

Middle Pecos Groundwater Conservation District

Minutes of August 19, 2008

On this the 19th day of August, 2008, a Regular Session of the Middle Pecos Groundwater Conservation District, of Pecos County, Texas, met in the Courtroom of the Pecos County Courthouse, Fort Stockton, Texas located at 103 West Callaghan with the following members present, to-wit:

Glenn Honaker	President, Precinct 1
John Dorris	Vice President, Precinct 3
Brad Newton	Secretary/Treasurer, Fort Stockton
Jack McIntyre	Precinct 1
M. R. Gonzalez	Precinct 2
Merrell Daggett	Precinct 2
Lynn Holland	Precinct 3
S. Evans Turpin	Iraan
Houston McKenzie	At Large

Directors not present: Alvaro Mandujano, Jr., and Bart Reid.

Others Present: Paul Weatherby/General Manager, Melissa Mills/Office Manager, Bob Varmette/Fort Stockton Pioneer, Bill Johnson, Dr. Jim Duke., Allison Weatherby, Zan Matthies, Santa Acosta/Pecos County Tax Assessor-Collector, Doug May/Economic Development Commission- Fort Stockton, Mike Gershon/Attorney for MPGCD.

Call to Order. The meeting was called to order at 1:16 pm by President Glenn Honaker.

I. Consider and/or act upon minutes of July 15, 2008. Upon review of the minutes, Merrell Daggett made a motion to approve the minutes which was seconded by Lynn Holland and the motion carried.

II. Comments from Public and Media (limit 5 minutes per person). No comments from the public at this time.

Go To Item VI.

VI. Consider and/or act upon 2008 Tax Rate.

Santa Acosta, Pecos County Tax/Assessor Collector for Pecos County explained to the board the 3 options available. The three options are:

Total Taxes	Tax Base	Tax Rate	Comments	Increase/Decrease 2007 to 2008
\$287,967	\$3,309,965,517	\$0.0087 per \$100	2007 Actual Rate	
1. \$269,475	\$4,336,403,310	\$0.0062 per \$100	2008 Effective Rate	Decrease \$18,492 from 2007
2. \$286,861	\$4,336,403,310	\$0.0066 per \$100	2008 Roll Back Rate	Increase \$ 17,386 from 0.0062 rate
3. \$378,134	\$4,336,403,310	\$0.0087 per \$100	2008 Tax Rate/same as 2007	Increase \$108,659 from 0.0062 rate

During discussions regarding the proposed tax rates, it was decided to move into discussions about the 2008/2009 Budget. Go to agenda item #VIII.

VIII. Consider and/or act upon 2008/2009 Budget.

Manager Paul Weatherby had a tentative budget prepared. A few items mentioned were:

- 1) \$2,500 Other Income reflects possible future income from tax abatement.
- 2) Suggestions were made to increase rental expense to \$2,000 to begin renting a new copier.
- 3) \$25,000 Capital Outlay/Vehicle for a new pickup.

The budget reflects expenses of \$342,610.00 as proposed. No action was taken at this time. Go back to agenda item #VI.

VI. Consider and/or act upon 2008 Tax Rate.

Houston McKenzie made a motion to accept the roll back tax rate of 0.0066 per \$100 valuation. M. R. Gonzalez seconded the motion. Houston McKenzie then withdrew his motion, and restated the motion. Houston McKenzie made a motion to propose a tax rate of 0.0066 per \$100 valuation. Mr. R. Gonzalez seconded the motion. The motion carried unanimously. 9 For 0 Oppose 2 Absent

Per Santa Acosta, MPGCD will be required to have 2 Public Hearings on the proposed tax increase. The first will be on September 2, and the second on September 9, 2008, and then a rate will be adopted during our regular board meeting on September 16, 2008.

NOTE: Following the board meeting, Santa Acosta telephoned and said that we are only required to have one Public Hearing since we are a small taxing entity. The Public Hearing will be on September 9, 2008 @ 1pm in the Pecos County Courtroom.

Go to Agenda #IV.

IV. Consider and/or act upon Policy for Consideration of Tax Abatement Requests

Mike Gershon, of Lloyd Gosselink Rochelle & Townsend, P.C., which represents MPGCD with legal counsel took the floor. Chapter 312 of the Texas Property Tax Code provides for all taxing entities very detailed guidelines and requirements. MPGCD needs to adopt a policy regarding tax abatements requests. Things to consider are: economics of the abatement request, the actions made by other taxing authorities, the resources that MPGCD may be expending to protect the resources, etc. The board will need to pass a resolution which is required by the legislature stating that we may want to participate in possibly granting abatements. Mike Gershon recommended adopting a similar policy to that of Pecos County with adjustments to fit our needs. Mr. Gershon will draft a recommended policy for MPGCD rules. No action was taken.

V. Consider and/or act upon Pending Requests for Sandridge Tax Abatement

Doug May, Economic Development Commission- Fort Stockton, was present to assist the board. During discussions the following points were made:

A. Pecos County is the leading taxing entity in Pecos County, and therefore has established a reinvestment zone.

B. Pecos County will send us any and all requests for tax abatements received within 7 days prior to entering into an agreement. The company will then come to us and ask for an abatement. We are not under any obligation to grant them any thing.

C. An abatement can be from 1 to 10 years. Ten years is the maximum.

D. PILOT – Payment in Lieu of Taxes. This does not go on the tax roll. MPGCD will stipulate in the agreement how much money is involved and for how many years. This is not subject to depreciation, and you may get your money up front or prorated over several years.

E. Another reason for an abatement agreement is water restrictions can be added. Recapture language should also be included. The recapture means that if the entity ceases to exist, MPGCD will have the right to go back and recapture all the taxes that are lost.

Mr. May also recommends adopting a policy similar to Pecos County.

Regarding the Sandridge Tax Abatement, at this time the abatements are not ready to be acted upon, we will be awaiting further direction from Sandridge before proceeding. No action was taken.

Recess was called at 3:20 p.m.

Meeting reconvened at 3:38 p.m. Note that John Dorris left the meeting, and a quorum remained.

VII. Consider and/or act upon proposed amendments to MPGCD Rules to conform with 2007 legislation

Mike Gershon, of Lloyd Gosselink Rochelle & Townsend, P.C., which represents MPGCD with legal counsel took the floor. Mike presented the board with a general briefing on several rules that have changed, added, or updated in Chapter 36 of the Texas Water Code. He recommends that we update our rules to align with state statutes.

Examples of additions and changes: 1) New language in the Groundwater Management Area (GMA) pertaining to the Desired Future Conditions (DFC) and Managed Available Groundwater (MAG). 2) Need to update our Management Plan also, this is required every 5 years and is due for 2009. No action taken.

Go to agenda item #3

III. Consider and/or act upon the Account Payable, Treasurer's Report and Line Item Transfers. Lynn Holland made a motion to approve the account payable and treasurer's report for August 19, 2008, which was seconded by Merrell Daggett. Passed unanimously. Go to item #9.

IX. Consider and/or act upon Progress Reports, Well Registrations, Production Permits, Drilling Permits, Data Loggers, Water Analysis, and Notice of Intent to Drill requests.

Manager Paul Weatherby reported that we have received a few more well registration, and notices of intent to drill. There are no pending non-exempt wells.

Static water level information is continuing to be gathered from our data loggers that are throughout the county. Information is also available from the State on some wells if you know your state well number, and drilling permits are available in some cases.

Water analysis are continuing.

X. Consider and/or act upon Groundwater District (s) Correspondence

Paul Weatherby reported on the Senate National Committee Hearing that he attended on August 4 & 5 in Amarillo. Senator Averitt has expressed that he no longer supports single county groundwater districts, and that all future groundwater district will be multi-county. The

single districts that are already in existence will remain unchanged. We are in Groundwater Management District 3 which includes the counties of Pecos, Reeves, Winkler, Loving and Ward. Pecos County is the only county with a groundwater district currently. Mr. Weatherby expressed concerns to Senator Averitt that counties that are forced to be in a multicounty district should be similar in their nature, water use, population, etc.

Mr. Weatherby also spoke to Senator Averitt about the need for a groundwater district be on the sending and receiving end for those who wish to transport water from one county to another.

There will be a meeting of the West Texas Regional Groundwater Association on August 26th @ 10am in Wall, Texas. All directors are welcome to come. Topics include groundwater legislation that needs to be addressed during the next legislative sessions.

XI. Consider and/or act upon Agenda for next meeting

- . Items to be on the next agenda are budget adoption, and set the tax rate

XII. Adjourn Lynn Holland made a motion to adjourn, seconded by Evans Turpin. The motion carried, and the meeting adjourned at 4:37 pm.

Brad Newton, Secretary/Treasurer

Glenn Honaker, President

Date Approved