

**MINUTES OF THE BOARD OF DIRECTORS' BOARD MEETING
NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**

TUESDAY OCTOBER 10, 2017

**MUSTANG SUD ADMINISTRATIVE OFFICES
7985 FM 2931
AUBREY, TEXAS**

Members Present: Allen Knight, Joe Helmberger, Philip Sanders, Thomas Smith, Ronny Young, and Chris Boyd

Members Absent: Evan Groeschel, Ron Sellman

Staff: Drew Satterwhite, Paul Sigel, Allen Burks, Velma Starks, Theda Anderson, and Carolyn Bennett

Visitors: James Beach and Brant Konetchy, LBG Guyton
Kristen Fancher, Fancher Law Firm
Peter M. Schulmeyer, Collier Consulting
Neal Welch, City of Sanger

1. Pledge of Allegiance and Invocation

President Ronny Young led the group in the Pledge of Allegiance and provided the invocation.

2. Call to order, establish quorum; declare meeting open to the public

President Young called the meeting to order at 10:03 am, established a quorum was present, and declared the meeting open to the public.

3. Administer Oath of Office

Carolyn Bennett administered the Oath of Office to Ronny Young.

4. Public Comment

There were no citizens present requesting to appear before the Board of Director for public comment.

5. Consider and act upon approval of the minutes from the August 16, 2017 board meeting.

Motion was by Allen Knight to approve the minutes of the August 16, 2017 meeting. The motion was seconded by Chris Boyd, and passed unanimously.

6. Consider and act upon approval of invoices and reimbursements

After review and brief discussion Joseph Helmberger moved to approve Resolution No. 2017-10-10-01. The motion was seconded by Allen Knight, and passed unanimously.

7. Consider and act upon revisions to District Bylaws

Kristen Fancher, the District's legal counsel, reviewed the proposed changes to the District's bylaws. Changes were suggested to the bylaws to assist staff with getting new members appointed, clarifying signatures required for District payments, purchasing authority granted to the General Manager, construction projects being based on state procurement laws, and other minor revisions. Philip Sanders moved to approve the revisions to the District's bylaws. The motion was seconded by Allen Knight, abstained by Thomas Smith. Motion passed.

8. Consider and act upon confirming execution of Engagement Letter for Audit Services for Fiscal Year ending December 31, 2017

The Board discussed the Engagement Letter for Audit Services. Motion was made by Chris Boyd to engage Hankins, Eastup, Deaton, Tonn & Seay for the December 2017 audit. Philip Sanders seconded the motion and the motion passed unanimously.

9. Receive reports from the following Committees*:

a. Budget and Finance Committee

1) Receive Monthly Financial Information

General Manager Drew Satterwhite reviewed the financial information with the Board.

b. Investment Committee

1) Receive Quarterly Investment Report

General Manager Drew Satterwhite reviewed the quarterly investment report with the Board. The Investment Committee proposed that the Board implement a plan for the staff to follow for investments. The District should aim to keep checking account at a minimum of \$50,000, with \$285,000 minimum in the index fund. The District should then invest the difference laddered in certificates of deposit at 6 and 12 month intervals until directed otherwise. It was the consensus of the Board that the staff follows the plan as presented.

c. Groundwater Monitoring and Database Committee

General Manager Drew Satterwhite provided update on the groundwater database project.

d. Management Plan Committee

1) Receive Quarterly Report

General Manager Drew Satterwhite reviewed quarterly report with board.

10. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs)

General Manager Satterwhite updated the board regarding the DFCs. The TWDB has indicated the model for the GMA8 will be run soon.

11. Consider and act upon compliance and enforcement activities for violations of District's Rules.

a. Strittmatter Irrigation & Supply, Inc. Lawsuit

b. Double D Drilling

c. Action Water Well

Pursuant to Texas Open Meetings Act, Chapter 551, Government Code, President Young stated

the North Texas Groundwater Conservation District Board would adjourn into Executive Session at 10:26 a.m. to discuss attorney-client matters.

The Board reconvened into Regular Session at 10:49 a.m. President Ronny Young stated no action was taken on any items discussed during Executive Session.

General Manager Satterwhite stated the staff recommends assessing two first major violations to Double D Drilling, for failure to apply and register before drilling non-exempt wells, for a total of \$1,000.00. Thomas Smith moved to approve the staff recommendation. The motion was seconded by Allen Knight, and passed unanimously.

General Manager Satterwhite stated the staff recommends assessing a minor violation for drilling an exempt well without notification, for a total of \$100.00. Joe Helmberger moved to approve the staff recommendation. The motion was seconded by Thomas Smith and passed unanimously.

12. General Manager's Report: The General Manager will update the Board on operational, educational and other activities of the District.

General Manager Satterwhite stated 1,996 wells were registered with the District as of September 30, 2017. Mr. Satterwhite stated Texas Mesonet weather stations are being offered through the state to enhance their coverage. The staff will send information to the Board members who express interest in participating in the program.

Mr. Satterwhite introduced the District's new employee, Paul Sigel, the new Groundwater Technical Lead.

The Board discussed the agreement with the Greater Texoma Utility Authority and how the agreement is structured as far as reimbursements for office space, etc. It was the consensus of the Board this was a topic for future discussion.

a. Update on oil and gas and disposal/injection well monitoring activities with the Railroad Commission of Texas.

No update.

b. District Rules and Procedures

General Manager Satterwhite requested that the Board clarify the fine amounts and extensions that are to be given for the existing, non-exempt wells recently discovered on the state database that are not in compliance with District rules. General Manager Satterwhite provided an update to the Board that District staff has been successful in getting movement toward compliance with many of the subject wells, but that there are some owners/operators that continue to be non-responsive to the District's efforts to bring them into compliance. It was recommended that the General Manager be granted authority to add time extensions for bringing the wells into compliance, as well as set fines for unresponsive well owners/drillers consistent with the District's Enforcement Policy and Civil Penalty Schedule. Thomas Smith moved to approve the staff recommendation to give the General Manager the ability to add

time extensions for bringing wells into compliance, and set fines for wells that remain in violation of District rules despite District efforts to bring them into compliance, as consistent with the District's Enforcement Policy and Civil Penalty Schedule. Philip Sanders seconded the motion and the motion passed unanimously.

13. Receive presentation from the District's Hydrogeologist regarding spacing analysis for permanent rules development

James Beach provided the Board with a presentation regarding well spacing for the District's Permanent Rules development process.

General Manager Satterwhite discussed how the Board has now received several presentations regarding the technical and legal aspects of well spacing. He then asked the Board what additional information and data they would like to see prior to making decisions regarding well spacing for the District's Permanent Rules. Discussion ensued on this matter. It was the consensus of the Board that the General Manager and District consultants develop proposed rules to present to the Board for discussion using the comments from the Board during these discussions as guidelines.

14. Open forum/discussion of new business for future meetings

The Board will be presented with options for Permanent Rules regarding spacing at the November meeting.

15. Adjourn public meeting

President Young declared the meeting adjourned at 12:16 p.m.

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Recording Secretary



Secretary-Treasurer