

**NORTH TEXAS  
GROUNDWATER  
CONSERVATION  
DISTRICT**

**BOARD MEETING**

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

**TUESDAY  
NOVEMBER 8, 2016  
10:00 AM**

# NOTICE OF MEETING AND PUBLIC HEARING

OF THE  
BOARD OF DIRECTORS of the

**NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**  
at the

**Mustang SUD Administrative Offices**  
**7985 FM 2931**  
**Aubrey, Texas**  
**Tuesday, November 8, 2016**

## Public Hearing

The Public Hearing will begin at 10:00 a.m.

Notice is hereby given that the Board of Directors of the North Texas Groundwater Conservation District ("District") will hold a show cause hearing and may discuss, consider, and take all necessary action regarding the subject matter of the hearing.

### Agenda:

1. Call to Order, declare hearing open to the public, and take roll.
2. Conduct Show Cause hearing under Rule 9.6 on the following for alleged violations of District Rules, discuss, consider, receive testimony, and take appropriate action, including without limitation authorizing the District to initiate a civil lawsuit to enforce compliance with the District Rules, including recovery of civil penalties, costs, and attorney's fees, and all other appropriate legal and equitable relief.
  - A. Strittmatter Irrigation & Supply, Inc., 800 North Highway 377, Pilot Point, Texas 76258.
3. Adjourn or continue show cause hearing.

---

## Board Meeting

The regular Board Meeting will begin at 10:15 a.m. or upon the adjournment of the above-noticed Public Hearing, whichever is later.

Notice is hereby given that the Board of Directors of the North Texas Groundwater Conservation District ("District") may discuss, consider, and take all necessary action, including expenditure of funds, regarding each of the agenda items below:

**Agenda:**

1. Pledge of Allegiance and Invocation
2. Call to order, establish quorum; declare meeting open to the public
3. Public comment
4. Consider and act upon approval of the minutes from the September 13, 2016, board meeting
5. Consider and act upon approval of invoices and reimbursements
6. Receive reports from the following Committees\*:
  - a. Budget and Finance Committee
    - 1) Receive Monthly Financial Information
  - b. Investment Committee
  - c. Rules and Bylaws Committee
  - d. Groundwater Monitoring and Database Committee
  - e. Policy and Personnel Committee
  - f. Conservation and Public Awareness Committee
  - g. Management Plan Committee
    - 1) Quarterly Report
  - h. Desired Future Condition Committee
7. Consider and act upon confirming execution of engagement letter for audit services for fiscal year ending December 31, 2016
8. Consider and act upon District's Fund Balance Allocations
9. Consider and act upon 2017 Administrative Services Contract with Greater Texoma Utility Authority
10. Discuss Potential Amendments to Temporary Rules
11. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs)
12. Consider and act upon compliance and enforcement activities for violations of District
13. General Manager's Report: The General Manager will update the board on operational, educational and other activities of the District
14. Open forum / discussion of new business for future meeting agendas
15. Adjourn public meeting

\* Reports from District standing committees will include a briefing by each committee for the Board on the activities of the committee, if any, since the last regular Board meeting.

*The above agenda schedules represent an estimate of the order for the indicated items and is subject to change at any time.*

*These public meetings are available to all persons regardless of disability. If you require special assistance to attend the meeting, please call (855) 426-4433 at least 24 hours in advance of the meeting to coordinate any special physical access arrangements.*

*For questions regarding this notice, please contact Velma Starks at (855) 426-4433, at [ntgcd@northtexasgcd.org](mailto:ntgcd@northtexasgcd.org), or at 5100 Airport Drive, Denison, TX 75020.*

At any time during the meeting or work session and in compliance with the Texas Open Meetings Act, Chapter 551, Government Code, Vernon's Texas Codes, Annotated, the North Texas Groundwater Conservation District Board may meet in executive session on any of the above agenda items or other lawful items for consultation concerning attorney-client matters (§551.071); deliberation regarding real property (§551.072); deliberation regarding prospective gifts (§551.073); personnel matters (§551.074); and deliberation regarding security devices (§551.076). Any subject discussed in executive session may be subject to action during an open meeting.



ATTACHMENT 4

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

**TUESDAY, SEPTEMBER 13, 2016**

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

---

Members Present: Eddy Daniel, Chris Boyd, Evan Groeschel, Thomas Smith, Ron Sellman, Kenny Klement, and Ronny Young

Members Absent: Joseph Helmberger and Philip Sanders

Staff: Drew Satterwhite, Debi Atkins, Velma Starks, Carolyn Bennett, Scott Perry

Visitors: Peter M. Schulmeyer, Collier Consulting  
Neal Welch, City of Sanger  
Axel and May Haubold, Bed Rock Ranch

---

1. President Daniel 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 Daniel called the meeting to order at 10:03am, established a quorum was present, and declared the meeting open to the public.
3. Public comment  
There were no citizens present requesting to appear before the Board of Directors for public comment.
4. Presentation of Plaque of Appreciation to former Board President – Thomas Smith  
President Daniel presented a plaque expressing appreciation to Thomas Smith, former Board President, recognizing his service as President from July 2013 – July 2015. President Daniel expressed the Board's appreciation for Mr. Smith's service as President during this time.
5. Consider and act upon approval of Minutes from the July 19, 2016 board meeting  
Motion was made by Ronny Young and seconded by Evan Groeschel to approve the Minutes from the July 19, 2016 board meeting. Motion passed unanimously.
6. Consider and act upon approval of invoices and reimbursements.  
After a brief discussion, Ron Sellman made the motion to approve Resolution 2016-09-13-01. Thomas Smith seconded the motion. Motion passed unanimously.  
  
Kenney Klement arrived the meeting at 10:09 am.

President Daniel discussed the billing from Sledge Law Firm for services rendered by Sledge Law firm, and their role as liaison for the District for legislative and state agency rulemaking issues. After discussion, it was the consensus of the Board to continue to continue utilizing Sledge Law for representation at legislative hearings, interim hearings and to comment on state rulemaking as deemed necessary by the Board President and/or General Manager. President Daniel and General Manager Satterwhite will continue to monitor the services provided and will bring any matters necessary for discussion to the Board.

7. 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) Earmark Reserve Fund Allocations

President Daniel stated Drew was requested by the Board to research uses of reserve funds to set as fund balance allocations.

General Manager Satterwhite presented and discussed several possible future uses for reserve funds. President Daniel requested General Manager Satterwhite to provide the Board with a listing by email so the Board Members may prioritize the potential uses. The prioritization would ultimately be brought back to the Board for a vote. The Board would like to have an established priority list prior to beginning next year's budget and rate planning process.

c. Rules and Bylaws Committee

President Daniel informed the Board he and General Manager Satterwhite are keeping a listing of items for consideration of being included in the Rules during the next update process.

d. Groundwater Monitoring and Database Committee

No report.

e. Policy and Personnel Committee

No report.

f. Conservation and Public Awareness Committee

No report.

g. Management Plan Committee

No report.

h. Desired Future Condition Committee

No report.



8. Consider and act upon authorizing LBG Guyton Associates to prepare a Technical Memo for Model Run 10 on behalf of Groundwater Management Area 8

President Daniel discussed the need to approve the preparation of a Technical Memo for Model Run 10 by LBG Guyton. Thomas Smith made a motion to approve authorization for LBG Guyton to prepare the Technical Memo for Model Run 10. The motion was seconded by Ronny Young and passed unanimously.

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

President Daniel stated the next GMA-8 meeting is scheduled for Thursday, September 29. At the next meeting, the GMA 8 representatives will be presenting their Summary Reports, considering authorization of the Run 10 Technical Memorandum, and consider authorizing Bill Mullican to begin working on the final Explanatory Report. The only known outstanding issue is that one GMA 8 member has requested that the DFC be expressed as outcrop and sub-crop.

10. Consider and act upon compliance and enforcement activities for violations of District.

President Daniel adjourned the Board into closed executive session under Section 551.071 of the Government Code (consultation with attorney) to discuss enforcement issues at 11:04am.

The Board reconvened in Regular Session at 11:28am. President Daniel stated no action was taken on any items discussed during Executive Session.

Thomas Smith made a motion to consider setting fines for multiple violations for Strittmatter Irrigation and Supply for submitting false information in the well completion form, failure to timely meter a well, and Failure to submit accurate water production report at \$10,000 per violation, for a total of \$30,000, to be paid within 15 working days. Thomas Smith stated that the amounts were the result of multiple violations that have been assessed to Strittmatter Irrigation and Supply. Ronny Young seconded the motion. Ronny Young stated he felt capping the penalties at \$15,000 would be more appropriate, or \$5,000 per violation. Discussion ensued regarding the number of times Strittmatter Irrigation and Supply has been out of compliance, including previous violations and fines assessed prior to the current set of violations. Evan Groeschel moved to amend the current motion, to cap the violation penalties at \$15,000, or \$5,000 per violation. Ron Sellman seconded the motion to amend the current motion. The motion passed to amend the first motion to \$15,000 for all three violations, with six Board Members voting yes one voting no. The Board then voted on the amended motion, to set the total penalties at \$15,000 for multiple violations for Strittmatter Irrigation and Supply, consistent with the District's rules and Enforcement Policy/Civil Penalty Schedule, the District's enabling act, and Chapter 36 of the Texas Water Code, and to provide a deadline of fifteen (15) business days for payment of the penalties. The amended motion passed, with six Board Members voting yes and one voting no.

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

General Manager Satterwhite reviewed well reports for wells drilled during past 2 months with the Board. Mr. Satterwhite stated District staff attended a presentation last week by TDLR. RFQs are out for a new geodatabase. The website is currently being updated. The Investment Committee will be utilized soon to provide direction on the District's investments.

12. Open Forum / discussion of new business for future meeting agendas



President Daniel asked if there were any items of discussion requested by the Board for future agendas.

13. Adjourn public meeting

President Daniel declared the meeting adjourned at 11:41 a.m.

#####

\_\_\_\_\_  
Recording Secretary

\_\_\_\_\_  
Secretary-Treasurer

ATTACHMENT 6 G-1



COLLIN COUNTY - COOKE COUNTY - DENTON COUNTY

**General Manager's Quarterly Report  
September 2016  
North Texas GCD Management Plan**

This quarterly briefing is being provided pursuant to the adopted Management Plan for the quarter ending September 30, 2016.

**Well Registration Program:**

Current number of wells registered in the District: 1,740

Aquifers in which the wells have been completed: Trinity and Woodbine

**Well Inspection/Audit Program:**

**2016  
Well Inspections**

Month	Collin	Cooke	Denton	Total
January	1	0	1	2
February	1	0	0	1
March	0	0	16	16
April	1	0	6	7
May	0	1	0	1
June	4	0	5	9
July	0	0	4	4
August	1	1	5	7
September	4	4	12	20
October				
November				
December				
<b>Total</b>	<b>12</b>	<b>6</b>	<b>49</b>	<b>67</b>



ATTACHMENT 7



DATE: November 4, 2016

SUBJECT: AGENDA ITEM NO. 7

**CONSIDER AND ACT UPON CONFIRMING EXECUTION OF ENGAGEMENT LETTER FOR AUDIT SERVICES FOR FISCAL YEAR ENDING DECEMBER 31, 2016**

**ISSUE**

Consider and act upon confirming execution of engagement letter for audit services for fiscal year ending December 31, 2016

**BACKGROUND**

In 2013, the Board had instructed the staff to solicit proposals for audit services for the fiscal year ending December 31, 2013 through fiscal year ending December 31, 2017. The staff initiated invitations to several firms in North Central Texas. As a result of that solicitation, four proposals were received. The audit selection committee reviewed the proposals and selected Hankins Eastup Deaton Tonn & Seay of Denton, Texas. This selection was confirmed at the February 2014 Board meeting.

**OPTIONS/ALTERNATIVES**

The Board has the option to re-solicit for proposals or to engage with Hankins Eastup Deaton Tonn & Seay of Denton, Texas.

**CONSIDERATIONS**

District staff is of the opinion that Hankins Eastup Deaton Tonn & Seay of Denton, Texas provided a thorough and quality audit for the last three years. The proposed cost for the upcoming audit is \$5,400, which is an increase of \$100 from the previous year.

**STAFF RECOMMENDATIONS**

The staff recommends the Board authorize an engagement letter with Hankins Eastup Deaton Tonn & Seay firm of Denton, Texas for the 2016 audit.

**ATTACHMENTS**

Engagement Letter

PREPARED AND SUBMITTED BY:



Drew Satterwhite, General Manager

SUBMITTED BY:



Debi Atkins, Finance Officer

Members:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC  
ACCOUNTANTS  
TEXAS SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

---

---

**HANKINS, EASTUP, DEATON,  
TONN & SEAY**  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

---

---

902 NORTH LOCUST  
P.O. BOX 977  
DENTON, TX 76202-0977  
TEL. (940) 387-8563  
FAX (940) 383-4746

October 15, 2016

North Texas Groundwater Conservation District  
5100 Airport Drive  
Denison, Texas 75020

This is to confirm our understanding of the services we are to provide the North Texas Groundwater Conservation District (the "District") for the year ended December 31, 2016. We will audit the financial statements of the governmental activities and each major fund, which collectively comprise the basic financial statements of North Texas Groundwater Conservation District, as of and for the year ended December 31, 2016. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany the District's basic financial statements. As part of our engagement, we will apply certain limited procedures to the District's RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with procedures relating to it, we will disclaim an opinion on it. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis.
2. Budgetary Comparison Schedule -General Fund.

### **Audit Objectives**

The objective of our audit is the expression of an opinion about whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with U.S. generally accepted auditing standards, and will include tests of accounting records, and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

## Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities and each major fund and the respective changes in financial position in conformity with U.S. generally accepted accounting principles.

As part of the audit, we will prepare a draft of your financial statements and related notes. You will be required to review and approve those financial statements prior to their issuance and have responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

You are responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the District complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, or violations of contracts or grant agreements that we may report.

Management is responsible for establishment and maintenance of a process for tracking the status of audit findings and recommendations. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, and the timing and format related thereto.

## **Audit Procedures – General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected funding sources, creditors, and financial institutions. We will also request written representations from the District's attorneys as part of the engagement, and they may bill the District for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

## **Audit Procedures – Internal Control**

Our audit will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you internal control related matters that are required to be communicated under professional standards.

## **Audit Administration, Fees and Other**

We will provide copies of our reports to the District; however, it is management's responsibility to submit the reporting package to appropriate entities.

Carl Deaton is the engagement partner and is responsible for supervising the engagement and signing the report. Our fee for these services will be \$5,400. If significant additional time is necessary due to unexpected circumstances, we will discuss it with you and arrive at a new fee before we incur the additional costs.



*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2015 peer review report accompanies this report.

We appreciate the opportunity to submit this proposal and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of this proposal as described in this letter, please sign a copy of this letter and return it to us.



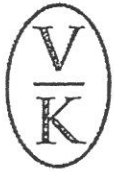
Hankins, Eastup, Deaton, Tonn & Seay  
A Professional Corporation  
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of the North Texas Groundwater Conservation District.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_



VAIL & KNAUTH, LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
AUDIT, TAX AND ADVISORY SERVICES

Michael G. Vail, CPA  
Chris E. Knauth, CPA  
Don E. Graves, CPA  
Charles T. Gregg, CPA  
Cliff E. Wall, CPA  
Pamela C. Moore, CPA

Members:  
American Institute of CPAs  
Texas Society of CPAs

## System Review Report

To the Hankins, Eastup, Deaton, Tonn & Seay, PC and the  
Peer Review Committee of the Texas Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Hankins, Eastup, Deaton, Tonn & Seay, PC (the firm) in effect for the year ended February 28, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

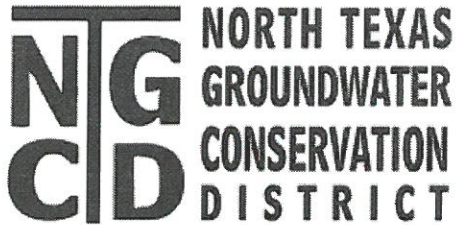
In our opinion, the system of quality control for the accounting and auditing practice of Hankins, Eastup, Deaton, Tonn & Seay, PC in effect for the year ended February 28, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency*, or *fail*. Hankins, Eastup, Deaton, Tonn & Seay, PC has received a peer review rating of *pass*.

*Vail + Knauth, LLP*

Vail & Knauth LLP  
August 19, 2015

ATTACHMENT 8





## AGENDA COMMUNICATION

---

DATE: November 4, 2016

SUBJECT: AGENDA ITEM NO. 8

### CONSIDER AND ACT UPON DISTRICT'S FUND BALANCE ALLOCATIONS

#### ISSUE

The District is currently working to ear mark the fund balance to plan for future rates and projects.

#### BACKGROUND

During the 2017 budget planning process, the Board directed the staff to develop a list of potential future expenditures to assist the Board in determining future production fees and projects. The staff presented a draft to the Board at the last meeting for discussion. The Board subsequently narrowed down the list and asked that the list be sent out to the Board for ranking.

#### CONSIDERATIONS

A summary of the ranking will be provided at the meeting for the Board to consider authorizing. After the Board determines the order of importance for the various expenditures, the staff will request guidance on which items to pursue finding more accurate cost estimates.

#### STAFF RECOMMENDATIONS

The staff requests direction from the Board on how to proceed with the fund balance allocations.

#### PREPARED AND SUBMITTED BY:

---

Drew Satterwhite, P.E., General Manager



ATTACHMENT 10



## AGENDA COMMUNICATION

---

**DATE:** November 4, 2016

**SUBJECT:** AGENDA ITEM NO. 10

### DISCUSS POTENTIAL AMENDMENTS TO TEMPORARY RULES

#### ISSUE

Discuss potential amendments to the Temporary Rules

#### BACKGROUND

The Board of Directors initially adopted Temporary Rules in 2010. The District began operating under these rules and has since modified them in 2012, 2013 and 2014.

The staff keeps a running list of items to discuss with the Board of Directors for incorporation into a future rules set. There are several items that we believe can be addressed that are not major changes for the District but would help the District operate more efficiently.

#### CONSIDERATIONS

The staff met with the Rules Committee to discuss the potential rule amendments. If the Board decides that they would like to move forward with some amendments to the Temporary rules, the staff would proceed with scheduling a public hearing at the December Board Meeting.

The staff has redlined the rules and the rules are under review by the District's Legal Counsel at the time of this memo being written. The staff will have the redlined rules ready to discuss at the meeting.

After receiving the full Board's comments, the staff will develop a revised redline draft and send to the Board at least 20 days in advance of the public hearing. The redline draft will also be made available to the public who would like the opportunity to review prior to the hearing.

#### STAFF RECOMMENDATIONS

The staff will be prepared to discuss the potential amendments with the Board and will request guidance from the Board.

#### PREPARED AND SUBMITTED BY:

---

Drew Satterwhite, P.E., General Manager



ATTACHMENT 9





## AGENDA COMMUNICATION

---

DATE: November 4, 2016

SUBJECT: AGENDA ITEM NO. 9

**CONSIDER AND ACT UPON 2017 ADMINISTRATIVE SERVICES CONTRACT WITH GREATER TEXOMA UTILITY  
AUTHORITY**

**ISSUE**

Renewal of the contract with Greater Texoma Utility Authority ("GTUA") for 2017 administrative services.

**BACKGROUND**

In November 2010, the District and GTUA entered into an agreement for administrative services to be provided by GTUA for the District. The Board of Directors of GTUA has indicated their satisfaction with the outcome of the agreement. This agreement will be considered at GTUA's November 21, 2015 Board meeting.

**CONSIDERATIONS**

This scope of services remains the same as the contract executed for 2016. The budgeted amounts identified in the contract are consistent with the 2017 budget adopted by the District.

**STAFF RECOMMENDATIONS**

The staff recommends that the contract between the District and GTUA be approved.

**ATTACHMENTS**

2017 Administrative Services Contract with GTUA  
2017 Budget

**PREPARED AND SUBMITTED BY:**

---

Drew Satterwhite, P.E., General Manager

**ADMINISTRATIVE SERVICES AGREEMENT  
BETWEEN THE GREATER TEXOMA UTILITY AUTHORITY AND  
THE NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**

STATE OF TEXAS	§	STATE OF TEXAS
	§	
GREATER TEXOMA UTILITY AUTHORITY	§	NORTH TEXAS GROUNDWATER
	§	CONSERVATION DISTRICT

This Agreement, made and entered into by and between the Greater Texoma Utility Authority, hereinafter referred to as (“Authority”) and the North Texas Groundwater Conservation District in Collin, Cooke, and Denton Counties, Texas, hereinafter referred to as (“District”).

WITNESSETH:

WHEREAS, the District is experiencing a need for administrative services in order to achieve the objectives provided in its enabling legislation and Chapter 36 of the Texas Water Code; and

WHEREAS, the Authority has staff experienced in water related activities and has provided administrative services to the District since November 2010; and

WHEREAS, the District has determined that it is in the best interest of the District to engage the Authority to assist in providing administrative assistance in establishing the District’s programs and activities; and

WHEREAS, the District has determined that the Scope of Services dated November 21, 2016, from the Authority, is in the best interest of the District and that the Authority is qualified and capable of providing such services;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and of the terms and conditions hereinafter set forth, the parties agree as follows:

1. The Scope of Services. The term "Scope of Services" as used herein refers to the Scope of Services made and submitted by the Authority to the District dated November 21, 2016, as amended, modified, or supplemented herein. (attached hereto as “Exhibit A”)

The Proposal is a general guideline for the commencement of administrative activities and related services. Said Proposal is superseded by specific terms of this Agreement, which may be amended in writing from time to time upon agreement of the Authority and the District.

2. Administrative Services. The Authority shall perform administrative services for the District at the direction of the District Board, and the District Board President to the extent that the Board President’s direction does not conflict with any District or Authority rule, policy, or order of the District or Authority Board. Such directions from the District Board and Board President

regarding the performance of administrative services shall supplement any specific services delineated in this Agreement or the attached Proposal. Administrative services shall include, but not be limited to recording and communication services, database collection and well registration services, as well as assistance in developing personnel policies, operating procedures, refining of temporary rules and developing a management plan. Administrative services shall also include performance of the duties of the "General Manager" as set forth in the District's Temporary District Rules, Bylaws, rules and orders, subject to the directions and orders of the District Board and Board President. The Authority shall not retain outside professional services to be reimbursed by the District without prior authorization from the District. The District Board shall retain ultimate authority in decision-making under the District's Rules.

3. Charges and Payment. Monthly payments shall be made by the District to the Authority for actual costs incurred including, but not limited to hourly wages and benefits of the Authority employees, extra travel costs to and from the District, and other direct costs, including fees for professional services. The Authority shall invoice the District for any such services performed hereunder during the preceding thirty (30) day period, said invoice to be presented by the 25<sup>th</sup> day of the following month. Said invoice shall be itemized in such a manner that the District may determine the reasonableness of the charges submitted. The District shall pay the full amount of invoices received from the Authority by the tenth day of the month following receipt of any such invoice unless notice of protest or disagreement is given to the Authority within seven (7) business days after receipt of said invoice. Failure of the Authority and the District to agree upon payment of such invoice within thirty (30) days of protest shall be grounds for termination under Paragraph 4 unless the parties can otherwise agree in writing to a schedule of payment.

4. Terms of Agreement. The Term of this Agreement shall be for a 12-month period commencing as of the effective date of this Agreement, which shall be the later date that the District or the Authority executes this Agreement. This Agreement may be renewed upon expiration of the 12-month term of this Agreement by written agreement between the parties. Either the District or the Authority may terminate this agreement for any reason at any time upon ninety (90) days written notice of termination to the other party. Should the Authority or the District elect to terminate this Agreement, the District shall remain responsible for its share of any costs for which it is obligated that remain existing and unpaid as of the effective date of termination.

5. Indemnity. Neither the District nor the Authority shall be liable to the other for loss, either direct or consequential. All such claims for any and all loss, however caused, are hereby waived. Said absence of liability shall exist whether or not the damage, destruction, injury, or loss of life is caused by the negligence of either party or of any of their respective agents, servants, or employees. It is contemplated that each party shall look to its respective insurance carriers for reimbursement of any such loss. Neither party shall have any interest or claim in the other's insurance policy or policies, or the proceeds thereof, unless it is specifically covered therein as an additional insured. Nothing contained in this Agreement is intended by either party to create a partnership or joint venture, and any implication to the contrary is hereby expressly disavowed. It is understood and agreed that this Agreement does not create a joint enterprise, nor does it appoint any party as an agent of any other party, for any purpose whatsoever. It is understood and agreed that by



execution of this Agreement, no governmental powers or immunities are waived or surrendered by either the District or the Authority.

6. Independent Contractor. The Authority is, and shall perform this agreement as, an independent contractor, and as such, shall have and maintain complete control over all of its employees, subcontractors, agents, and operations. Neither the Authority nor anyone employed by it shall be, represent, act, purport to act or be deemed to be the agent, representative, subcontractor, employee, officer or servant of the District. No employee or agent of the District shall be, represent, act, or purport to act or be deemed to be the agent, representative, subcontractor, employee, officer, or servant of the Authority.

7. Surety Bond. Any officer, employee, or agent of the Authority who collects, pays, or handles any funds of the District shall furnish good and sufficient bond payable to the District in an amount determined by the District Board to safeguard the District. The bond shall be conditioned on the faithful performance of that person's duties and on accounting for all funds and property of the District. The bond shall be signed or endorsed by a surety company authorized to do business in Texas. The District Board hereby determines that the initial amount of each bond shall be set at \$50,000.00, and may alter the amount pursuant to a minute order or resolution adopted at a properly noticed meeting. The District Board shall provide the Authority with notice of any such alternative amount. The District shall reimburse the Authority for costs incurred in connection with providing administrative services to the District. Any such out-of-pocket costs exceeding \$2,500.00 per year shall require prior approval of the District Board. The Authority shall limit the collection, payment, or handling of District funds only to the officers, employees, and agents of the Authority who have been bonded in accordance with this paragraph.

8. No Third Party Rights. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than the parties hereto, and all duties and responsibilities undertaken pursuant to this Agreement shall be for the sole and exclusive benefit of the parties hereto, and not for the benefit of any other party. There are no third party beneficiaries to this Agreement.

9. Assignment. This Agreement shall not be assignable except at the written consent of the Authority and the District hereto, and if so assigned, shall extend to and be binding upon the successors and assigns of the Authority and the District thereto.

10. Notices. All notices given under this agreement shall be deemed properly served if delivered in writing personally, or sent by certified mail to Eddy Daniel, President, North Texas Groundwater Conservation District, PO Box 508, Gainesville, TX 76241, and to the Authority addressed to the President, Greater Texoma Utility Authority, 5100 Airport Drive, Denison, TX 75020-8448. Date of service of notice served by mail shall be the date on which such notice is deposited in a post office of the United States Postal Service. Either party may change their respective addresses for notice by providing notice of such address change in the aforesaid manner with specific reference to this Agreement.

11. Authority Financial Obligations. Nothing in this agreement shall be construed to require

the Authority to expend funds from any source other than the revenues received hereunder. All costs required by valid rules, regulations, laws, or orders passed or promulgated by the United States of America, the State of Texas, and regulatory or judicial branches thereof having lawful jurisdiction shall be the responsibility of the District.

12. Entire Agreement. This agreement embodies the entire understanding between the Authority and the District hereto relative to the subject matter hereof and shall not be modified, changed or altered in any respect except in writing signed by the Authority and the District.

13. Governing Law and Severability. This agreement shall be governed by the laws of the State of Texas and the venue in Cooke County, Texas. The provisions of this agreement shall be deemed to be severable and the invalidity of or inability to enforce other provisions hereof. In the event of a conflict between the terms of this Agreement and any exhibit attached hereto, the terms and conditions of this Agreement shall take precedence.

14. Interpretation. Although drawn by the Authority, this contract shall, in the event of any dispute over its meaning or application, be interpreted fairly and reasonably, and neither more strongly for or against either party. Captions and headings used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused the signatures of their legally authorized representatives to be affixed hereto, having been duly approved by the respective governing bodies and effective on the last date of execution as set forth below.

GREATER TEXOMA UTILITY AUTHORITY  
5100 AIRPORT DRIVE  
DENISON TX 75020-8448

NORTH TEXAS GCD  
PO BOX 508  
GAINESVILLE TX 76241

BY: \_\_\_\_\_  
President

BY: \_\_\_\_\_  
President

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

ATTEST:

ATTEST:

\_\_\_\_\_  
Secretary-Treasurer

\_\_\_\_\_  
Secretary

## Scope of Services

- I. Recording and Communication Services
  - Act as point of contact for well owners by answering questions regarding rules
  - Provide all postings for meetings ???
  - Provide notice postings in timely manner
  - Mail notices and rules as needed
  - Prepare agenda after consultation with President
  - Prepare and e-mail draft minutes to Board of Directors
  - Complete minutes after review by Board of Directors
  - Maintain website as needed
  - Establish and maintain paper and electronic filing system
  - Provide written communications to well owners, TWDB and others as needed
  - Draft correspondence for signature by designated persons
- II. Database Collection for Registered and Non-Registered Wells in the District
  - Operate and maintain well registration website and map, which depicts wells in each NTGCD county
  - Work with well owners to register wells and collect well registration and water production fees
  - Employ field technician to locate and verify wells in each NTGCD county
- III. Development of Personnel and Other Policies
  - Prepare and present drafts of personnel policies for review by appropriate committee and Board of Directors
  - Prepare and present drafts of operating procedures for future staff to follow
  - Assist Board of Directors in training personnel for District at appropriate time
- IV. Assistance for Rule Development
  - Assist Board of Directors in development of permanent rules
  - Assist Board of Directors in the development and implementation of a Management Plan
- V. Accounting
  - Provide accounting services including keeping financial records, issuing invoices, paying invoices, etc.
  - Prepare and present monthly financial statements
  - Assist Board of Directors with development of budget
  - Prepare and provide documentation for audit
- VI. Groundwater Management Area 8
  - Coordinate Groundwater Management Area 8 (GMA 8) as directed by President and GMA 8 Representative



### Approach to Provision of Services

- Staff is able to work diplomatically with well owners and others
- Use 800 number on all letterhead and other communication for calls to make contact easier for well owners
- Well-acquainted with TWDB staff
- Utilize assistance from Texas Alliance of Groundwater District members
- Coordinate District activities with GMA 8 activities
- Develop records and procedures in a manner that will make for easy transition when desired

### Estimated Cost of Services

The Authority is a public agency. The Board's approach to provision of services has always been to seek reimbursement for the costs of providing the services requested. These costs include:

- The salary and employer personnel costs (social security, worker's compensation insurance, retirement, and accounting, etc.)
- Mileage for travel required at the rate set annually by IRS
- Any direct expenses required to provide the services requested (telephone charges, copies, postage, and similar expenses directly associated with the project)
- The contract for services will not exceed \$128,900 for administration, \$20,000 for accounting, and \$120,000 for the field technician without prior authorization from the Board of Directors
- Field personnel costs will be an expense of the District, which will include salary, benefits, transportation and other costs directly associated with verification of well and pumping information
- Billing Rates:
  - General Manager – \$92 per hour
  - Project Coordinator - \$48 per hour
  - Administrative Assistant - \$28 per hour
  - Finance Officer - \$63 per hour
  - Accounting Assistant - \$41 per hour
  - Accounting Assistant (2) - \$30 per hour
  - Office Clerk - \$24 per hour
  - Field Technician - \$43 per hour
  - Operation Supervisor - \$53 per hour

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT  
BUDGET 2017

Ordinary Income/Expense	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Approved 2016	Actual @ 5/31/16	EST @ 12/31/16	Approved 2017
Income								
48003 GMA8	7,497	625	35,407	80,956	36,364			10,000.00
*48001 PRODUCTION FEES	816,378	928,254	698,005	746,247	772,000	121,381.74		746,000.00
48006 Dollars Fees			2,400	3,300				
48006 WELL NEG FEES		23,736	15,500	23,000	5,000	6,200.00		10,000.00
48016 Penalty & Fines			4,150	3,150		1,511.08		1,500.00
48100 Interest			1,953	1,829	1,000	648.51		1,000.00
48015 LATE FEES			3,203	3,664				3,000.00
Total Income	823,875	952,614	760,618	862,146	754,364	129,741		771,500.00
Expense								
77012 ADMIN MILEAGE	2,577	2,617	2,850	1,718	2,400	999.67	2,000.00	2,400.00
77013 ADMIN-SECRETARIAL	29,597	33,041	26,927	38,116	30,000	12,460.00	29,904.00	30,000.00
77014 ADMIN-PROJECT COORD	16,861	19,924	8,325	8,393	8,400	3,525.00	8,460.00	8,500.00
77015 ADMIN-GM	33,840	36,560	43,900	41,760	48,000	22,099.00	53,037.60	50,000.00
77016 ADMIN-CLERICAL	7,933	18,995	25,955	22,408	31,200	15,978.00	38,347.20	38,000.00
77030 ADS-LEGAL	626	420	468	102	1,000	525.50	1,261.20	1,000.00
77028 ACCOUNTING	10,824	21,720	18,918	16,898	20,000	9,836.00	20,000.00	20,000.00
77027 AUDITING	4,975		9,975	5,200	5,000	5,300.00	5,300.00	5,400.00
77029 BANKING FEES	270							
77028 CONSULTING UPDTE	134,298	214,085	148,748	0	34,400	17,045.62	40,909.49	75,000.00
77199 CONSULTING-HYDROGEO			18,676	34,206	5,000	6,138.36	6,138.36	20,000.00
77178 CONSULTING MODEL RUNS			63,879	21,709	95,000	43,548.00	104,515.20	120,000.00
77699 CONTRACT FIELD PERSON	80,287	46,357		77,797				70,000.00
77699 CONTRACT FIELD PERMITTING/ GEOLOGIST								
77325 DIRECT COSTS REIMB	3,322	3,910	3,648	3,825	4,000	2,230.93	5,354.23	4,000.00
77499 DUES & SUBSCRIPTION	458	1,250	1,583	2,073	1,500	55.50	1,600.00	2,000.00
77499 EQUIPMENT	4,040	1,082	9,388	2,285	2,500		2,500.00	2,000.00
77699 FEES-GMA8	3,615	2,429	44,900	84,595	40,000	4,347.97	40,000.00	11,000.00
77699 FUEL/MAINTENANCE	1,548	1,610	2,138	2,349	3,000	1,184.97	2,843.93	3,000.00
77699 Inject Well Monitoring				818	700	156.40	700.00	700.00
77610 INSURANCE & BONDING	4,587	4,909	4,016	3,941	5,000	219.00	5,000.00	5,000.00
77970 LEGAL	46,406	20,576	63,813	32,160	50,000	16,334.92	39,203.81	60,000.00
77975 LEGAL-LEGISLATION		9,979		10,000				10,000.00
77975 LEGAL-INJECTION								
78000 LOAN REIMB			330,000	10,839	7,500	8,264.65	19,835.16	10,000.00
78010 MEETINGS & CONFERENCES	878	45,000		225,000	225,000		300,000.00	
78100 RENT		1,295	2,183	881	2,000		2,000.00	3,000.00
78005 SOFTWARE MAINT		2,400	2,400	2,400	2,400	1,368.92	2,400.00	2,400.00
78100 TELEPHONE	2,885	9,373	8,313	8,068	7,500	3,180.00	7,632.00	30,000.00
78776 WATER QUALITY ISSUES	1,905	2,173	1,766	1,884	2,000	789.52	1,884.85	2,000.00
78789 WELL MONITORING/TESTING			32,058					
Total Expense	391,530	495,705	874,824	659,423	633,600	176,588	740,837	585,400.00
Net to Fund Balance	432,345	452,909	(114,206)	202,722	120,764			

ATTACHMENT 13



North Texas Groundwater Conservation District

Well Registration Summary  
As of September-30-2016

Well Type	Total Registered			Total Registered Denton County	Total NTGCD	New Registrations since Aug-31-2016
	Collin County	Cooke County				
Agriculture	6	11	34	51	1	
Commercial / Small Business	5	8	21	34	2	
Domestic Use (household / lawn watering at residence)	55	262	425	746	14	
Filling a pond or other surface impoundment**	33	15	42	92	0	
Golf course irrigation	15	2	22	39	0	
Industrial / Manufacturing	6	9	4	20	0	
Irrigation	60	5	124	190	1	
Leachate	0	0	0	0	0	
Livestock Watering	6	51	30	87	1	
Monitoring	0	0	0	0	0	
Municipal / Public Water System	34	70	210	316	0	
Other	11	5	25	41	0	
Piezometer	0	0	0	0	0	
Poultry	0	0	0	0	0	
Solely to supply water for rig actively***	1	1	7	9	0	
Supplying water for oil or gas production*	0	5	52	59	0	
Not Specified	12	11	32	56	0	
SUM	244	455	1028	1740	19	

North Texas Groundwater Conservation District

Well Registration Summary  
As of October-31-2016

Well Type	Total Registered			Total Registered Denton County	Total NTGCD	New Registrations since Sep-30-2016
	Collin County	Cooke County	Denton County			
Agriculture	6	11	34	51	0	
Commercial / Small Business	5	8	21	34	0	
Domestic Use (household / lawn watering at residence)	60	265	433	762	16	
Filling a pond or other surface impoundment**	34	15	43	94	2	
Golf course irrigation	15	2	22	39	0	
Industrial / Manufacturing	6	9	4	20	0	
Irrigation	61	5	125	192	2	
Leachate	0	0	0	0	0	
Livestock Watering	6	51	30	87	0	
Monitoring	0	0	0	0	0	
Municipal / Public Water System	34	70	210	316	0	
Other	11	5	25	41	0	
Piezometer	0	0	0	0	0	
Poultry	0	0	0	0	0	
Solely to supply water for rig actively***	1	1	7	9	0	
Supplying water for oil or gas production*	0	5	52	59	0	
Not Specified	12	11	32	56	0	
SUM	251	458	1038	1760	20	

ADJOURN