

**NORTH TEXAS
GROUNDWATER
CONSERVATION
DISTRICT**

BOARD MEETING

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

**TUESDAY
OCTOBER 10, 2017
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, October 10, 2017

Board Meeting

The regular Board Meeting will begin at 10:00 a.m.

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. Administer Oath of Office.
4. Public comment.
5. Consider and act upon approval of the minutes from the August 16, 2017, board meeting.
6. Consider and act upon approval of invoices and reimbursements.
7. Consider and act upon revisions to the District Bylaws.
8. Consider and act upon confirming execution of Engagement Letter for Audit Services for Fiscal Year ending December 31, 2017.
9. Receive reports from the following Committees*:
 - a. Budget and Finance Committee
 - 1) Receive Monthly Financial Information
 - b. Investment Committee
 - 1) Receive Quarterly Investment Report
 - c. Groundwater Monitoring and Database Committee
 - d. Management Plan Committee

1) Receive Quarterly Report

10. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs).
11. Consider and act upon compliance and enforcement activities for violations of District rules.
 - a. Strittmatter Irrigation & Supply, Inc. lawsuit
 - b. Double D Drilling
 - c. Action Water Well
12. General Manager's Report: The General Manager will update the board on operational, educational and other activities of the District.
 - a. Update on oil and gas and disposal/injection well monitoring activities with the Railroad Commission of Texas
 - b. District Rules and Procedures
13. Receive presentation from the District's Hydrogeologist regarding spacing analysis for permanent rules development.
 - a. Consider and act upon action items for rules development
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 schedule represents 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 ntqcd@northtexasqcd.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); deliberation regarding personnel matters (§551.074); deliberation regarding security devices (§551.076); and deliberation regarding cybersecurity (§551.089). Any subject discussed in executive session may be subject to action during an open meeting.

ATTACHMENT 5

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

WEDNESDAY AUGUST 16, 2017

MUSTANG SUD ADMINISTRATIVE OFFICES
7985 FM 2931
AUBREY, TEXAS

Members Present: Allen Knight, Chris Boyd, Philip Sanders, Thomas Smith, P.E., Ron Sellman, Ronny Young, Joseph Helmberger, P.E., and Evan Groeschel

Members Absent:

Staff: Drew Satterwhite, P.E., Allen Burks, Carolyn Bennett, Debi Atkins, Theda Anderson, and Velma Starks

Visitors: Peter M. Schulmeyer, Collier Consulting
Bob Patterson, Northern Trinity GCD
James Beach, P.G., LBG Guyton Associates
Kristen Fancher, Fancher Legal PLLC

1. Pledge of Allegiance and Invocation

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

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

Ronny Young called the meeting to order at 10:03 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 June 13, 2017 board meeting

After review and discussion, motion was made by Thomas Smith and seconded by Allen Knight to approve the Minutes from the June 13, 2017 board meeting. Motion passed unanimously.

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

General Manager Satterwhite presented the liabilities to the board. Ron Sellman made the motion to approve the liabilities. Chris Boyd seconded the motion. Motion passed

unanimously.

6. Consider Report from Nominating Committee and act upon Election of Officers.

The Nominating Committee members are Philip Sanders, Ron Sellman, and Thomas Smith. The nominees are Ronny Young for President, Thomas Smith for Vice President and Allen Knight for Secretary/Treasurer. Joseph Helmberger made the motion to accept the officers as presented. Philip Sanders seconded the motion. Motion passed unanimously

7. Appointment of a Rules Committee.

The Board appointed Philip Sanders, Evan Groeschel, and Ronny Young to serve on the Rules Committee.

8. Receive reports from the following Committees*:

a. Budget and Finance Committee

1) Receive Monthly Financial Information

General Manager Satterwhite reviewed the financial information with the Board.

2) Consider and Act Upon Amending 2017 Budget

General Manager Satterwhite presented the Budget Amendment to the Board. The budget amendment will increase the legal-legislation item from \$10,000 to \$15,000. This will increase the overall expenditures of the budget to \$590,400. Thomas Smith made the motion to amend the 2017 budget as stated. Philip Sanders seconded the motion. Motion passed unanimously.

3) Consider and act upon 2018 Operating Budget and Adopt Rate Schedule

General Manager Satterwhite informed the Board that the Budget Committee consisting of Evan Groeschel, Philip Sanders, and Ron Sellman had met. The Proposed Budget and Rate Schedule were presented to the Board. The Board discussed the budget and rate schedule at length. Thomas Smith made the motion to accept the budget and rate schedule as presented. Allen Knight seconded the motion. Motion passed unanimously.

b. Investment Committee

1) Receive Quarterly Investment Report

General Manager Satterwhite informed the Board that the Committee would monitor interest rates in order to make best investments.

c. Groundwater Monitoring and Database Committee

General Manager Satterwhite updated the Board on the progress taking place. Another meeting with INTERA will take place on Thursday.

d. Management Plan Committee

1) Receive Quarterly Report

General Manager Satterwhite informed the Board that there were 1,915 wells registered in the District and 166 inspections.

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

General Manager Satterwhite informed the Board that TWDB has requested 11 responses by September 8. LBG Guyton is working on responses and the staff will continue to monitor the situation.

10. Designation of Director to Serve as District's Joint Planning Representative for Groundwater Management Area 8.

The Board designated Ronny Young to serve as District's Representative for Groundwater Management Area 8 and Joseph Helmberger as alternate. Thomas Smith made the motion that Ronny Young and Joseph Helmberger are designated as Representative and Alternate. Philip Sanders seconded the motion. Motion passed unanimously.

The Board adjourned into Executive Session at 10:25 a.m. The Board reconvened into Regular Session at 11:04 a.m. President Ronny Young stated no action was taken on any items discussed during Executive Session.

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

- a. Strittmatter Irrigation & Supply, Inc. lawsuit

No action taken.

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

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

No report

Five of area District's Managers will be meeting next week to discuss progress of the Districts and to discuss ways in which the Districts can find common ground in permanent rules development. These Districts are: Northern Trinity, Upper Trinity, Prairielands, Red River and North Texas.

- b. Update on revisions to District Bylaws.

To be addressed at next meeting.

13. Receive presentation from the District's Hydrogeologist and Legal Counsel regarding permanent rules development.

- a. Consider and act upon action items for rules development

James Beach and Kristen Fancher presented a detailed presentation regarding the rules development process.

Lunch break at 11:39 a.m. Presentation continued at 12:13 p.m.

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

None discussed.

- 15. Adjourn public meeting

Ronny Young declared the meeting adjourned at 1:17 p.m.

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Recording Secretary

Secretary-Treasurer

ATTACHMENT 6

RESOLUTION NO. 2017-10-10-1

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE NORTH TEXAS GROUNDWATER
CONSERVATION DISTRICT AUTHORIZING PAYMENT OF ACCRUED LIABILITIES FOR THE
MONTHS OF SEPTEMBER - OCTOBER

The following liabilities are hereby presented for payment:

<u>Administrative Services</u>	<u>Amount</u>
GTUA - Aug	24,613.02
GTUA - Sept	24,521.48
<u>Advertising</u>	
Star Local Media - Water Conservation Ideas July	220.00
<u>Consultant</u>	
LBG Guyton - Aug	9,214.19
LBG Guyton - July	5,058.18
<u>Direct Costs</u>	
Diamond Computers - Tech computer - W. Parkman	39.95
Nextraq - Aug	39.95
Nextraq - Sep	39.95
<u>Dues & Subscriptions</u>	
Texas Alliance of Groundwater Dist. 2017-2018 renewal	1,250.00
<u>Fuel / Maintenance</u>	
RRGCD - Used RR truck for Denton County Inspections	67.04
<u>Insurance</u>	
Bayless Hall - Public Employee Bond	330.00
<u>Legal</u>	
Sledge Law - May	5,124.00
Sledge Law - July	2,614.00
Kristen Fancher PLLC July-August	8,309.66
<u>Legal- Injection</u>	
Sledge Law & Public Strategies - June	2,055.80
Kristen Fancher PLLC - August	150.00
Kristen Fancher PLLC - July	56.40
<u>Meetings & Conferences</u>	
Mustang SUD - BOD Room Rental October	75.00
<u>Software Maintenance</u>	
Aqua Veo - July	500.00
Aqua Veo - Aug	500.00

Telephone

AT&T Teleconference Service - July 7.64

Well Monitoring

Statewide Plat Service - Aug 50.00

Statewide Plat Service - July 50.00

GRAND TOTAL: \$ 84,886.26

On motion of _____ and seconded by _____ the foregoing Resolution was passed and approved on this, the 10th day of October, 2017 by the following vote:

AYE:

NAY:

President

Secretary/Treasurer

ATTACHMENT 7

DATE: October 6, 2017

SUBJECT: AGENDA ITEM NO. 7

CONSIDER AND ACT UPON REVISIONS TO THE DISTRICT BYLAWS

ISSUE

Consider and act upon revisions to the District Bylaws.

BACKGROUND

The current North Texas Groundwater Conservation District Bylaws were adopted on February 23, 2010. A few months ago, the Board requested that the District Staff and Legal Counsel propose amendments to the bylaws to authorize more purchasing authority for the General Manager. The proposed amendments reflect a proposed change for the purchasing authority as well as a few other items such as: 1) outlining a procedure to guide staff during the Board member appointment process, 2) moving the date of officer selection 1 month ahead to align with Board appointments, and 3) modifying the District addresses.

CONSIDERATIONS

The Staff mainly wanted to provide a document to open up discussion on the spending limit. A placeholder of \$5,000, which is consistent with Upper Trinity and Prairielands GCDs was included in the revised document. This can be modified to whatever the Board feels is appropriate.

Also, Legal Counsel has pointed out that Chapter 36 of the Texas Water Code requires two (2) signatures for expense authorizations which is the reason we have kept that language in the bylaws.

STAFF RECOMMENDATIONS

The staff requests direction from the Board on the spending limit and recommends approving the remainder of the proposed bylaws .

ATTACHMENTS

Bylaws with redlined amendments
Resolution

PREPARED AND SUBMITTED BY:



Drew Satterwhite, P.E., General Manager

North Texas Groundwater Conservation District Bylaws

Adopted and Effective February 23, 2010; amended XXXX, 2017

SECTION 1. DISTRICT CREATION AND PURPOSE

1.1 Creation and Purpose

The North Texas Groundwater Conservation District (the “District”) was created by the 81st Texas Legislature under the authority of Section 59, Article XVI, of the Texas Constitution, and in accordance with Chapter 36 of the Texas Water Code (“Water Code”), by the Act of May 19, 2009, 81st Leg., R.S., ch. 248, 2009 Tex. Gen. Laws 686, codified at TEX. SPEC. DIST. LOC. LAWS CODE ~~ANN.~~ ch. 8856 (“the District Act”).

The District is a governmental agency and a body politic and corporate. The District was created to serve a public use and benefit, and is essential to accomplish the objectives set forth in Section 59, Article XVI, of the Texas Constitution. The District’s boundaries are coextensive with the boundaries of Collin, Denton, and Cooke Counties, Texas, and all lands and other property within these boundaries will benefit from the works and projects that will be accomplished by the District.

The creation of the District was confirmed by the Commissioners Court of Collin County on August 10, 2009; the Commissioners Court of Denton County on August 11, 2009; and the Commissioners Court of Cooke County on August 10, 2009.

SECTION 2. BOARD OF DIRECTORS

2.1 Composition and Appointment

The District is governed by a Board of Directors (“Board”), which is comprised of nine appointed Directors, three from each of the three counties comprising the District. Director appointments shall be made by the Commissioners Courts of each of the three counties in the manner set forth in the District Act. To be eligible to serve as a Director, a person must be a registered voter in the appointing county. A Director may serve multiple consecutive terms.

To initiate the Director appointment process pursuant to the District Act, the General Manager shall send a letter to the appointing Commissioners Courts no later than March 1 of each odd-numbered year. The letter to the appointing Commissioners Courts must include information on the Director positions with terms expiring on June 1 of that year, and a brief explanation of how each position that is set to expire is required to be

appointed under the District Act, including any representational requirements for the position set forth in the District Act.

2.2 Terms of Office; Director Vacancies; Notification

~~Initial permanent Directors shall serve terms as specifically provided in the District Act. Permanent~~ Directors shall serve staggered four-year terms, with the term of one or two Directors from each county expiring on June 1 of each odd-numbered year. ~~, with the initial term of one Director from Denton County, one Director from Cooke County, and two Directors from Collin County expiring on June 1, 2011; and the initial term of two Directors from Denton County, two Directors from Cooke County, and one Director from Collin County expiring on June 1, 2013.~~ Should a vacancy occur on the Board for any reason, the Commissioners Court that appointed the director who vacated the office shall appoint a person to fill the vacancy in a manner that meets the representational requirements of The District Act. If a vacancy occurs on the Board, the General Manager shall send a letter to the appointing Commissioners Court that provides notification of the vacancy, and a brief explanation of how the position must be appointed according to the District Act. Within thirty (30) days after any appointment of a Director, the District shall notify the Executive Director of the Texas Commission on Environmental Quality in accordance with Section 35.054(e), Water Code. A Director shall serve until the Director's successor has been qualified.

2.3 Sworn Statement; Bond; Oath of Office

As soon as practicable after a Director is appointed, the Director shall make the sworn statement prescribed by the Texas Constitution, take the oath of office, and execute a bond, as required by Section 36.055, Water Code. The District shall file the sworn statement, oath, and bond as prescribed in Section 36.055(d).

2.4 Officers

Each odd-numbered year at its regular ~~July~~ June meeting, or at its next regular meeting if there is no ~~July~~ June meeting, the Board shall meet and elect three Directors to serve as officers, whose titles shall be President, Vice-President, and Secretary/Treasurer. Officers shall be elected for terms of two years. Except for the President, officers may serve multiple consecutive terms.

The President shall serve as the Board Chair, preside at all Board meetings, execute all documents on behalf of the District, and perform other duties prescribed by the Board.

The position of President/Board Chair must rotate among the counties in the district every two years in alphabetical order by county beginning with the appointment of a Director from Collin County.

The Vice-President shall act as the President in case of the absence or disability of the President, and perform other duties prescribed by the Board.

The Secretary/Treasurer shall be responsible for seeing that all records and books of the District are properly kept, according to the requirements of Sections 36.054(c) and 36.065, Water Code, shall attest the President's signature on all documents, and shall perform other duties prescribed by the Board.

The Board may appoint other Directors, the General Manager, or any employee as an Assistant Secretary to assist the Secretary/Treasurer, and any such person shall be entitled to certify as to the authenticity of any record of the District, including but not limited to all proceedings relating to bonds, contracts, or indebtedness of the District.

The Board shall fill vacant officer positions as needed to serve the remainder of the unexpired term of such vacant officer. A vacancy in the position of President/Board Chair must be filled by a Director from the same county for the remainder of the unexpired term. If the Board selects a Director who holds another Board office at the time of the vacancy to fill the unexpired term, the Board shall select another Director to serve the remainder of the unexpired term of such second officer.

2.5 Indemnification of Directors and Employees

The District may purchase and maintain insurance or bonding on behalf of any person who is a Director or employee of the District in any capacity or arising out of his status as such.

Each Director and employee is indemnified by the District against any liability imposed upon him and for any expense reasonably incurred by him in connection with any claim made against him, or any action, suit or proceeding to which he may be a party by reason of his being, or having been, a Director or employee, and against such sums as counsel selected by the Board shall deem reasonable payment made in settlement of any such claim, action, suit, or proceeding; provided, however, that no Director or employee shall be indemnified with respect to actual damages arising out of a cause of action for a willful act or omission, an act or omission constituting gross negligence or official misconduct, or with respect to matters for which such indemnification would be unlawful or against public policy. Any right of indemnification granted by this Section is in addition to and not in lieu of any other such right for which any Director or employee of the District may at any time be entitled under the laws of the State of Texas; and if any indemnification that would otherwise be granted by this Section is disallowed by any competent court or administrative body as illegal or against public policy, then any Director or employee with respect to whom such adjudication was made, and any other Director or employee, shall be indemnified to the fullest extent permitted by law or public policy, it being the express intent of the District to indemnify its Directors and employees to the fullest extent possible in conformity with these Bylaws, all applicable laws and public policy. The indemnification provided herein shall inure to the benefit of the heirs, executors, and administrators of each Director and employee of the District.

2.6 Conflicts of Interest

Directors shall, pursuant to the provisions of Chapters 171 and 176, Local Government Code, and the current District Code of Ethics, disclose any conflict of interest with matters pending before the Board, execute and file the appropriate disclosure affidavits and statements, and refrain from participation in any discussion or decision relating to such matters.

2.7 Open Meetings and Public Information Training

Directors shall comply with the requirements for open meetings and public information training as provided by Sections 551.005 and 552.012, Government Code.

2.8 Fees of Office and Reimbursement of Expenses

Directors may not receive fees of office or other compensation for performing the duties of director. However, subject to approval of the Board, a director is entitled to reimbursement of actual expenses reasonably and necessarily incurred while engaging in activities on behalf of the District.

SECTION 3. BOARD MEETINGS

3.1 Regular and Special Meetings of the Board

The Board shall schedule regular meetings at least quarterly as the Board may establish from time to time. At the request of the President or presiding officer, or by written request of at least three Directors, the Board shall hold special meetings. All Board meetings shall be held in accordance with the Open Meetings Act, Chapter 551, Texas Government Code. The Board President shall prepare and accept items for inclusion on the official agenda of all Board meetings subject to policies and rules adopted by the Board.

The Board may provide members of the public an opportunity to speak and may place reasonable limitations on such public comment, including time limitations, prohibiting unduly repetitious comments or improper conduct, and requiring persons wishing to provide comment to complete an information card. A registration form may be provided for this purpose. At the discretion of the President or presiding officer, the Board may seek public comment or ask questions of any person in attendance. Public comment at permit application hearings and rulemaking hearings shall be as provided in the District Rules.

To the extent necessary for orderly conduct of meetings at the discretion of the President, the guidelines of "Parliamentary Procedure at a Glance," New Edition, by O. Garfield Jones, 1971 revised edition, or as amended, may be followed, insofar as such procedures do not conflict with the District Rules, orders or resolutions of the District, or state law.

3.2 Work Sessions

From time to time, a regular or special Board meeting, or portion thereof, may be designated as a Work Session for the Board and its employees to discuss and evaluate issues that may require lengthy presentations not generally possible during a regular Board meeting. Work Sessions are primarily for the benefit of the Board and employees, although they will be open to the public. During work sessions of the Board, no public comment will be heard, unless specifically requested by a Director and recognized by the President.

3.3 Quorum

A quorum of the Board must be present to conduct District business. A quorum exists when five or more Directors are present. Unless otherwise expressly provided herein, a concurrence of a majority of the entire Board is required for transacting any business of the District. When the quorum is five Directors, all five Directors must vote in agreement for a motion to prevail.

SECTION 4. COMMITTEES

4.1 Committees

The President may establish and appoint Directors and/or other persons for advisory committees for formulation of recommendations to the Board or for such other purposes as the President may designate. The President shall establish an audit or finance committee comprised only of Directors. The President shall select a person to serve as Chair of each committee. Each member of a committee shall have a single vote on any issue before the committee. Written proxy votes shall not be allowed. A meeting of a committee where less than a quorum of the Board is present is not subject to the provisions of the Open Meetings Act.

Committee members serve at the pleasure of the President. Committee membership is voluntary and without compensation or reimbursement, except for reimbursement of expenses of Directors as set forth under Section 2.8.

SECTION 5. EMPLOYEES

5.1 General Manager and Employees

The Board may employ or contract with a person to perform such services as General Manager for the District and set the General Manager's salary. A Director may not be employed as General Manager of the District. At least annually, the Board shall review the actions and performance of the General Manager to determine how the General Manager

has fulfilled his responsibilities and whether additional responsibilities should be delegated to him.

5.2 Delegation of Authority

The General Manager shall be the chief administrative officer of the District and shall have full authority to manage and operate the affairs of the District, subject only to the direction given by the Board through policies, resolutions, and orders adopted by it. The General Manager, with the approval of the Board, may employ all persons necessary for the proper handling of the business and operations of the District and determine the compensation to be paid all employees other than the General Manager, subject to the constraints of the annual budget approved by the Board. The General Manager may delegate his administrative duties as may be necessary to effectively and expeditiously accomplish his duties, provided however, that no such delegation shall ever relieve him of responsibilities which are ultimately his under the District Act, District Rules, District Bylaws, or Board orders. In the absence of a General Manager, the President shall exercise all of the duties delegated to the General Manager.

SECTION 6. DISTRICT ADMINISTRATION

6.1 District Address:

The District's mailing address is P. O. Box ~~56086, Farmersville~~Gainesville, Tx- ~~762415442~~. The ~~physical-office~~ address is ~~114 McKinney St., Farmersville~~5100 Airport Dr., Denison, Tx- ~~7544275020~~. Such addresses may be changed by resolution of the Board.

6.2 Minutes and Records of the District

All documents, reports, records, taped recordings, and minutes of the District shall be available for public inspection in accordance with the Texas Public Information Act, Chapter 552, Texas Government Code. The preservation, storage, destruction, or other disposition of the District's records is subject to Chapter 201, Texas Government Code.

6.3 Office Hours

~~After an office has been established, t~~The regular office hours of the District shall be determined by the Board. From time to time, circumstances may require the General Manager to modify these hours on a temporary basis. Operating hours, both regular and temporary, shall be posted on or near the front door to the District office. Permanent changes in the District's regular office hours may be approved by the Board from time to time as needed or as may be appropriate.

6.4 Official Seal

The Board, by resolution, may adopt an official seal for the District to be used on official documents of the District.

SECTION 7. FINANCIAL

7.1 Contracts, Instruments, and Documents:

The Board may authorize the President or the General Manager to enter into any contract or to execute and deliver any instrument or document in the name of and on behalf of the District. All contracts shall be executed by either the President or the General Manager, ~~attested by the Board Secretary/Treasurer,~~ and, if deemed necessary by the Board or General Manager, approved by the District's legal counsel.

7.2 Loans

No loans shall be contracted on behalf of the District and no evidence of indebtedness shall be issued in its name unless authorized by the Board, executed by the President, and attested to by the Board Secretary/Treasurer.

~~7.3 Expenditures~~

~~The District's money may be disbursed only by check, draft, order, or other instrument, which shall be signed by at least two Directors unless the Board has authorized by resolution certain employees, or a combination of employees and Directors, to so sign.~~

~~7.34~~ **Depositories**

The Board shall name one or more banks to serve as depository for district funds and shall deposit such funds in accordance with Section 36.155, Water Code.

~~7.45~~ **Investments**

Funds of the District may be invested and reinvested in accordance with the provisions of the Public Funds Investment Act, Chapter 2256, Government Code, and in accordance with the investment policy of the District.

~~7.56~~ **Annual Audit**

The Board at the end of each fiscal year shall have prepared an audit of its affairs by an independent certified public accountant, which shall have no personal interest directly or indirectly in the fiscal affairs of the District and shall be experienced and qualified in the accounting and auditing of public bodies. This audit shall be open to public inspection. The audit shall be performed in accordance with generally accepted auditing standards and shall satisfy all requirements imposed by Chapter 36, Texas Water Code. The

District's auditors may undertake consulting services for the District in addition to their duties in connection with the annual audit.

7.67 Budget

Prior to the commencement of each fiscal year, the Board shall adopt an annual budget in accordance with Section 36.154, Water Code.

7.78 Taxes Prohibited; Assessment of Fees; Use of Revenue

The District may not impose a tax. The Board shall annually set groundwater production fees and other fees in accordance with the District Act and the Water Code. The District may use revenues generated from fees for any lawful purpose.

7.89 Fiscal Year

The District's fiscal year shall begin on the first day of January.

7.910 Expenditures and Purchasing

The District's money may be disbursed only by check, draft, order, or other instrument. The Board may by resolution allow disbursements or expenditures to be transferred by electronic means, including but not limited to, by federal reserve wire system.

The Board shall have the right to purchase all materials, supplies, equipment, vehicles, and machinery needed by the District to perform its purposes. Expenditures to acquire goods or services valued at greater than five ~~hundred-thousand~~ dollars (\$5,000.00) require approval by the Board in advance. If the General Manager determines that an emergency acquisition must be made which requires an expenditure greater than five ~~hundred thousand~~ dollars (\$5,000.00), he shall obtain verbal approval from the President. The transaction shall be presented to the Board for approval and validation at its next meeting. Expenditures of less than five ~~hundred-thousand~~ dollars (\$5,000.00) may be made by the President or General Manager without prior Board approval if the expenditure falls within the existing budget. Expenditures over five thousand dollars (\$5,000.00), other than federal reserve wire transfers or electronic fund transfers, shall be signed by at least two Directors, or the General Manager and at least one Director. Expenditures of five thousand dollars (\$5,000.00) or less that are within the existing budget may be signed by the General Manager and Finance Director, or in accordance with the signature requirements for expenditures over five thousand dollars (\$5,000.00).

No expenditures shall be made that are not authorized by the budget. This requirement shall not, however, prevent the Board from amending the budget at the same time that it authorizes an expenditure, provided that funds are available from other budget categories or that reserve funds are available.

~~All purchases from \$500 to \$5000 shall require at least three verbal estimates, and all purchases between \$5,000 and \$50,000 shall require at least three written bids/quotes if the purchase is not from a sole source vendor.~~ Construction contracts, public works contracts, and contracts for the acquisition of materials and machinery ~~requiring the expenditure of \$50,000 or more~~ must be purchased ~~under formal competitive sealed bidding rules or other competitive procurement method~~ as provided by state procurement laws.

7.101 Bond Requirement

The Board shall require a Director, employee, or consultant who collects, pays, or handles any funds of the district to furnish good and sufficient bond as provided under Section 36.057(d), Water Code.

SECTION 8.0. BYLAWS

The Board may amend or repeal in whole or in part these Bylaws by a majority vote of the entire Board.

RESOLUTION NO. 2017-10-10-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT AMENDING THE DISTRICT BYLAWS

WHEREAS, the North Texas Groundwater Conservation District (the "District") is a political subdivision of the State of Texas organized and existing under and by virtue of Article XVI, Section 59, of the Texas Constitution as a groundwater conservation district, acting pursuant to and in conformity with Chapter 36, Texas Water Code and Act of May 19, 2009, 81st Leg., R.S., ch. 248, 2009 Tex. Gen. Laws 686, codified at Chapter 8856 of the Texas Special District Local Laws Code (the "District Act");

WHEREAS, the District is a governmental agency and a body politic and corporate;

WHEREAS, Section 36.057(f) of the Texas Water Code authorizes groundwater conservation districts to adopt bylaws to govern the affairs of the districts to perform their purposes;

WHEREAS, the Board of Directors of the District (the "Board") initially adopted District Bylaws on February 23, 2010;

WHEREAS, Section 8 of the District Bylaws provides that the Board may amend the District Bylaws by a majority vote of the entire Board; and

WHEREAS, the Board met during a properly called and noticed regular meeting on October 10, 2017, wherein it took up and considered the proposed amendments to the District Bylaws, and considered adoption of the attached amended District Bylaws and approval of this resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT AS FOLLOWS:

1. The above recitals are true and correct.
2. The Board of Directors of the District hereby adopts the attached amended District Bylaws, which are incorporated herein for all purposes. Pursuant to Sections 36.057(f) and 36.151 of the Texas Water Code, the Board of Directors hereby authorizes:
 - a. the General Manager to execute documents on behalf of the District, subject to the limitations in the District Bylaws;
 - b. the General Manager to be a co-signatory with a Director on checks for expenditures over \$5,000.00, and the General Manager and Finance Director to be co-signatories on checks for expenditures of \$5,000.00 or less; and
 - c. disbursements to be transferred by electronic means as necessary, subject to the limitations in the District Bylaws.
3. The Board of Directors, its officers, and the District employees are further authorized to take any and all actions necessary to implement this resolution.

4. The amended District Bylaws attached hereto and adopted by the Board of Directors shall be effective immediately.

AND IT IS SO ORDERED.

Upon motion by _____, seconded by _____, the foregoing Resolution was passed and approved on this 10th day of October, 2017, by the following vote:

AYE: _____

NAY: _____

ABSTAIN: _____

At a meeting of the Board of Directors of the North Texas Groundwater Conservation District.

President

ATTEST:

Secretary-Treasurer

ATTACHMENT 8

DATE: October 9, 2017

SUBJECT: AGENDA ITEM NO. 8

CONSIDER AND ACT UPON CONFIRMING EXECUTION OF ENGAGEMENT LETTER FOR AUDIT SERVICES FOR FISCAL YEAR ENDING DECEMBER 31, 2017

ISSUE

Consider and act upon confirming execution of engagement letter for audit services for fiscal year ending December 31, 2017

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.

The proposed cost for the upcoming audit is \$5,400, which is the same as the previous year.

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 four years.

STAFF RECOMMENDATIONS

The staff recommends the Board authorize an engagement letter with Hankins Eastup Deaton Tonn & Seay firm of Denton, Texas for the 2017 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 8, 2017

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, 2017. 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, 2017. 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 was provided to you in a prior year.

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
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: _____

ATTACHMENT 9a.(1)

Balance Sheet

For General Fund (00)

September 30, 2017

Assets

00-01-10001	Checking Account	518,542.81
00-01-10005	Index Account	777,438.30
00-01-10025	Accounts Receivable	(4,142.25)
00-01-10041	A/R Saratoga UWCD	3,257.28
00-01-10048	A/R Strittmatter Irrigation	14,000.00
00-01-12001	PP Expense	3,348.00
	Total	<u>1,312,444.14</u>
	Total Assets	<u>\$ 1,312,444.14</u>

Liabilities and Fund Balance

00-01-23100	Accounts Payable	44,016.32
00-01-23150	Well Drillers Deposits	37,130.53
	Total	<u>81,146.85</u>
	Total Liabilities	<u>81,146.85</u>
00-01-35100	Fund Balance	1,292,708.63
00-01-35110	Current Year Excess of Revenue over Expenses	8,544.36
	Total	<u>1,301,252.99</u>
	Excess of Revenue Over Expenditures	(69,955.70)
	Total Fund Balances	<u>1,231,297.29</u>
	Total Liabilities and Fund Balances	<u>\$ 1,312,444.14</u>

North Texas Groundwater Conservation District

Statement of Revenue and Expenditures

10/9/2017 8:58am

Revised Budget

For General Fund (00)

For the Fiscal Period 2017-9 Ending September 30, 2017

Account Number	Current Budget	Current Actual	Annual Budget	YTD Actual	Remaining Budget %
Revenues					
00-01-46001 Well Production Fees	\$ 186,500.00	\$ 0.00	\$ 746,000.00	\$ 276,837.95	62.89%
00-01-46003 Well Registration Fees	833.33	1,100.00	10,000.00	11,800.00	(18.00%)
00-01-46010 GMA8 Fees	833.33	0.00	10,000.00	0.00	100.00%
00-01-46015 Late Fees	750.00	0.00	3,000.00	(166.63)	105.55%
00-01-46016 Penalty and Fines	375.00	0.00	1,500.00	0.00	100.00%
00-01-46100 Interest Inc	83.33	180.41	1,000.00	1,613.56	(61.36%)
Total General Fund Revenues	\$ 189,374.99	\$ 1,280.41	\$ 771,500.00	\$ 290,084.88	62.40%
Expenditures					
00-01-77012 Admin-Mileage	\$ 200.00	\$ 12.63	\$ 2,400.00	\$ 1,519.76	36.68%
00-01-77013 Admin-Secretarial	2,500.00	1,057.00	30,000.00	17,157.00	42.81%
00-01-77014 Admin-Project Coordinator	708.33	1,056.00	8,500.00	17,388.00	(104.56%)
00-01-77015 Admin-GM	4,166.67	3,680.00	50,000.00	39,416.00	21.17%
00-01-77016 Admin-Clerical	3,166.67	3,054.00	38,000.00	25,030.32	34.13%
00-01-77025 Accounting	1,666.67	1,134.15	20,000.00	14,177.65	29.11%
00-01-77027 Auditing	450.00	0.00	5,400.00	5,400.00	0.00%
00-01-77030 Advertising	83.33	0.00	1,000.00	1,238.43	(23.84%)
00-01-77150 Consulting- Hydrogeo	6,250.00	9,214.19	75,000.00	61,091.86	18.54%
00-01-77175 Consulting - Model Runs	1,666.67	0.00	20,000.00	0.00	100.00%
00-01-77325 Direct Cost	333.33	435.80	4,000.00	3,967.17	0.82%
00-01-77450 Dues & Subscription	166.67	0.00	2,000.00	1,828.83	8.56%
00-01-77480 Equipment	166.67	1,495.71	2,000.00	1,495.71	25.21%
00-01-77500 Fees-GMA8	916.67	0.00	11,000.00	3,225.52	70.68%
00-01-77550 Field Tech	10,000.00	10,775.00	120,000.00	83,514.50	30.40%
00-01-77560 Field Permitting/Geologist	17,500.00	740.00	70,000.00	740.00	98.94%
00-01-77650 Fuel/Maintenance	250.00	223.15	3,000.00	1,878.08	37.40%
00-01-77800 Injection Well Monitoring	58.33	50.00	700.00	470.60	32.77%
00-01-77810 Insurance	416.67	744.00	5,000.00	3,299.29	34.01%
00-01-77970 Legal	5,000.00	0.00	60,000.00	25,921.57	56.80%
00-01-77975 Legal-Injection	833.33	0.00	10,000.00	7,616.40	23.84%
00-01-77980 Legal-Legislation	833.33	0.00	15,000.00	15,487.00	(3.25%)
00-01-78010 Meetings & Conferences	250.00	654.42	3,000.00	3,189.75	(6.33%)
00-01-78310 Rent	200.00	200.00	2,400.00	1,800.00	25.00%
00-01-78600 Software Maint	600.00	0.00	30,000.00	21,649.08	27.84%
00-01-78610 Telephone	166.67	185.61	2,000.00	1,538.06	23.10%
Total General Fund Expenditures	\$ 58,550.01	\$ 34,711.66	\$ 590,400.00	\$ 360,040.58	39.02%
General Fund Excess of Revenues Over Expenditures	\$ 130,824.98	\$ (33,431.25)	\$ 181,100.00	\$ (69,955.70)	138.63%

ATTACHMENT 9b. (1)

North Texas Groundwater Conservation District
Investment Report
September 30, 2017

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 September 30, 2017, the investment position was a little less than \$1,300,000. \$777,278 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 September 30, 2017.

All transactions were routine.

Presented by North Texas Groundwater Conservation District Investment Officers:



Evan Groeschel

ATTACHMENT 9d. (1)

NTG CID NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

COLLIN COUNTY - COOKE COUNTY - DENTON COUNTY

General Manager's Quarterly Report

Date: October 2, 2017

North Texas GCD Management Plan

This quarterly briefing is being provided pursuant to the adopted Management Plan for the quarter ending September 30, 2017.

Well Registration Program:

Current number of wells registered in the District: 1,996

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

Well Inspection/Audit Program:

2017 Well Inspections

Month	Collin	Cooke	Denton	Total
January	6	1	14	21
February	3	2	18	23
March	13	4	10	27
April	13	10	10	33
May	5	12	15	32
June	10	2	18	30
July	8	4	33	45
August	19	9	14	42
September	14	14	16	44
October				
November				
December				
Total	91	58	148	297

ATTACHMENT 12

North Texas Groundwater Conservation District

Well Registration Summary
As of August-31-2017

Well Type	Total Registered Collin County	Total Registered Cooke County	Total Registered Denton County	Total NTGCD	New Registrations since Jul-31-2017
Agriculture	6	11	34	51	0
Commercial / Small Business	6	8	26	40	0
Domestic Use (household / lawn watering at residence)	72	301	520	896	20
Filling a pond or other surface impoundment**	40	13	53	107	0
Golf course irrigation	15	2	21	38	0
Industrial / Manufacturing	7	9	7	24	0
Irrigation	73	5	146	225	6
Leachate	0	0	0	0	0
Livestock Watering	7	56	36	99	1
Monitoring	0	0	0	0	0
Municipal / Public Water System	33	71	212	318	0
Other	10	6	28	44	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	53	59	0
Not Specified	12	10	37	60	2
SUM	282	498	1180	1970	29

North Texas Groundwater Conservation District

Well Registration Summary
As of September-30-2017

Well Type	Total Registered Collin County	Total Registered Cooke County	Total Registered Denton County	Total NTGCD	New Registrations since Aug-31-2017
Agriculture	6	11	34	51	0
Commercial / Small Business	6	8	26	40	0
Domestic Use (household / lawn watering at residence)	73	304	530	910	15
Filling a pond or other surface impoundment**	42	13	54	110	3
Golf course irrigation	15	2	21	38	0
Industrial / Manufacturing	7	9	7	24	0
Irrigation	74	5	147	227	3
Leachate	0	0	0	0	0
Livestock Watering	7	57	36	100	0
Monitoring	0	0	0	0	0
Municipal / Public Water System	33	71	216	322	2
Other	10	6	27	43	1
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	53	59	0
Not Specified	13	10	39	63	3
SUM	287	502	1197	1996	27

ADJOURN