abatement agreed to by the recipient of the abatement;
6. a requirement that the abatement recipient certify its compliance with the agreement annually to each taxing unit that is a party to the agreement; and provisions allowing the District to cancel or modify the agreement if the recipient fails to comply with the agreement.

### PROPOSED ABATEMENT TERM AND ABATEMENT PERCENTAGE

"The District and Owner specifically agree that this Agreement shall provide for a property tax abatement, under the conditions set forth herein, of all District property taxes as follows:

Beginning with the January 1 of the Calendar Year after the Calendar Year in which the commercial operation of the facilities (COD) occur, and ending upon the conclusion of ten (10) full Calendar Years thereafter, the Abatement percentage of value of Eligible Property to be abated each year is fifty percent (50%)."

Following termination of the Tyler/Snyder presentation, Bob B. Zimmer moved to table this item and to move toward a pilot program of dollars per megawatt in a proportional amount to the District's tax rate and for Oslo Wind, LLC to bring an alternative tax abatement agreement to the District for its consideration. Gene Born seconded the motion and it passed by the majority vote of the Board with Daniel L. Krienke abstaining from the vote.

***Action Agenda 3f - Receive Hydrology and Groundwater Resources Report 2016-2017 and compare groundwater production for 2016 to Modeled Available Groundwater.***

The annual Hydrology and Groundwater Resources Report 2016-2017 was presented to the Board by Dale Hallmark which contained sections on District Boundaries, General Geology and Hydrology, Aquifer Thickness or Saturated Material, Aquifer Recharge, Inflows and Outflows (Model Run 17-008), Annual Groundwater Production and Modeled Available Groundwater, Depth to Water, Average Declines Based on Groundwater Production and Declines Observed in District Monitor Wells, Active Production Wells within the District, District Monitor Wells, 2016 District Monitor Well Locations and On-line Interactive Maps, Water Quality, 2017 Maps of Depth to Water from Land Surface, 2016 Maps of Declines (in Monitor Wells) by County and Maps of 2017 Estimated (Average) Saturated Thickness of the Ogallala Aquifer by County.

Paul Sigle presented the Annual Groundwater Production Report and the comparison of Annual Production to Modeled Available Groundwater as follows:

### Groundwater Production

Over the last five years, groundwater withdrawals in the district averaged 1.7 million acre-feet per year. The eastern four counties' (Hansford, Hutchinson, Lipscomb, and Ochiltree) groundwater production averaged 399 thousand acre-feet per year; while the western four counties' (Dallam, Hartley, Moore, and Sherman) production averaged 1.3 million acre-feet per year. The east and west groundwater pumping averaged 23.5%, and 76.5%, respectively, of the total groundwater production. Groundwater withdrawals for 2016 in the district totaled 1.56 million acre-feet. The east counties pumped 362 thousand acre-feet (21.3%) while the west counties pumped 1.2 million acre-feet (70.8%). 2016 district-wide production is 8% below average for the past five years. The east counties are 9.33% below average and west counties are 7.47% below average.

**Table 1: Groundwater Production within the District**

County	2012	2013	2014	2015	2016 <sup>[A]</sup>	Average <sup>[B]</sup>
Dallam	372,000	399,300	393,700	297,000	339,200	360,240
Hartley	458,700	459,000	442,100	332,700	391,600	416,820
Moore	234,700	228,300	210,000	156,700	185,700	203,080
Sherman	348,100	346,700	361,400	251,700	285,300	318,640
Hansford	218,800	202,000	211,700	148,800	170,400	190,340
Hutchinson	72,300	69,800	74,000	57,700	67,600	68,280
Lipscomb	55,600	42,600	48,800	39,400	42,300	45,740
Ochiltree	109,300	98,300	106,300	77,400	81,400	94,540
<i>West</i>	1,413,500	1,433,300	1,407,200	1,038,100	1,201,800	1,298,780
<i>East</i>	456,000	412,700	440,800	323,300	361,700	398,900
<i>Total</i>	1,869,500	1,846,000	1,848,000	1,361,400	1,563,500	1,697,680

<sup>[A]</sup> 2016 Production data are provisional and subject to change.

<sup>[B]</sup> Average is an average of the last five years.

### Modeled Available Groundwater

Texas Water Development Board released the Modeled Available Groundwater (MAG) to the district on April 19, 2017, in the report "GAM RUN 16-029 MAG: Modeled Available Groundwater for the Aquifers in Groundwater Management Area 1" by Rohit Ray Goswami, Ph.D., P.E. (Rohit Raj Goswami 2017). The MAG includes the Dockum, Rita Blanca, and Ogallala Aquifers for each county. The total MAG for the district ranges from 2.39 to 1.27 million acre-feet per year between 2016 and 2062. The east ranged from 848 thousand to 846 thousand acre-feet, and the west ranged from 1.54 million to 428 thousand acre-feet. The west counties had the largest decline in the MAG at 72.22% over the 50 years. The east counties only declined 0.28%.

**Table 2: Modeled Available Groundwater for the Aquifers in the North Plains Groundwater Conservation District.**

County	2016 <sup>[C]</sup>	2020	2030	2040	2050	2060	2062
<i>Dallam</i> <sup>[A][B]</sup>	435,583	401,663	301,393	239,759	181,074	127,048	117,442
<i>Hartley</i> <sup>[A]</sup>	440,083	402,386	276,055	216,814	158,850	104,696	95,103
<i>Moore</i> <sup>[A]</sup>	242,451	226,455	183,387	149,846	115,576	84,199	78,545
<i>Sherman</i> <sup>[A]</sup>	422,960	398,183	349,022	281,817	212,871	148,647	136,869
<i>Hansford</i>	275,929	275,016	272,656	271,226	270,281	269,589	269,479
<i>Hutchinson</i>	61,964	62,803	64,522	65,652	66,075	66,027	65,956
<i>Ochiltree</i>	243,725	243,778	243,932	244,002	244,051	244,082	244,085
<i>Lipscomb</i>	266,852	266,809	266,710	266,640	266,591	266,559	266,557