

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

TUESDAY, MAY 12, 2015

**COLLIN COUNTY ADMINISTRATIVE BUILDING
4TH FLOOR COMMISSIONERS COURT ROOM
2300 BLOOMDALE RD
MCKINNEY, TX 75071**

Members Present: Chris Boyd, Ronny Young, Thomas Smith, Philip Sanders, Joseph Helmberger
Evan Groeschel and Ron Sellman arrived at 9:49am

Members Absent: Eddy Daniel, Kenny Klement

Staff: Drew Satterwhite, P.E., Carolyn Bennett

Legal Counsel: None

Visitors: Neal Welch, City of Sanger, Blake Aldredge, UTRWD,
Joseph Johnson, City of Anna Director of Public Works

1. Oath of Office. Carolyn Bennett administered the Oath of Office to Joseph Helmberger, the new Board Member representing Collin County.

2. Pledge of Allegiance and Invocation

Board Member Boyd provided the invocation and led the Pledge of Allegiance.

3. Call to order, declare meeting open to the public, and take roll

President Smith called the public meeting to order at 9:45am. Joseph Helmberger introduced himself to the Board of Directors.

4. Public Comment

There were no public comments.

5. Approval of Minutes from the March 10, 2015 board meeting

Board Member Boyd motioned to approve the minutes of the March 10, 2015 meeting. The motion was seconded by Secretary-Treasurer Young and the vote passed unanimously with four members absent.

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

General Manager Drew Satterwhite, P.E. reviewed the invoices with the Board Members. Due to the fact the Board has not met for a while there were some entities paid more than just once on the liabilities resolution.

Board Members Ron Sellman and Evan Groeschel arrived at 9:49am.

Secretary-Treasurer Ronny Young motioned to approve the invoices as presented in Resolution No. 2015-05-12-1 for a total cost of \$293,391.75. The motion was seconded by Board Member Boyd and passed unanimously with two members absent.

7. Receive reports from the following Committees*:

a. Budget and Finance Committee

1) Receive Monthly Financial Information

Mr. Satterwhite reviewed the District's financial information with the Board of Directors.

b. Investment Committee

No report received.

c. Rules and Bylaws Committee

No report received.

d. Groundwater Monitoring and Database Committee

e. Policy and Personnel Committee

No report received.

f. Conservation and Public Awareness Committee

No report received.

g. Management Plan Committee

1) Receive Quarterly Report

Mr. Satterwhite reviewed the Quarterly Report with the Board. As of March 30, 2015 the District had 1,378 non-exempt wells registered. Eighteen wells were inspected in the first quarter of 2015, with 3 in Collin County, 11 in Cooke County and 4 in Denton County.

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

Mr. Satterwhite reported to the Board on the current status of GMA-8 and the modeling efforts. Initially representatives of GMA8 received a proposal from Intera for runs 5-8. There was discussion concerning the proposal with other GMA-8 districts and it was ultimately decided to solicit for qualifications. The NTGCD staff then coordinated an effort to solicit, receive, and distribute proposals amongst the GMA-8 representatives.

Proposals were received from four (4) firms, and forwarded to the GMA8 Board Members prior to the March 25, 2015 GMA8 meeting. Board Members were provided with ranking criteria and asked to rank the four entities prior to attending the March 25th meeting. During the March 25th meeting, the rankings were calculated and Intera ranked the highest of the four firms. Intera was voted on to perform the runs by a unanimous vote amongst GMA-8 representatives.

The four firms were instructed to bring a proposal to the March 25th meeting and be prepared to present it for the services being requested in developing DFCs. Intera presented their proposal.

The GMA8 Board discussed Intera's proposal as presented, and voted unanimously to approve Runs 5 and 6. Several of the Districts expressed a desire to have some of the other runs developed at a later date. Run 5 updates the 2010 pumping information. Run 6 reflects pumping from 70%, 130%, 160% and 190% of the 2010 pumping. Run 7 shows impact of increased pumping on a county by county basis, and Run 8 demonstrates turning off all pumping.

All eleven districts on the GMA8 Board have responded regarding their contribution to the contract with Intera for Run 5 and Run 6. North Texas GCD and Red River GCD will contribute \$7,500.73 each. Saratoga has responded they cannot participate in the runs.

General Manager Satterwhite, on behalf of the DFC committee, asked for two action items:

(1) Increase the modeling budget line item from \$20,000 to \$30,000. This has been discussed with the DFC committee and is presented to allow latitude to spend more on the modeling runs if necessary. The DFC committee believes that this will be more than enough money if things go as planned, but this will ensure that the process is able to move quickly as we near the May 2016 deadline. Secretary-Treasurer Young made a motion to increase the line item in the current budget for modeling to \$30,000 for the DFC modeling process. The motion was seconded by Board Member Groeschel, and passed unanimously with two members absent.

(2) Bill Mullican has requested all Districts to provide him with the non-relevant aquifer within their District. Secretary-Treasurer Young made a motion to only set DFCs for the Trinity and Woodbine Aquifers for the purpose of joint groundwater planning. The motion was seconded by Ron Sellman, and passed unanimously with two members absent.

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

Pursuant to the Texas Open Meetings Act, Chapter 551.071, Texas Government Code, President Thomas Smith convened the Board into Executive Session to consult with the District's attorney regarding compliance and enforcement activities for violations of the District's Rules at 10:11am.

The Board reconvened into Regular Session at 10:36am. President Smith stated no action was taken during executive session.

General Manager Satterwhite proposed moving on to Item 10 on the agenda and come back to Item 9 to discuss later.

10. Consider and act upon entering into a contract with LBG Guyton for technical assistance for development of DFCs

Mr. Satterwhite reported each groundwater district in the State of Texas is expected to develop and adopt their DFCs in May of 2016 to comply with the mandates from the State of Texas. The North Texas Groundwater Conservation District ("District") is working in conjunction with other groundwater conservation districts in Groundwater Management Area 8 ("GMA8"). There are eleven groundwater districts in the area represented by GMA8. The District will have many decisions to make regarding model runs, rule development, and general GMA8 topics over the course of the next few years.

LBG Guyton Associates has provided the District with guidance for the DFC process to date. District staff feels that this guidance has been very important, as the District needs a hydrogeology firm that has the qualifications and staff necessary to consider the matters necessary to determine the best DFC for the District.

LBG Guyton represents other Districts in GMA8, which allowed the District to realize an economy of scale during 2014. LBG Guyton has a wealth of knowledge in the North Central Texas Area. Mr.

Satterwhite stated that District staff feels LBG Guyton Associates will continue to provide a valuable service to the District for the DFC development process, and recommended the Board of Directors consider accepting the LBG Guyton Associates' proposal for providing these services.

Motion was made by Vice President Sanders to authorize the Board President to sign an engagement letter with LBG Guyton Associates for their services, in the amount of \$18,280.00. The motion was seconded by Board Member Groeschel and passed unanimously with two members absent.

11. Consider and act upon entering into a contract with Intera, on behalf of GMA-8, for the GAM runs 5 and 6

General Manager Satterwhite referred to the Statements of Qualifications previously discussed in Agenda Item 8, which were accepted from four (4) firms on February 18, 2015 to perform the next round of modeling on behalf of GMA8. These Qualifications were forwarded to all GMA8 Districts with a request that the firms be ranked prior to the March 25, 2015 GMA8 meeting. During the March 25, 2015 GMA-8 meeting, the District representatives selected Intera as the firm to provide future GAM runs. Subsequent to the selection, Intera provided a proposal for the costs associated with runs 5, 6, 7 and 8. GMA-8 representatives voted to authorize Intera to perform runs 5 and 6, for a total contact of \$55,862.00. District staff therefore recommends that the Board authorize the General Manager to execute a contract with Intera on behalf of GMA8 for GAM runs 5 and 6, for the total cost of \$55,862.00.

Intera has been asked to provide the information in reproducible manner. The Board discussed the entities financial participation, and requested that on future contracts with GMA-8 consultants, that the District staff to get interlocal agreements with all entities participating in the cost of the GAM runs. Motion was made by Vice President Sanders for North Texas Groundwater Conservation District to enter into a contract with Intera on behalf of GMA8, with the General Manager authorized to enter into the agreement on the District's behalf, subject to review and approval of the contract by legal counsel, and the President of the Board of Directors being made aware of the exact contract and final conditions prior to the contract being executed. The motion was seconded by Board Member Sellman and passed unanimously with two members absent.

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

Last month the partners of the District's law firm, Sledge Fancher PLLC, amicably decided to part ways. Since the split, Sledge Fancher PLLC has changed the business name to Sledge Law and Public Strategies PLCC. Kristen Fancher has now moved to Smith, Robertson, Elliot and Douglas, LLP. District staff has been in communication with both of the partners, Brian Sledge and Kristen Fancher, since the split, to discuss options for moving forward.

Mr. Sledge and Ms. Fancher have agreed to allow the district to operate through Sledge Law and Public Strategies. This allows the District to use Sledge Law and Public Strategies' attorneys as well as Ms. Fancher.

The Board discussed several options available and ultimately decided that the District should solicit RFPs for legal services.

President Smith appointed Ronny Young (Chair), himself and Eddy Daniels as the Committee in charge of pursuing legal services for the District. RFQs for legal counsel need to be directed to Ronny Young, Chair of the Committee. The current agreement with Mr. Sledge's firm will be utilized until the process is completed.

At this time the Board moved out of the normal order of business to discuss Item 9.

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

Vice President Sanders made a motion to impose civil penalties under our rules and chapter 36 of

the water code against Strittmatter Irrigation for failure to file and have approved well registrations prior to drilling wells in the amount of \$1,000.00 for two separate major violations, given his documented history of noncompliance. The \$1,000.00 penalty is due to the District by 5:00 p.m. on Monday, May 18, 2015. Failure to pay the penalty to the District by the May 18, 2015 deadline will result in an escalation of the penalty to \$5,000.00 effective on Tuesday, May 19, 2015. Failure to pay the fine after May 19, 2015 will result in additional escalation to the maximum penalty by law of \$10,000.00 per day until the penalty is paid and Strittmatter is in compliance. This enforcement against Strittmatter will also result in a letter sent to TDLR to inform them of his repeated noncompliance with district rules. Strittmatter will be sent a letter today informing him of this penalty and enforcement, which will also provide notice that any future violations will result in assessment of the maximum penalties under the law of \$10,000 per day per violation and civil suit for injunction and damages.

A civil penalty of \$150 is to be assessed against Earthtech for failure to obtain approved registrations for two separate exempt wells. This is the first documented set of violations for Earthtech. Earthtech will be sent a letter notifying them of this penalty and that they have 30 days to come into compliance by paying the penalty in order to avoid the next step in the enforcement process.

The Board directed staff to begin carbon copying the TDLR on all future notifications. President Smith also requested that Board Member Sellman work with staff and legal counsel to begin posting violations on the District website and local newspapers.

The motion was seconded by Board Member Boyd, and passed unanimously with two members absent.

At this time, the Board of Directors moved back to the normal order of business.

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

Mr. Satterwhite reported 1,391 wells are currently registered in District. He informed the Board House Bill 40 will allow the state sole jurisdiction on oil and gas activity. Brian Sledge has confirmed the allowed intent of bill has nothing to do with groundwater districts.

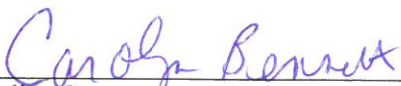
14. Open Forum / discussion of new business for future meeting agendas

President Smith stated Board Member Boyd has offered the use of the facilities of the Mustang SUD for the next three board meetings. President Smith appointed Ronny Young (Chair), himself, and Eddy Daniel as the Nominating Committee for the next President for the Board of Directors of the District. President Smith asked if any of the Members would be opposed to setting the time for subsequent meetings to 10:00am instead of 9:30am. It was the consensus of the Board that the time be moved to 10:00am for future board meetings, and that the next three meetings be held at the Mustang SUD Administrative Offices, 7985 FM2931, Aubrey, Texas.

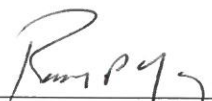
15. Adjourn public meeting

Motion was made by Board Member Joe Helmberger to dismiss the group at 11:15am.

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Recording Secretary



Secretary-Treasurer