

**MINUTES OF THE APRIL 14, 2010
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 14, 2010 at 9:00 a.m. in the Board Room of the District office at 603 East First, Dumas, Texas. The following persons were present:

Members Present:

Daniel L. Krienke;
Gene Born;
Phil Haaland;
Harold Grall; and,
Brian Bezner.

Staff Present during part or all of the meeting:

Steve Walthour, General Manager;
Dale Hallmark, Assistant Manager/District Hydrologist;
Pauletta Rhoades, Administrative Assistant;
Casey Tice, Compliance Coordinator; and,
Kirk Welch, Public Information and Conservation Education Manager.

Others present during part or all of the meeting:

Chip Frost;
Sabrina Leven;
Dana Moreland;
Rhonda Stafford;
Bobby Martinez;
Isaac Wilke;
Jake _____;
Scott Morris;
Leon New;
Steve Amosson;
Jack Lyons;
F. Keith Good, attorney for the District; and
Ellen Orr, Paralegal.

President Krienke declared a quorum present and called the meeting to order at 9:06 a.m.

Gene Born gave the invocation and Brian Bezner led the pledge.

Phil Haaland commented to the Board that constituents of the District in Hartley County had commented to him about how courteous, polite and helpful the District staff was to work with.

President Krienke then asked if there were persons present who desired to make Public Comment. No Public Comment was presented to the Board.

Gene Born moved to approve items 2a through 2g on the Consent Agenda consisting of: (i) review and approval of the Minutes of the Board Meeting of March 9, 2010; (ii) review and approval of the Minutes of the Agriculture Committee Meeting of March 9, 2010; (iii) review and approval of District expenditures for March 1, 2010 through March 31, 2010; (iv) receive report regarding the Budget and Financial Condition of the District for the first six months of the 2009-2010 Fiscal Year; (v) approval of payment to Lemon, Shearer, Phillips & Good, P.C. for professional services and out-of-pocket expenses for

the period of February 1, 2010, through February 28, 2010 in the amount of \$10,585.36; (vi) receive report regarding 2011 Panhandle Regional Water Plan; (vii) receive report regarding State of Texas Audit of the District; (viii) continuing to retain Thomas Forbes as the District's Legislative Representative; and (ix) receive report regarding 2009 Annual Production Reporting. Harold Grall seconded the motion and it was unanimously approved by the Board.

Wesley Spurlock arrived to participate in the meeting at 9:16 a.m.

Brian Bezner moved that the Board order hearings for Suzanne Gillispie, Danny Castillo, JL Ranch Company, LP (Jerry & Kyle Loble) and Glen Heiskell, who failed to report their 2009 Annual Production by April 1, 2010 to the District, to appear at the next regular meeting of the Board to show cause why such persons should not be subject to an injunction or civil penalties as set forth in the District Rules for failure to comply with the Rules. Phil Haaland seconded the motion and it was unanimously approved by the Board.

Brian Bezner moved that for those persons who did not report their 2009 Annual Groundwater Production to the District by March 1, 2010, but who filed the said Production report with the District by April 1, 2010 and were assessed a civil penalty by the District, that if such persons filed their 2010 Annual Groundwater Production Reports on all Properties within the District by January 15, 2011 that the District refund the civil penalty assessed by the District to each violator who filed their 2009 Annual Production Report by April 1, 2010. Phil Haaland amended the motion to provide that the refund be solely for the penalties assessed by the District for late reporting only for the 2009 production period. Brian Bezner seconded the amendment and it was unanimously approved by the Board. Phil Haaland moved to approve the amended motion. Gene Born seconded the amended motion and it was unanimously approved by the Board.

At 9:24 a.m. the regular Board Meeting was recessed for Show Cause Hearing 010-001 in re: Wilder Farms, Inc. and/or Wilder Corporation of Delaware – failure to report 2008 Annual Production. At 9:30 a.m. Show Cause Hearing 010-001 in re: Wilder Farms, Inc. and/or Wilder Corporation of Delaware – failure to report 2008 Annual Production was called by President Krienke. At 9:54 a.m. President Krienke closed the Wilder Farms, Inc. Show Cause Hearing and the regular Board meeting was reconvened at 9:55 a.m.

Gene Born moved that the District's legal counsel review the evidence presented at the Wilder Farms, Inc. Show Cause Hearing 010-001 and make a recommendation for the disposition of the Wilder matter to the Board for the Board's consideration at the next regular Board meeting. Wesley Spurlock seconded the motion and it was unanimously approved by the Board.

Wesley Spurlock moved to accept the investment options, investment policy, fund performance, participant demographics, fund managers and asset charges, for plan year 2009 from John Hancock Life Insurance Company. Gene Born seconded the motion and it was unanimously approved by the Board.

Jack Lyon, of Dupont, gave a presentation at the meeting regarding how weed control can promote water conservation for the demonstration projects.

Further, it was reported that Leon New is completing proposals for funding from multiple sources for the 200/12 Reduced Irrigation Project including the CIG (Conservation Innovation Grant) program and AWEP (Agricultural Water Enhancement Program). The funding is intended to offset any revenue losses from reduced yields. The AWEP 2010 Request for Proposal (RFP) was released on April 2 and proposals are due by May 17. However, NRCS staff recommends that the District staff work with them to create more

comprehensive practices for 2011 and wait until 2011 to apply for funding under the new practices. NRCS indicated that current practices are not sufficient to handle the multi-disciplinary approach of our program. The CIG RFP should also be released any day. Once the RFP is released for the CIG program the District will have 30 days to submit its proposal. NRCS staff recommended that the District go ahead and pursue funding from the CIG program in 2010. Leon New has been working closely with NRCS staff to make sure the proposals are on target with Service guidelines and objectives.

In was also noted that three Board members have committed to follow the reduced irrigation protocols with their own acres in 2010, even without guaranteed reimbursement for losses. Danny Krienke has committed approximately 120 acres, Harold Grall 125 acres, and Phil Haaland 30 acres. The District will provide technical assistance to the participating Board members.

The Board meeting was recessed at 10:30 a.m. and reconvened at 10:41 a.m.

Steve Amosson of Texas Agrilife Extension Service presented a report to the Board regarding evaluation of alternative water conservation strategies for the North Plains Groundwater Conservation District. A copy of Steve Amosson's report is attached to these minutes as Exhibit "A" and incorporated herein as though set forth verbatim.

Steve Walthour reported to the Board that on February 17, 2010, the Texas Water Development Board confirmed that Ogallala Aquifer desired future conditions (DFCs) adopted by Groundwater Management Area 1 were reasonable. Groundwater Management Area 1 (GMA-1) must now set DFCs for the Dockum Aquifer and the Blain Aquifer by September 1, 2010. Dale Hallmark is presently evaluating the Water Development Board's report for the Blain and Dockum aquifers. Mr. Walthour also reported to the Board that on March 16, 2010, Mesa and G&J Ranch filed suit in Travis County, Texas against the Texas Water Development Board regarding the Board's finding that the Ogallala DFC in GMA-1 is reasonable. A copy of the petition of Mesa and G & J Ranch was provided to the Board.

Steve Walthour discussed and delivered a written report that Kirk Welch compiled for the Board regarding Kirk's interpretation of Board concepts and philosophies to develop District branding. Mr. Walthour requested that the Board review the report and provide additional input to Kirk if necessary.

Gene Born moved that the Board Secretary certify that the following candidates are unopposed for election to office of Board of Director of the District for the election scheduled to be held on May 8, 2010:

Precinct No. 1 – Dallam County – Brian Bezner
Precinct No. 2 – Hartley County – Phil Haaland
Precinct No. 3 – Sherman County – Wesley Spurlock
Precinct No. 4 – Moore County – Harold Grall.

Danny Krienke seconded the motion and it was unanimously approved by the Board.

Gene Born moved that the North Plains Groundwater Conservation District cancel the elections scheduled to be held in Precincts One, Two, Three and Four on May 8, 2010 in accordance with Section 2.053(a) of the Texas Election Code since the following candidates have been certified by the Secretary of the Board as unopposed and thereby elected as follows:

Precinct No. 1 – Dallam County – Brian Bezner
Precinct No. 2 – Hartley County – Phil Haaland

Precinct No. 3 – Sherman County – Wesley Spurlock
Precinct No. 4 – Moore County – Harold Grall.

Danny Krienke seconded the motion and it was unanimously approved by the Board.

Rhonda Stafford of the Moore County Appraisal District addressed the Board regarding a computer software error which was discovered by Pritchard & Abbott, Inc. that resulted in an inflated increase in value to the 2009 taxable values in the amount of \$413,970,000.00 for all the taxing entities in Moore County, Texas. Based on the lower tax rates set for 2009, taxing entities will experience anticipated losses of revenue as a result of this error. Ms. Stafford presented a proposed agreement regarding this error to the District for its consideration.

Wesley Spurlock moved to go into Executive Session in compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, §551.071 for consultation with Keith Good of Lemon, Shearer, Phillips & Good, P. C. concerning attorney-client privileged matters involving the legal implications to the District of the agreement proposed by Moore County Appraisal District regarding anticipated tax loss to the District of \$81,975.00 addressed in said agreement. Brian Bezner seconded the motion and it was unanimously approved by the Board.

Executive Session: At 12:03 a.m. the Board went into Executive Session to consult with Keith Good regarding attorney-client privileged matters. At 12:10 p.m. Director Brian Bezner moved that the Board reconvene into regular session. Wesley Spurlock seconded the motion and it was unanimously approved by the Board.

Phil Haaland moved to authorize the General Manager and General Counsel for the District to negotiate a settlement agreement with Pritchard & Abbot, Inc. and the Moore County Appraisal District regarding the inflated increase in value to the 2009 taxable values subject to final approval of the Board. Brian Bezner seconded the motion and it was unanimously approved by the Board.

Steve Walthour presented the General Manager's report consisting of Upcoming Meetings, Conferences and Events, the General Manager's Activity Summary and the District Activity Summary.

Brian Bezner moved to go into Executive Session in compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, §551.071 for consultation with Keith Good of Lemon, Shearer, Phillips & Good, P. C. concerning attorney-client privileged matters involving the employment contract of Steven D. Walthour, General Manager of the District. Wesley Spurlock seconded the motion and it was unanimously approved by the Board.

Executive Session: At 12:19 p.m. the Board went into Executive Session to consult with Keith Good regarding attorney-client privileged matters concerning the legal implications to the District of negating the employment contract of Steven D. Walthour. At 12:43 p.m. Director Wesley Spurlock moved that the Board reconvene into regular session. Phil Haaland seconded the motion and it was unanimously approved by the Board.

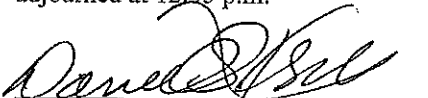
Phil Haaland moved that in lieu of the continuation of Mr. Walthour's employment contract with the District, the salary of the General Manager be set at \$110,000.00 annually effective May 1, 2010, and that the District shall pay the incentive balance due to Mr. Walthour under his contract with the District on May 1, 2010. Harold Grall seconded the motion and it was unanimously approved by the Board.

District Director Reports were given regarding meetings and/or seminars attended, weather conditions and economic development in each Director's precinct.

By consensus, the Board set the next regular meeting of the Board on April 25, 2010 at 2:00 p.m.

No Committee Reports were presented.

Phil Haaland moved to adjourn the meeting. Wesley Spurlock seconded the motion and it was unanimously approved by the Board. President Krienke declared the meeting adjourned at 12:55 p.m.



Daniel L. Krienke, President



Bob Zimmer, Vice-President