

**NORTH TEXAS
GROUNDWATER
CONSERVATION
DISTRICT**

BOARD MEETING

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

**TUESDAY
DECEMBER 13, 2016
10:00 AM**

NOTICE OF PUBLIC MEETING

OF THE
BOARD OF DIRECTORS of the

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
at the

Mustang SUD Administrative Offices
7985 FM 2931

Aubrey, Texas

Tuesday, December 13, 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 public hearing, accept public comment, and may discuss and consider the District's Amended Temporary Rules for Water Wells in Collin, Cooke, and Denton Counties, Texas.

Agenda

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.
2. Presentation and review of Amended Temporary Rules for Water Wells in Collin, Cooke, and Denton Counties, Texas.
3. Public Comment on Amended Temporary Rules for Water Wells in Collin, Cooke, and Denton Counties, Texas (verbal comments limited to three (3) minutes each; written comments may also be submitted for the Board's consideration).
4. Adjourn or continue public hearing on the Amended Temporary Rules for Water Wells in Collin, Cooke, and Denton Counties, Texas.

At the conclusion of the hearing or any time or date thereafter, the proposed Temporary Rules may be adopted in the form presented or as amended based upon comments received from the public, the Texas Water Development Board, District staff, attorneys, consultants, or members of the Board of Directors without any additional notice.

Board Meeting

The regular Board Meeting will begin at 10:15 a.m. or upon 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 November 8, 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
 - 1) Quarterly Investment Report
 - 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
 - h. Desired Future Condition Committee
7. Consider and act upon District's Fund Balance Allocations
8. Consideration and possible action regarding the District's legal counsel
9. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs)
10. Consider and act upon compliance and enforcement activities for violations of District
11. General Manager's Report: The General Manager will update the board on operational, educational and other activities of the District
12. Open forum / discussion of new business for future meeting agendas
13. 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, 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' PUBLIC HEARING
NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

TUESDAY, NOVEMBER 8, 2016

MUSTANG SUD ADMINISTRATIVE OFFICES
7985 FM 2931
AUBREY, TEXAS

Members Present: Eddy Daniel, P.E., Chris Boyd, Evan Groeschel, Philip Sanders, Thomas Smith, P.E., Ron Sellman, Kenny Klement, and Ronny Young

Members Absent: Joseph Helmberger, P.E.

Staff: Drew Satterwhite, P.E., Wayne Parkman, Velma Starks, Carolyn Bennett

Legal Counsel: Kristen Fancher

Visitors: Peter M. Schulmeyer, Collier Consulting
Alan Strittmatter, Strittmatter Irrigation and Supply

Public Hearing

1. Call to order, establish quorum; declare public hearing open to the public.

President Daniel called the public hearing to order at 10:02 a.m., established that a quorum was present, with one member, Joseph Helmberger, being absent, and declared the hearing open to the public.

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.

Mr. Strittmatter was present at the Public Hearing, representing Strittmatter Irrigation & Supply, Inc. Mr. Strittmatter addressed the Board of Directors, regarding the penalties assessed to Strittmatter Irrigation and Supply, \$15,000 total, \$5,000 for falsification of documentation, \$5,000 for failure to timely meter a well, and \$5,000 for not providing well production information. Mr. Strittmatter stated that the well for which violations were assessed was for the Krum ISD. When the quote was originally requested by the Krum ISD, a request was made for a small well and one was requested for a larger well. Krum ISD eventually opted for the larger well to be completed.

Mr. Strittmatter informed the Board that when the office manager sent the application to the North Texas GCD she inadvertently sent the application for the small well. When the Well Completion Report was provided it reflected a 7.5 horse pump and a small well. The Texas Department of Licensing and Regulation State Report for the well, however, reflected a test pump

of 120 gpm. Mr. Strittmatter stated this was an oversight in his office, and did not get caught. He indicated that there was no intent to falsify records, and that it was simply a clerical mistake.

Mr. Strittmatter stated he welcomed questions from the Board regarding the circumstances. President Daniel stated there were three violations, 1) falsifying the report, 2) failure to meter the well and 3) not turning in meter production reports. President Daniel stated if there was an error in the report providing the correct information, this is only one of the violations for which penalties were assessed. There are still the other violations for not putting a meter on the well and not providing well production reports.

Mr. Strittmatter replied that the meter ordered for the Krum ISD well was mistakenly sent to another well south that was being drilled by his company. A meter has been ordered for the Krum ISD well, and Snyder Electric, the contractor hired to install the meter, was to get the meter installed. Mr. Strittmatter stated he had contacted Snyder Electric regarding installing the meter, and has not yet heard back from them. Wayne Parkman, Field Technician, stated when inspecting the new well, he found the well to be metered.

Mr. Strittmatter stated Snyder Electric's representative, Danny Moran, signed off on the original application to the North Texas GCD. Mr. Moran was informed of what was required when the application was submitted to North Texas GCD.

President Daniel stated the action on the table currently is that a \$15,000 fine has been assessed in penalties for violations of the District Rules, \$5,000 for each violation. Those fines were to have been paid within 15 days, but have not yet been paid. Mr. Strittmatter stated he had understood he could pay the penalties or request a hearing. President Daniel stated the fines have already been assessed. Chris Boyd stated the Board did not get to this point before going through a long process of reaching compliance. Chris Boyd asked Mr. Strittmatter why he did not respond when he was first notified of the penalties. Mr. Strittmatter replied the lack of response is because of the incompetence of his office manager. He stated he has not been receiving his emails or messages. His office manager takes messages and reads his emails for him, and is not providing him with information in a timely manner. Mr. Strittmatter assured the Board the problem has been corrected from this day forward. Mr. Strittmatter stated that he takes these matters seriously, and has been assessed and paid penalties in the amount of \$4,000 for past violations. He stated he would never do anything to jeopardize his license. He further stated after the first round of violations he went through an office managerial change, with two different sets of personnel. Current office staff made the errors on the Krum ISD well, because the project has been going on for over one year.

President Daniel stated there has been a previous assessment of penalties to Strittmatter Irrigation and Supply on three occasions. Mr. Strittmatter replied that he thought the issues had been resolved each time. After the first time, he went through office managerial change. The current office manager made the mistake on the Krum ISD well about a year ago, but this well project drug out longer than normal projects. He indicated that the meter issue was an oversight, and when it came to his attention, a new meter was purchased and Danny Moran with Snyder Electric was asked to install it.

President Daniel asked Mr. Strittmatter what specifically he was requesting the Board to do regarding these matters. Mr. Strittmatter stated he was requesting the Board lift this fine, after hearing his explanation and case, and considering the previous \$4,000 in fines being paid by his company.

President Daniel stated he felt the North Texas GCD Board has gone above and beyond in notifications of the violations and penalties. Kenny Klement stated he had a corporation for the biggest part of his life producing milk and cattle. In conducting his business, he always felt it to be

the owner's responsibility to take care of problems.

Philip Sanders asked Mr. Strittmatter to clarify how he was not made aware of the most recent incidence. General Manager Satterwhite stated this matter was brought before the Board, and pursuant to their instructions, a letter mailed out to Strittmatter Irrigation and Supply, Inc. Kristen Fancher, the District Legal Counsel, exchanged voice mails and was in touch regarding the penalties assessed. During the deadline period voice mails were traded between Mr. Strittmatter and Ms. Fancher.

Mr. Strittmatter stated during this time period he spoke with a representative of the Texas Department of Licensing and Registration and requested he send him information regarding the Krum ISD well. The representative has not yet responded to this request.

Philip Sanders questioned General Manager Satterwhite what steps were taken to notify Mr. Strittmatter of the violations assessed. General Manager Satterwhite responded that he had telephoned Danny Moran with Snyder Electric, the contact for this project, and informed him the well was inspected and registered 101.5 gpm on a meter installed on the well. Krum ISD was also contacted, regarding getting the meter installed, providing meter readings to the District, and payment of back fees for use of the well since installation. District staff made telephone calls to Mr. Strittmatter's offices. Correspondence regarding the assessment of the penalties was provided by email and certified mail.

Philip Sanders asked Mr. Strittmatter if stated he had submitted a bid on a small well and a large well, and inadvertently submitted the wrong application to the North Texas GCD for the small well, but the correct report was submitted to the Texas Department of Licensing and Regulation. Mr. Strittmatter replied that the application for the well and the completion report for the well submitted to the North Texas GCD contained incorrect information. President Daniel stated the North Texas GCD requires a completion form stating how the well is equipped, which was filed with the District stating the incorrect amount after the well was completed. Mr. Strittmatter replied the completion report information was an oversight on their part, and was not intentional. He further stated all documentation from this day forward is being reviewed by him, and he has delegated himself to be on the front lines for receiving reports.

Kenny Klement asked what Mr. Strittmatter would suggest to be the best manner in which to contact him in the future so this does not occur again. Mr. Strittmatter replied personal telephone calls or texts directly to him would be best, to his cellular telephone number. General Manager Satterwhite stated the District staff uses the office number for contact, and needs to obtain his cell number.

President Daniel reminded the Board they could take no action, as the previous action stands, or take action to increase or decrease the penalties – the floor is open for discussion. Philip Sanders stated he had some questions for the District's Legal Counsel. In compliance with the Texas Open Meetings Act, Chapter 551, Government Code, Vernon's Texas Codes, Annotated, President Daniel stated the North Texas Groundwater Conservation District Board of Directors would adjourn into Executive Session at 10:35 a.m. to discuss Strittmatter Irrigation & Supply, Inc.'s violations of District Rules with the District's Legal Counsel.

The Board reconvened into the Public Hearing at 10:54 a.m. President Daniel stated no action was taken on any matters discussed during closed Executive Session.

Thomas Smith made a motion to leave the penalties as previously assessed by the Board of Directors: 1) \$5,000 fine for falsification of documents, 2) \$5,000 for failure to meter a non-exempt well, and 3) \$5,000 fine for failure to provide well production reports. The motion was seconded by Kenny Klement. There was no further discussion by the Board. President Daniel asked

for a vote. Six (6) voted Yes and two (2) voted No. Motion passed 6-2.

President Daniel stated the Board upheld the violation and fines, a letter will be forwarded to Strittmatter Irrigation and Supply, Inc. allowing 30 days to pay the fines.

3. Adjourn or continue Show Cause Hearing.

President Daniel adjourned the Public Hearing at 10:55 a.m.

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Recording Secretary

Secretary-Treasurer

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

TUESDAY, NOVEMBER 8, 2016

**MUSTANG SUD ADMINISTRATIVE OFFICES
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Members Present: Eddy Daniel, P.E., Chris Boyd, Evan Groeschel, Philip Sanders, Thomas Smith, P.E., Ron Sellman, Kenny Klement, and Ronny Young

Members Absent: Joseph Helmberger, P.E.

Staff: Drew Satterwhite, P.E., Wayne Parkman, Velma Starks, Carolyn Bennett

Legal Counsel: Kristen Fancher,

Visitors: Peter M. Schulmeyer, Collier Consulting
Alan Strittmatter, Strittmatter Irrigation and Supply

1. Pledge of Allegiance and Invocation

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 10:56 a.m., 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. Consider and act upon approval of Minutes from the September 13, 2016 board meeting

The Board discussed the minutes of the September 13, 2016 meeting. It was the consensus of the Board that the minutes be revised by adding a space in the third paragraph under Section 10 of the minutes, between "\$15,000" and "for." Motion was made by Ron Sellman and seconded by Thomas Smith to approve the Minutes from the September 13, 2016 board meeting, with the correction previously noted. Motion passed unanimously.

5. Consider and act upon approval of invoices and reimbursements.

After review, Ron Sellman made a motion to approve Resolution 2016-11-08-16-01. Ronny

Young seconded the motion. Motion passed unanimously.

6. 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

General Manager Satterwhite stated the Investment Committee would be asked to meet.

c. Rules and Bylaws Committee

General Manager Satterwhite stated he and Kristen Fancher, District Legal Counsel, had discussed the need for the District to amend the District's By-laws and clarify the election process. It was the consensus of the Board that the Legal Counsel revise the By-laws for review by the Board.

General Manager Satterwhite asked the Board if they desired to re-visit the appointed committees, or appoint Joe Helmberger to the committees on which Dan Collins, whom he replaced, served. It was the consensus of the Board that Joe Helmberger would serve on the committees on which Dan Collins had previously served.

d. Groundwater Monitoring and Database Committee

General Manager Satterwhite stated presentations with several providers will be set up in the next couple of weeks. Committee and staff hope to have a recommendation to the Board in early 2017.

e. Policy and Personnel Committee

No report.

f. Conservation and Public Awareness Committee

General Manager Satterwhite informed the Board the District has a new website and requested the Board review the website and provide feedback to the District staff for improvements or suggestions.

g. Management Plan Committee

- 1) Receive Quarterly Report: General Manager Satterwhite reviewed the Quarterly Report with the Board.

h. Desired Future Condition Committee

No report.

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

Hankins, Eastup, Deaton, Tonn & Seay, the audit firm selected after solicitation of proposals for audit services during 2013, provided an engagement letter for audit services for the fiscal year ending December 31, 2016 for the North Texas GCD. General Manager Satterwhite discussed the engagement letter with the Board. After due discussion, Chris Boyd made a motion to confirm execution of the Engagement Letter for audit services for the fiscal year ending December 31, 2016 with Hankins, Eastup, Denton, Tonn & Seay. Ronny Young seconded the motion and the motion passed unanimously.

8. Consider and act upon District's Fund Balance Allocations

General Manager Satterwhite provided the Board of Directors with a listing of potential future allocations for fund balance. The Board discussed the allocations suggested, and requested an item be placed on the next agenda for discussion.

9. Consider and act upon 2017 Administrative Services Contract with Greater Texoma Utility Authority

Philip Sanders made a motion to approve the administrative services contract with the Greater Texoma Utility Authority. Evan Groeschel seconded the motion and the motion passed unanimously.

10. Discuss Potential Amendments to Temporary Rules

The Rules Committee met with staff to discuss potential amendments to the District's Temporary Rules. A redlined draft reviewed by District legal counsel was provided to the Board for their review. General Manager Satterwhite reviewed the proposed changes with the Board. An item will be placed on a future agenda for a Public Hearing to discuss the proposed rule changes.

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

President Daniel informed the Board the GMA8 will meet again January 31, 2017, to adopt the final explanatory report for the Desired Future Conditions. Bill Mullican will provide a draft of the report by December 1st, and has asked for comments by December 15. The next North Texas GCD meeting is December 13th. President Daniel requested that the report be provided to the Board in PDF for review, and that the Board be prepared to discuss the report at their December 13th meeting.

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

General Manager Satterwhite informed the Board the Crossroads Town Planner had contacted the District and informed staff a well is being drilled too close to a property line. Wayne Parkman, District Field Technician, confirmed the well is being drilled too close to a property line, and deferred the issue to the Texas Department of Licensing and Regulation ("TDLR"). TDLR staff is handling this issue. District Rules state TDLR regulations will be followed under these circumstances. District staff will communicate with TDLR on the issue.

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

General Manager Satterwhite reviewed the well registration summary report with the Board. Mr. Satterwhite informed the Board, Scott Perry, the new Field Technician had given his notice, due to family matters. The position is currently being advertised. The Texas Water Development Board has awarded a contract for a study of brackish water in the Trinity Aquifer. Kristen Fancher reported to the Board on the latest legislative news.

14. 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. Temporary Rules amendments and fund balance information will be placed on a future agenda.

15. Adjourn public meeting

President Daniel declared the meeting adjourned at 12:13 p.m.

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Recording Secretary

Secretary-Treasurer

ATTACHMENT 6 B-1

North Texas Groundwater Conservation District
Investment Report
November 30, 2016

This report complies with the requirements of the Public Funds Investment Act and covers all the funds of the District that are subject to the Act. At November 30, 2016, the investment position was a little more than \$1,163,000. \$775,662 of these funds are invested in a CDARS program thru Independent Bank earning .25%.

The District was in compliance with all provisions on the investment policy and the Public Funds Investment Act as of November 30, 2016.

All transactions were routine.

Presented by North Texas Groundwater Conservation District Investment Officers:

Evan Groeschel

ATTACHMENT 7



AGENDA COMMUNICATION

DATE: December 9, 2016

SUBJECT: AGENDA ITEM NO. 7

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 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 8

DATE: December 9, 2016

SUBJECT: AGENDA ITEM NO. 8

CONSIDERATION AND POSSIBLE ACTION REGARDING THE DISTRICT'S LEGAL COUNSEL

ISSUE

Consideration and possible action regarding the District's legal counsel.

BACKGROUND

In late 2015, the District solicited for proposals from law firms. These proposals were subsequently reviewed by a committee and brought to the full Board for action at the October 2015 meeting. The Board elected to engage Smith Robertson Elliot, LLP with Kristen Fancher being the District's General Counsel.

Kristen Fancher and her family are planning to relocate to the North Central Texas Area in January of 2017. As a result of this move, Kristen will be forming her own practice based out of the North Central Texas Area. By forming her own practice, she claims that she will be able to keep hourly rates from rising.

CONSIDERATIONS

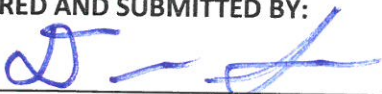
Since joining Smith Robertson Elliot, LLP, Kristen has worked independently from other attorneys in the firm on District matters. The staff sees no obvious downside in regards to day-to-day general counsel by Kristen not working for a larger firm.

Kristen intends to have the new firm incorporated by December 13, 2016. After that day, she would be able to provide the District with an engagement letter. Kristen has advised that the engagement letter would be identical to previous engagement letters with the exception of the firm name.

STAFF RECOMMENDATIONS

The staff requests the Board provide direction on the legal representation.

PREPARED AND SUBMITTED BY:



Drew Satterwhite, P.E., General Manager

ATTACHMENT 11

North Texas Groundwater Conservation District

Well Registration Summary
As of November-30-2016

Well Type	Total Registered Collin County	Total Registered Cooke County	Total Registered Denton County	Total NTGCD	New Registrations since Oct-31-2016
Agriculture	6	11	34	51	0
Commercial / Small Business	5	8	22	35	0
Domestic Use (household / lawn watering at residence)	60	267	435	766	5
Filling a pond or other surface impoundment**	34	15	45	96	2
Golf course irrigation	15	2	22	39	0
Industrial / Manufacturing	6	9	4	20	0
Irrigation	61	5	127	194	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	211	317	1
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	460	1046	1770	10

ADJOURN