

**MINUTES OF THE APRIL 8, 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 April 8, 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, Vice President; 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;
Pauletta Rhoades, Finance and Administration Coordinator; and
Laura West, Production Monitoring Coordinator.

Others present during part or all of the meeting:

Casey Kimbrell;
Sabrina Leven;
Louis Leven;
Marisol Marquez;
Stella Knickerbocker;
Steve Ramos;
Amy Haschke;
Dillon Pool;
C. C. Sysmobath;

Tom Moore;
F. Keith Good, District General Counsel; and,
Ellen Orr, Paralegal.

President Born declared a quorum present and called the meeting to order at 9:32 a.m.

Director Danny Krienke gave the invocation and President Born led the pledge.

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

Bob Zimmer moved to approve the Consent Agenda consisting of the approval of the Minutes of the Board Meeting of March 18, 2013; the un-audited District expenses presented to the Board from March 1, 2013 through March 31, 2013, including the General Manager's Expense and Activity Report; the approval of payment of professional services and out-of-pocket expenses to Lemon, Shearer, Phillips & Good, P.C. in the amount of \$9,507.87 for March 1, 2013, through March 31, 2013; the approval of the Moore County Contract for Tax Assessment and Collection Services for July 1, 2013 through June 30, 2014; and approval of the Sherman County Appraisal

District Budget for 2014 as proposed by the Sherman County Appraisal District Board. Harold Grall seconded the motion and it was approved by the majority vote of the Board with Justin Crownover abstaining from the vote.

Pauletta Rhoades administered the Oath of Office to Justin Crownover.

The General Manager informed the Board that every year the Board must review the annual contract for the plan year regarding the District's retirement account investment options, investment policy, fund performance, participant demographics, fund managers and asset charges through John Hancock Life Insurance Company for the plan year. For plan year 2012, the Board should review the following:

Contract statistics, participant details, asset allocation by investment category and by age group, plan services review, fiduciary warranty review, top ten investment options, allocation of contract assets by investment option, return and risk relative to peer group, investment returns and standard deviations, lifestyle performance, and asset charges and sub-account fees.

Marisol Marquez and Stella Knickerbocker, representatives of the John Hancock Life Insurance Company presented a review of the District's retirement account investment options, investment policy, fund performance, participant demographics, fund managers and asset charges to the Board.

The District's General Manager recommended that the District accept the investment options, investment policy, fund performance, participant demographics, fund managers and asset charges, for plan year 2012 as presented by the John Hancock Life Insurance Company.

Phil Haaland moved to accept the investment options, investment policy, fund performance, participant demographics, fund managers and asset charges, for plan year 2012 from John Hancock Life Insurance Company. Brian Bezner seconded the motion and it was unanimously approved by the Board.

In October 2012, the District proposed to adopt a new management plan that among other things would update the requirement to address Desired Future Conditions. The District conducted Stakeholders' Meetings for public comment and questions on the proposed Management Plan in Perryton, Texas at 7:00 p.m. on November 19th, 2012 and in Dalhart Texas at 7:00 p.m. on November 20th. The District conducted a public hearing concerning the District's intent to adopt a revised Management Plan on November 29, 2012. The purpose of these meetings was to provide interested members of the public the opportunity to appear and provide oral or written comments on the proposed revisions to the Management Plan. Written comments that indicated whether the comments were general and directed at all of the proposed revisions of the Management Plan, or whether they were directed at specific items in the proposed Management Plan were accepted in the District offices. Written comments and a transcript of the hearing were provided to the Board. In January 2012, District staff incorporated proposed amendments to the plan based on the hearings and submitted the Proposed Management Plan to the Texas Water Development Board for review. The TWDB responded with a list of required and suggested changes (list attached). District staff incorporated all the changes and returned the Proposed Revised Management Plan to the TWDB and received an email indicating the review was complete.

The general manager recommended that the Board amend the originally Proposed Management Plan, as set forth in Exhibit "A" attached hereto and incorporated herein for all purposes, and hold a public hearing on May 14, 2013 concerning the District's intent to adopt a revised Management Plan.

Danny Krienke moved that the Board amend the proposed management plan with revisions provided by the TWDB and order a public hearing on May 14, 2013 concerning the District's intent to adopt a Revised Management Plan, which will permit interested members of the public the opportunity to appear and provide oral or written comments on the proposed revisions to the Management Plan. Bob Zimmer seconded the motion and it was unanimously approved by the Board.

In March, the General Manager reviewed with the Board potential draft rules. The General Manager proposed the following rule making schedule to develop a proposed set of rules for public comment by the end of this calendar year:

Description	Board Meeting
Chapter 8 - Amendments to allowable annual production to achieve desired future conditions	April 8
Chapter 8 (Continued)/ Chapter 3 - Well classification, spacing and density	May 14
Chapter 7 - Pooled groundwater units	June 11
Chapter 4 - (Well construction and required equipment) and Chapter 5 (Water flow meters and alternative measuring method)	July 9
Chapter 6 - Allowable annual production and reporting /Chapter 2 -Applications, permits and registrations	August 13
Chapter 9 - Waste of groundwater /Chapter 10 -Deposits and fees/Administrative and Civil Procedures	September 10
Administrative and Civil Procedures (Cont)/Chapter 1 - General provisions, District jurisdiction, definitions.	October 8
Recap and propose rules to public.	November 12

The schedule set forth above is designed first to cover the Rule amendments and additions to the Allowable Annual Production to achieve the DFCs. In the draft of Chapter 8, the Desired Future Conditions for both the Ogallala and Dockum aquifers based on the Groundwater Management Area 1 joint planning process are articulated in Section 8.1. Those DFCs are as follows:

1. *Ogallala Aquifer and Rita Blanca Aquifer Desired Future Conditions –*

- A. *Management Zone 1 - 40% volume in storage remaining in 50 years in Dallam, Hartley, Sherman and Moore Counties; and*
- B. *Management Zone 2 - 50% volume in storage remaining in 50 years in Hansford, Hutchinson, Ochiltree and Lipscomb Counties.*

2. *Dockum Aquifer Desired Future Conditions - the average decline in water levels will decline no more than 30 feet over the next 50 years.*

These DFCs are reviewed every five years by GMA-1. Part of that review includes a run of the groundwater availability models for each of the aquifers. This means that the modeled available groundwater amount for the next fifty years is reset.

The draft of Section 8.2 sets out the conditions for reduction of an Allowable Annual Production Limit. Those conditions are contemplated as follows:

- 1. *Potentiometric groundwater level declines at a greater rate than projected by groundwater availability modeling to achieve Desired Future Conditions in a Management Zone for three years;*
- 2. *Average Annual Production in a Management Zone exceeds the average MAG Amount for the same three year period; and*
- 3. *Annual Production in a Management Zone for the most recent year in the three year period exceeds the MAG for that year.*

These criteria contemplate that for any three consecutive years the reductions could be implemented. However, from initial stakeholder input and staff review, the General Manager recommended that the Board consider setting the three years as the first three years of each five-year GMA planning period with the reductions, if any, going in affect at the beginning of the next five-year cycle.

The draft of Section 8.3 provides the method for reducing production. Section 8.3 contemplates that an Allowable Annual Production Limit shall be reduced as follows:

1. By August 1 of each year after Allowable Annual Production reports for a year the District shall publish notice of the conditions of the Aquifer. The notice shall contain the following:

- A. The total annual production amount for the Management Zone;*
- B. The total MAG amount for the year;*
- C. The difference in the total annual production and the MAG amount.*
- D. The percent difference of the total annual production to the MAG amount. Whether a reduction in the Allowable Annual Production may or may not be required.*
- E. If a reduction in the Allowable Annual Production is required then the District will additionally publish as follows:*
 - (1) The amount of any potential Allowable Annual Production Limit reduction based on the current annual production limit multiplied by the percent difference; and*
 - (2) The new Allowable Annual Production Limit for the management zone will go into effect four years after the first year and the Allowable Annual Production may:*
 - (a) Be the lesser of reduction calculated for the first year of the three years or reduction calculated for the three year average; and*
 - (b) Not be reduced if the third year production does not exceed the MAG for that year or the three year average does not exceed the average MAG.2.*

2. By August 1 of the year after the third year, the District will publish notice that beginning January 1 of the following year the Allowable Annual Production Limit shall be the lesser of:

- A. The Allowable Annual Production reduced by the average percent difference in the average MAG and the average annual production for the three years;*
- B. The Allowable Annual Production reduced by the percent difference in the MAG and the annual production for the trigger year; or*
- C. The Allowable Annual Production will not be reduced because the third year annual production is less than the MAG for that year.*

3. The new Allowable Annual Production will be rounded to the nearest tenth acre-foot per acre.

It was noted by the General Manager that if Chapter 8 is based on the GMA five-year planning cycle, then the steps to achieve the Desired Future Conditions may not have to be as extensive as this draft.

Danny Krienke moved to tie the set of District Rules to the Modeled Available Groundwater Cycle. Bob Zimmer seconded the motion and it was unanimously approved by the Board.

At 10:50 a.m. the Board recessed and at 11:01 the Board reconvened.

Phil Haaland moved to tie any Annual Allowable Groundwater Production reduction to the 10-year average of the Modeled Available Groundwater and production and for the Board to consider making any required reduction every five-years, beginning in 2015. Brian Bezner seconded the motion and it was unanimously approved by the Board.

Phil Haaland moved to drill a new Class A water supply well and 4 test holes at the North Plains Research Field and have the Ag Committee review production limits at the Research Field and make a recommendation to the Board about drilling an additional irrigation well at the Research Field. Brian Bezner seconded the motion and it was unanimously approved by the Board.

The General Manager reported that the 200-12 Program has ordered twenty-two AquaSpy soil moisture probes with the ability to re-install the probes after harvest to measure winter soil moisture and to get continuity from one season to the next. Better Harvest has also been given the locations of the fields to begin sampling. CropMetrics has been contracted to pull the EM38 sled over all fields that have not been surveyed. Pivotrak has also been given the locations of the fields and a request for quote has been issued for the install of flow meters, monitoring, and control. Randy is currently reading gypsum blocks from the previous season and starting to install new gypsum blocks where needed. This season may include the introduction of a new technology, Hydrobio. Hydrobio uses satellite imagery to schedule irrigation.

Texas AgriLife Extension met with staff regarding the EPIC demonstrations. After review of the previous year's contracts, Texas AgriLife Extension and the General Manager agree that the contract for 2013 would be a letter agreement with less funding going through College Station, The original contract contemplated the District paying through the contract meals, attendance fees and some travel by the agents. However, most agents have their own travel budget, the fees can be done as a direct payment to the agents and the meals seem to be managed when the District deals with the vendors directly. The District deals with equipment vendors directly. This year's EPIC project will consist of possibly six cooperators. Kristy Synatschk, JR Sprague, and Scott Strawn will be using the same cooperators as the previous season. An order for twelve soil moisture probes has been placed with AquaSpy.

The Texas Water Development Board (TWDB) is soliciting a Request for Applications (RFAs) for the state fiscal year 2013. The total amount of the grants to be awarded by the TWDB shall not exceed \$600,000 from the Agricultural Water Conservation Fund. Applications must be in response to one of the following three categories:

1. Agricultural irrigation water use measurement equipment

- Individual applications in this category are limited to \$100,000 in TWDB grant funds.
- Applications must identify an agricultural water conservation strategy from their applicable most recent regional water plan and/or the 2012 State Water Plan.
- Entities that received TWDB grants funds for irrigation metering projects in the past two years are not eligible for a 2013 metering grant in this category. The