NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

BOARD MEETING

MUSTANG SUD ADMINISTRATIVE OFFICES
7985 FM 2931
AUBREY, TEXAS

TUESDAY FEBRUARY 14, 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, February 14, 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. Public comment
- 4. Consider and act upon approval of the minutes from the December 13, 2016 board meeting
- 5. Consider and act upon approval of invoices and reimbursements
- 6. Receive reports from the following Committees*:
 - a. Budget and Finance Committee
 - 1) Receive Monthly Financial Information
 - b. Investment Committee
 - 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
 - 1) Receive Annual Report
 - h. Desired Future Condition Committee
- 7. Consider and act upon Amendments to the District's Temporary Rules

- 8. Consider and act upon District's Fund Balance Allocations and Policy
- 9. Provide update on Geodatabase Qualifications Solicitation and possible action on the selection of a firm
- 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
- 12. General Manager's Report: The General Manager will update the board on operational, educational and other activities of the District
- 13. Open forum / discussion of new business for future meeting agendas
- 14. 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 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); 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, DECEMBER 13, 2016

MUSTANG SUD ADMINISTRATIVE OFFICES 7985 FM 2931 AUBREY, TEXAS

Members Present:

Eddy Daniel, Chris Boyd, Joseph Helmberger, Philip Sanders, Thomas Smith, and

Ronny Young

Members Absent:

Evan Groeschel, Kenny Klement, and Ron Sellman

Staff:

Drew Satterwhite, P.E., Allen Burks, Velma Starks, Carolyn Bennett

Visitors:

Neal Welch, City of Sanger

Peter M. Schulmeyer, Collier Consulting Bob Patterson, Northern Trinity GCD Beau Longino, Valor Consolidated

Public Hearing

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

President Daniel called the public hearing to order at 10:00am, established a quorum was present, declared the hearing open to the public and the Board of Directors introduced themselves.

2. <u>Presentation and Review of Amended Temporary Rules for Water Wells in Collin, Cooke and</u>
Denton Counties

President Daniel asked that General Manager Satterwhite present the proposed minor changes to the North Texas GCD Temporary Rules. Mr. Satterwhite reviewed with the Board document containing the revisions, which were depicted by redline in the "Temporary Rules for Water Wells in Collin, Cooke and Denton Counties, Texas, as amended on December 13, 2016." Mr. Satterwhite stated the Rules changes would actually become effective January 1, 2017.

After due discussion, the Rules as revised were accepted by the Board, and requested to be brought before the Board at the January meeting for final discussion and approval, with the following additional revisions:

Definitions: Add a definition for modify or alter, as well as down-hole or well head assembly.

Page 14. Rule 3.5(d): "Notwithstanding any other rule to the contrary, the owner, driller, pump installer, or well service company authorized by the owner to complete or operate a new well..."

Page 19. Rule 4.2 (3): Revise #1. "A backflow prevention device installed <u>downstream of well head</u> <u>assembly..."</u>, and add a statement "subject to testing by the District"

3. <u>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</u>

Page 30, Rule 9.6(b): first mails by regular USPS mail and certified USPS mail.

President Daniel asked the Board if there were any issues with the proposed revisions discussed. There being none, President Daniel opened the hearing for public comment to be offered for or against the proposed changes to the "Temporary Rules for Water Wells in Collin, Cooke and Denton Counties, Texas, as amended December 13, 2016."

There were no citizens present requesting to comment on the proposed Amended "Temporary Rules for Water Wells in Collin, Cooke, and Denton Counties, Texas, as amended December 13, 2016."

4. <u>Adjourn or continue public hearing on the Amended Temporary Rules for Water Wells in Collin, Cooke, and Denton Counties, Texas</u>

President Daniel closed the public hearing at 10:43am.

Recording Secretary	Secretary-Treasurer

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

TUESDAY, DECEMBER 13, 2016

MUSTANG SUD ADMINISTRATIVE OFFICES 7985 FM 2931 AUBREY, TEXAS

Members Present:

Eddy Daniel, Chris Boyd, Joseph Helmberger, Philip Sanders, Thomas Smith, and

Ronny Young

Members Absent:

Evan Groeschel, Kenny Klement, and Ron Sellman

Staff:

Drew Satterwhite, P.E., Allen Burks, Velma Starks, Carolyn Bennett

Visitors:

Peter M. Schulmeyer, Collier Consulting

Bob Patterson, Northern Trinity GCD

Neal Welch, City of Sanger

Beau Longino, Valor Consolidated

1. Pledge of Allegiance and Invocation

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

2. <u>Call to order, establish quorum; declare meeting open to the public</u>

President Daniel called the meeting to order at 10:44 am, 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 November 8, 2016 board meeting

After review and discussion, motion was made by Chris Boyd and seconded by Thomas Smith to approve the minutes from the November 8, 2016 board meeting. Motion passed unanimously.

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

After a review, Ronny Young made a motion to approve Resolution 2016-12-13-16-01. Joe Helmberger 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

No report.

1) Quarterly Investment Report

The Board reviewed the Investment Report.

c. Rules and Bylaws Committee

President Daniel stated new Rules will be adopted in January.

d. Groundwater Monitoring and Database Committee

General Manager Satterwhite stated meetings are anticipated in the near future for review of databases.

e. Policy and Personnel Committee

No report.

f. Conservation and Public Awareness Committee

No report.

g. Management Plan Committee

General Manager Satterwhite stated the Management Plan is currently being updated by James Beach with LBG-Guyton Associates.

h. Desired Future Condition Committee

No report.

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

General Manager Satterwhite reviewed the possible fund balance expenditures with the Board. President Daniel requested that Mr. Satterwhite refine the numbers for the first seven items presented, and have this information available for discussion at the next North Texas GCD meeting. These items include: 1) Geodatabase upgrades, 2) Permanent well monitoring equipment, 3) Downhole well camera, 4) Well pulling program, 5) Legal, 6) Well plugging program, and 7) Monitoring well funds.

8. <u>Consideration and possible action regarding the District's legal counsel.</u>

General Manager Satterwhite advised the Board that Kristen Fancher has determined it to be best to start her own firm effective January 1, 2017 for provision of legal services relating to groundwater. Her tenure with her current firm will end December 31, 2016. Ms. Fancher has reached out to the District staff regarding her new firm providing legal services for the District. Philip Sanders made a motion to authorize the Board President or General Manager to sign an engagement letter with Kristen Fancher for legal services beginning January 1, 2017. The motion was seconded by Thomas Smith and passed unanimously.

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

President Daniel stated the GMA8 group will meet January 31, 2017. A link to the draft explanatory report prepared by Bill Mullican on behalf of the District has been provided to the Board. Drew Satterwhite recommended that the Board review the report, and submit any comments to the Board President or General Manager by December 22, 2016. These comments will be discussed with the DFC Committee, and forwarded to Bill Mullican by the December 31st deadline for inclusion in the final explanatory report for the District's DFCs.

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

President Daniel stated the District has an outstanding violation that needs to be discussed. President Daniel stated in compliance with the Texas Open Meetings Act, Chapter 551, Government Code, Vernon's Texas Codes, Annotated, the Board would adjourn into Executive Session at 11:15 am for consultation concerning attorney-client matters (§551.071).

The Board of Directors reconvened into Regular Session at 11:30 am. President Daniel stated no action was taken on any items discussed during Executive Session.

Thomas Smith made a motion on the matter regarding Strittmatter Irrigation and Supply to provide 60 days for payment of the outstanding balance owed for the violations and fines the Board assessed at the November 8, 2016 meeting in full, by February 13, 2017, including the authorization of the Board to file a suit in District Court if payment is not made by the deadline. Ronny Young seconded the motion. Discussion ensued regarding the need to authorize the President or General Manager to pursue filing suit if it becomes necessary. Thomas Smith amended the motion to include authorization for the President of the Board or the General Manager of the District to pursue filing suit in District Court. Ronny Young seconded the amended motion. Motion passed unanimously.

Chris Boyd made a motion to allow the General Manager to notify Alpha Omega of the violation of failing to register a well in a timely manner, in accordance with the Rules existing at the time of the violation. Joseph Helmberger seconded the motion and the motion passed unanimously.

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

General Manager Satterwhite reviewed the Well Registration Summary as of November 30, 2016 with the Board, which reflects 10 new wells drilled in November, with a total of 1,770 registered wells in the District. Mr. Satterwhite introduced Allen Burks, the District's new Field Technician.

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

President Daniel asked if there were any items of discussion requested by the Board for future agendas. It was the consensus of the Board that the items to discuss the revised Rules and fund balance allocations be placed on the next agenda for the District.

15.	Adj	ourn	publ	ic	meeting

President Daniel declared the meeting adjourned 11	34 am.
#######################################	***************************************
Recording Secretary	Secretary-Treasurer

ATTACHMENT 6 B-1

North Texas Groundwater Conservation District Investment Report December 31, 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 December 31, 2016, the investment position was a little more than \$1,150,000. \$775,986 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 December 31, 2016.

All transactions were routine.

Presented by North Texas Groundwater Conservation District Investment Officers:

Evan Groeschel

ATTACHMENT 7



AGENDA COMMUNICATION

DATE:

February 10, 2017

SUBJECT:

AGENDA ITEM NO. 7

CONSIDER AND ACT UPON AMENDMENTS TO DISTRICT'S TEMPORARY RULES

ISSUE

Discuss potential amendments to the Temporary Rules

BACKGROUND

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

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

The staff met with the Rules Committee to discuss the potential rule amendments and brought the subsequent proposed amendments to the December Public Hearing for the public and Board of directors to comment. At the conclusion of the public hearing, the Board directed staff to make a few modifications to the proposed rules and to bring the changes back to the next meeting.

CONSIDERATIONS

The staff has made all changes as directed by the Board of Directors. These changes can be seen on pages 5, 6, 14, 20 and 30. A copy of the "redlined" rules can be found on the District's website on the Home Page > Important Information > Proposed Amendments to Temporary Rules.

STAFF RECOMMENDATIONS

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

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

ATTACHMENT 8



AGENDA COMMUNICATION

DATE:

February 10, 2017

SUBJECT:

AGENDA ITEM NO. 8

CONSIDER AND ACT UPON THE DISTRICT'S FUND BALANCE ALLOCATIONS AND POLICY

ISSUE

The District is currently working to amend and improve the fund balance policy to plan for future rates, projects and expenditures.

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 a few of the past meetings for discussion. The Board subsequently narrowed down the list and asked that the list be sent out to the Board for ranking. At the last meeting, the Board directed the staff to develop a Fund Balance Policy that would commit a portion of the fund balance to 7 items as determined by the Board of Directors.

CONSIDERATIONS

The attached draft policy is an amended version of our existing policy. The draft policy commits \$825,000 of the fund balance to the following expenditures in no particular order: Geodatabase Upgrades, Permanent Well Monitoring Equipment, Downhole Well Camera, Well Pulling Program, Legal, Well Plugging Program and Monitoring Well Maintenance/Closure funds.

The draft policy also sets aside a minimum unassigned fund balance equal to twenty-five percent (25%) of the total general fund expenditures for the purposes of cash flow between billings and unexpected expenditures.

STAFF RECOMMENDATIONS

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

ATTACHMETNS

Draft Fund Balance Policy Resolution

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

GOVERNING POLICY—FUND BALANCE

The Board of Directors of the North Texas Groundwater Conservation District (NTGCD) sets guidelines for fund balances. The fund balance addressed in this policy only applies to unrestricted fund balance. The policy establishes the appropriate size of fund balance, replenishing or setting aside resources for fund balance, and the methods for utilizing fund balance. This fund balance policy, as presented to the Board of Directors, was proposed by the staff of the NTGCD to maintain a sound financial position, mitigate current and future risks against revenue shortfalls or unanticipated expenditures and to ensure stable water production fee rates.

Classifications of Fund Balance

A fund's equity - commonly referred to as 'fund balance' - is generally the difference between its assets and its liabilities. Fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Restricted fund balance amounts constrained to specific purposes by their providers (such as grantors, bond covenants) through constitutional provisions or by enabling legislation.
- Committed fund balance amounts constrained to specific purposes by the NTGCD itself. This requires a formal action by the Board of Directors. Commitments may be changed or lifted only by the Board of Directors taking the same formal action that imposed the constraint originally.
- Assigned fund balance amounts *intended* to be used by the Board of Directors for specific purposes. Intent can be expressed by the Board of Directors. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- Unassigned fund balance amounts available for any purpose. These amounts are only shown in the general fund except in cases of negative fund balances in other governmental funds.

Classifying Residual Fund Balance

When both restricted and unrestricted funds are available for expenditure, restricted funds are used first. Within unrestricted funds, assume committed resources are used first, then assigned, then unassigned.

Appropriate Size of Unassigned Fund Balance

The Board of Directors has set a minimum fund balance equal to twenty-five percent (25%) of the total general fund expenditures. It also permits other reservations of the fund balances as seem prudent in the judgment of the General Manager and the Board of Directors. This policy sets ninety (90) days of expenditures as a minimum amount of unassigned fund balance for the General Fund.

Appropriate Size and Use of Committed Fund Balance

The Board of Directors has set a minimum committed fund balance equal to eight hundred twenty-five thousand dollars (\$825,000.00). This committed fund balance is to be set aside for the following expenditures as needed, listed in no particular order of preference: Geodatabase Upgrades, Permanent Well Monitoring Equipment, Downhole Well Camera(s), Well Pulling Program, Legal, Well Plugging Program and Monitoring Well Maintenance/Closure funds. The Board of Directors may amend the types of authorized expenditures under this committed fund balance or may establish separate committed fund balances in accordance with this policy.

Replenishing Fund Balance

When fund balance falls below the minimum level, the Board of Directors will implement a plan to replenish the fund within one year or as soon as economic and budgetary conditions allow. Fund balance may be replenished by using all or a portion of an operating surplus from itself or another fund. Revenues from a dedicated stream (e.g. 2% of water production fees received over amount budgeted) may also be used to build fund balance. Alternatively, an amount determined in the budget process either using a percent of operating expenditures or a fixed amount may be used.

Utilizing Unassigned Fund Balance

Fund balances may be used to meet capital needs, offset difficult economic times, stabilize fluctuations in cash flow requirements, and provide funding for emergency situations. Fund balance may be used for contingencies until the balance is nearing its minimum level. The NTGCD will also adjust its expenditure level to match any new economic reality that is behind the use of fund balance as a financing bridge. Authorization for utilizing fund balances is made by the Board of Directors during the annual budget process

RESOLUTION TO ADOPT AMENDMENTS TO FUND BALANCE POLICY AND ESTABLISH COMMITTED FUND BALANCE

THE STATE OF TEXAS	
NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT	<u> </u>

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 political subdivision and body politic and corporate that is statutorily charged under Chapter 36 of the Texas Water Code and the District Act with protecting the quantity and quality of the groundwater resources within Collin, Cooke, and Denton Counties;

WHEREAS, the District Board of Directors ("Board") previously adopted a Fund Balance Policy in 2012 that sets forth the procedures for the District's fund balance reporting and fund type distinctions;

WHEREAS, the District Board desires to amend the District's Fund Balance Policy and to establish a committed fund balance to be allocated as needed for specific purposes;

WHEREAS, the District's Fund Balance Policy, as amended, is consistent with Governmental Accounting Standards Board ("GASB") standards, and in particular, GASB Statement 54, which provides guidance on governmental fund balance reporting and fund type distinctions; and

WHEREAS, the Board finds that this proposed resolution to adopt amendments to the District's Fund Balance Policy and to establish a committed fund balance is merited and necessary, and is consistent with the requirements of Chapter 36, Texas Water Code, and the District Act, and that it is supportable under the laws of the State of Texas.

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

- (1) Each of the above recitals is true and correct.
- (2) The Board of Directors hereby adopts amendments to the District's Fund Balance Policy, which is attached hereto and fully incorporated herein by reference.
- (3) As set forth in the District's Fund Balance Policy, as amended, the Board of Directors establishes a committed fund balance of \$825,000.00 to be allocated as needed for any of the following specific purposes, which are listed in no particular order of preference:

geodatabase upgrades; permanent well monitoring equipment; downhole well camera(s); well pulling program; legal; well plugging program; and monitoring well maintenance/closure.

(4) The Board of Directors, its officers, and District staff are further authorized to take any and all actions necessary to implement this resolution.

AND IT IS SO ORDERED.

PASSED AND ADOPTED on this 14th day of February, 2017.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

By:	ATTEST:
Board President	
	Board Secretary-Treasurer

ATTACHMENT 12



COLLIN COUNTY - COOKE COUNTY - DENTON COUNTY

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

This quarterly briefing is being provided pursuant to the adopted Management Plan for the quarter ending December 31, 2016.

Well Registration Program:

Current number of wells registered in the District: 1,789

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

Well Inspection/Audit Program:

2016 Well Inspections

Month	Collin	Cooke	Denton	Total
January	1	0	1	2
February	1	0	0	1
March	0	0	16	16
April	1	0	6	7
May	0	1	0	1
June	4	0	5	9
July	0	0	4	4
August	1	1	5	7
September	4	4	12	20
October	1	3	0	4
November	0	0	5	5
December	0	0	1	1
Total	13	9	55	77

North Texas Groundwater Conservation District

Well Registration Summary As of December-30-2016

North Texas Groundwater Conservation District

Well Registration Summary As of January-31-2017

New Registrations since Dec-31-2016 0 11 0 0 1 1 0 0 0 0 0 0 0 0 0 1
Total NTGCD 5.1 3.5 7.95 99 3.9 20 1.98 0 88 0 0 3.18 41 0 0 0 9 5.9 5.6
Total Registered Denton County 34 22 457 47 22 4 129 0 31 0 212 25 0 0 215 7 7 53
Total Registered Cooke County 11 8 274 15 2 9 6 0 70 70 70 6 11 11 467
Total Registered Collin County 6 5 60 35 15 6 6 0 34 11 0 11 0 12 12
Agriculture Commercial / Small Business Domestic Use (household / lawn watering at residence) Filling a pond or other surface impoundment** Golf course irrigation Industrial / Manufacturing Irrigation Leachate Livestock Watering Monitoring Municipal / Public Water System Other Piezometer Poultry Solely to supply water for rig actively*** Supplying water for oil or gas production* Not Specified SUM

ADJOURN