

MIDDLE PECOS GROUNDWATER CONSERVATION DISTRICT

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Email: mpgcd@mpgcd.org Website: www.mpgcd.org

Directors

Jerry McGuairt, President John D. Dorris, Vice President M. R. Gonzalez, Secretary/Treasurer
Alvaro Mandujano, Jr. Vanessa Cardwell Ronald Cooper Janet Groth
Weldon Blackwelder Allan Childs Jeff Sims Puja Boinpally

Employees

Ty Edwards, General Manager
Melissa Mills, Office Manager Gail Reeves, Office Assistant

Minutes of September 12, 2017

On this the 12th of September, 2017, a regular board meeting and public hearing were held by the Middle Pecos Groundwater Conservation District in the office located at 405 North Spring Drive, Fort Stockton, Texas, with the following members' present, to-wit:

Jerry McGuairt	President, Precinct 1
John Dorris	Vice President, Prec. 3 (Arrived at 10:05 am)
M. R. Gonzalez	Secretary/Treasurer, Precinct 2
Janet Groth	Precinct 1 (Arrived at 10:25 am)
Puja Boinpally	Precinct 2
Weldon Blackwelder	Precinct 3
Alvaro Mandujano, Jr.	Precinct 4
Ronald Cooper	Precinct 4
Vanessa Cardwell	City of Fort Stockton
Jeff Sims	City of Iraan

Quorum Present.

Board member absent: Allan Childs

Others present: Ty Edwards, Mike Gershon, Gail Reeves, Melissa Mills, Paula McGuairt, Brock Thompson, Ed McCarthy, Jr., Darrell Peckham, Gary Bryant, Glenn Honaker, Geoff Pike, Sam Cruse, Tommy Soriero, Jr., Ryan Reed, Alan Murphy, Joe Ferrara, Mark Valentino, Bob Beal, and Jeremy Gonzalez/Fort Stockton Pioneer.

REGULAR BOARD MEETING

- I Call to order regular Board meeting at 10:00 a.m. by President Jerry McGuairt.
- II Comments from public and media. No public comment.

III Consider and/or adopt Tax Rate for 2017 and approve and sign Ratification.

Alvaro Mandujano, Jr. moved that the property tax rate be increased by adoption of a tax rate of \$0.0249 per \$100 valuation, which is effectively an 18% increase in the tax revenue and also to sign the supporting resolution. The motion was seconded by Vanessa Cardwell.

Vote FOR: Weldon Blackwelder, Puja Boinpally, Vanessa Cardwell, Ronnie Cooper, M. R. Gonzalez, Alvaro Mandujano, Jr., Jerry McQuairt and Jeff Sims.

Vote AGAINST: -0-

Absent: John Dorris, Janet Groth, and Allan Childs

Motion Passed as follows: **8** FOR. **-0-** AGAINST. **3** ABSENT.

NOTE: John Dorris arrived at 10:05 a.m. after the vote on the tax rate.

**PUBLIC HEARING ON AN APPLICATION TO
AMEND A PRODUCTION PERMIT FOR BAY FRESH OYSTER CO., INC.**

**I Call to order at 10:02 a.m. the Public Hearing on Application to amend a
Production Permit for Bay Fresh Oyster Co., Inc.**

Party representing application: Mr. Mark Valentino

Protestant to application: None.

Public Comment: None.

Manager Ty Edwards presented the application to the Board. The application requests to amend a Production Permit with the addition of 1 additional well into an existing production permit. The well is located on Survey H and TC Block 3 Section 3 approximately 2.5 miles east of Imperial on Hwy 11 in Pecos County, Texas. The purpose of this water well is for Aquaculture Use and requests to add 1 additional well into the existing production permit of 300 acre feet/year from the Pecos Valley Aquifer. This second well will be for backup purposes.

Mark Valentino, dba, Bay Fresh Oyster Co. Inc, was previously granted 300 acre feet/year from the Pecos Valley Aquifer on August 19, 2014.

Mr. Valentino said he will be installing meters on both wells. The application was declared administratively complete.

II Adjourn hearing and consider and/or act on Application to amend a Production Permit for Bay Fresh Oyster Co., Inc.

Jerry McGuairt adjourned the hearing at 10:07 a.m.

Alvaro Mandujano, Jr. made a motion to approve the application as presented. Motion seconded by M. R. Gonzalez. Motion Carried Unanimously.

REGULAR BOARD MEETING – CONTINUED

IV Consider and take action regarding implementation of settlement agreement with Fort Stockton Holdings, L.P. (FSHLP), Clayton Williams Farms, Inc., and Republic Water Co. of Texas, LLC, including but not limited to the commitments regarding monitoring wells and associated equipment and separate monitoring well agreement.

On 04-28-2017 Fort Stockton Holdings LP and MPGCD executed a settlement agreement. On page 8 of the agreement:

Within 60 (sixty) calendar days of issuance of permits:

- *Monitoring well agreement entered and monitoring wells and above-described monitoring equipment installed and in service consistent with Settlement Proposal.*

On 07-18-2017 Fort Stockton Holdings LP was granted a permit with Special Conditions. This started the clock on the 60 days for the monitoring well agreement and equipment installation.

Note: Janet Groth arrived at approximately 10:25 a.m.

Fort Stockton Holdings LP attorneys Ed McCarthy and Brock Thompson were in attendance at this meeting and verbally agreed to an extension of time that is reflected in the following MPGCD Board motion.

Alvaro Mandujano, Jr. made a motion to extend the monitor well agreement by 60 additional days, and extend the equipment installation to the End-of-2017. The motion was seconded by Jeff Sims. Motion Carried Unanimously.

V Consider and take action as necessary regarding District's intent to hold October 17th hearing on proposed rules intended to establish acceptable aquifer level fluctuations and thresholds for pro rata cutbacks in Management Zone 1 when Edwards-Trinity aquifer levels decline in certain monitoring wells, including previous public comment and briefing on discussions between Cockrell Investment Partners, L.P. and FSHLP.

For the record: On 04-28-2017 Fort Stockton Holdings LP and MPGCD executed a settlement agreement. On page 8 of the agreement:

- *Within 90 (ninety) calendar days of initial rule making hearing notice: District's Board agrees to act on rules proposing change to Management Zone 1 boundaries, acceptable aquifer level fluctuations with Management Zone 1, and thresholds for pro rata cutbacks when aquifer level declines within Management Zone 1.*

For the record: On 07-18-2017 Fort Stockton Holdings, LP was granted a production permit which had a settlement agreement. This started the clock on the 90 days for the initial rule making hearing. The first rule making hearing occurred August 15, 2017.

For the record: On 08-15-2017: A motion to abate Cockrell Investment Partners, LP's motion to declare a contested case and refer to SOAH passed unanimously. President Jerry McGuairt continued the rule making hearing, until 10 a.m. on October 17, 2017.

Ryan Reed/Cockrell Investments attorney: A meeting has been scheduled for September 28th in Austin between Cockrell's and FSH's scientists. The delay in meeting is due to Hurricane Harvey. We hope that within the following 2 weeks that negotiations will take the shape of amendments to the proposed rules or simply a side agreement between Cockrell and FSH. Cockrell Investment Partners stated that a month delay in the proposed rule hearing is prudent.

Ed McCarthy/Fort Stockton Holdings LP (FSH) attorney: Mr. McCarthy did not have anything further to add.

Mike Gershon/MPGCD attorney: Due to the timeline constraints for dealing with the rules as stated in the settlement agreement, Mr. Gershon asked Mr. McCarthy his thoughts about extending out the hearing on the proposed rules until November or December.

Ed McCarthy/Fort Stockton Holdings LP (FSH) attorney: FSH understands the efforts to work through the process and is fine with the extension of time for the hearing.

No action needed and no action taken.

- VI Briefing, consider and take action as necessary regarding FSHLP's Production Permit Special Permit Conditions 13 and 14 providing for joint study.

Stipulations number 13 and 14 in the special permit condition::

13. *The attached schedule entitled "Monitor Well Thresholds and Cutbacks" applies to this permit until a Joint Study can be conducted and until such time as the Board determines relaxing the restrictions in this schedule are justified by the results of the Joint Study. Any cutbacks in this schedule shall go into effect April 1st of each year and remain in effect through March 31st of the immediately following year.*

14. *The Study scope, project management, and responsibility for funding shall be agreed to between FSH and District within 6 months. The study shall commence shortly after an agreement is reached on the scope.*

Note: The 6 month timeline will end around January 18, 2018.

No action needed and no action taken.

VII Consider and/or act upon Minutes of Regular Meeting and Public Hearings on August 15, 2017.

Weldon Blackwelder made a motion to approve the minutes. Motion seconded by Jeff Sims. Motion Carried Unanimously.

VIII Consider and/or act upon Minutes of Public Hearings on the Proposed Tax Rate for 2017: 1) August 24, 2017; and 2) September 7, 2017.

Vanessa Cardwell made a motion to approve the minutes of 1) August 24, 2017; and 2) September 7, 2017. Motion seconded by Jeff Sims. Motion carried.
Vote: 9 FOR. 0 OPPOSE. 1 ABSENT. 1 ABSTENTION.

IX Consider and/or act upon Accounts Payable and Treasurer's Report and Line Item Transfers for the Month Ending August 31, 2017.

M. R. Gonzalez made a motion to approve the Treasurer's Report and Line Item Transfers and Accounts Payable. Motion seconded by Weldon Blackwelder. Motion Carried Unanimously.

X Consider and act upon New Personnel Policy.

John Dorris made a motion to go into Executive Session regarding the new Personnel Policy. Motion seconded by Ronnie Cooper. Motion Carried.
Vote: 6 FOR. 4 OPPOSE. 1 ABSENT. Vanessa Cardwell and Alvaro Mandujano, Jr. requested to be on the record as opposing the Executive Session.

Executive Session pursuant to the Texas Open Meetings Act, Sections 551.074 of the Texas Government Code, to deliberate personnel matters.

An Executive Session convened at 10:42 a.m.

The Executive Session ended at 11:36 a.m. President McGuairt stated that no decisions or votes were made in executive session.

The regular meeting reconvened at 11:38 a.m.

Janet Groth made a motion to amend language in the new personnel policy that will clarify that the 3 present employees only will have their health insurance paid for after retirement and when they are vested with 12 years and meet all the requirements of the previous policy. The details are to be stated in a Board Resolution. And, to remove the following sentence from 1.04 F: *No official shall socialize (even during non-business hours) with applicants to the District.*

Motion was seconded by Weldon Blackwelder.
Vote: 8 FOR. 2 OPPOSE. 1 ABSENT.

Agenda item XI was moved to the end of the agenda.

XII Progress Reports: Well Registrations, Production Permits, Drilling Permits, Data Loggers, Drought Monitor Map and ongoing Water Quality Analysis, and 2017 Groundwater Summit.

- Drought Monitor Map: The current drought monitor map presented.
- Production Permits: City of Fort Stockton/Blue Ridge pending
- Drilling Permits: Parsley Energy has submitted several Notice-of-Intent-to-Drill requests.
- Monitor Wells: Working on the 11 monitor wells for FSH.
- Analysis: 2 samples collected.

XIII Consider and/or act upon General Manager's Correspondence.

- 09-13-2017 Far West Texas Judges Conference: Ty Edwards will be attending and speaking at the event.
- 08-25-2017 and 08-22-2017: Open Records Request received from the City of Fort Stockton.
- 08-29-2017: Open Records Request received from Tommy Ervin
- November 6 & 7: Tentative Board Member Training here in Fort Stockton.

XIV Directors' comments. Alvaro Mandujano, Jr. commented on the broad and blank Open Records Request from the City of Ft. Stockton. He suggested narrowing the scope.

XV Consider and/or act upon agenda for next meeting.

- * Board update on Cockrell Investments and Fort Stockton Holdings, LP.
- * Production Permits: City of Fort Stockton/Blue Ridge pending
- * Board update regarding Health Insurance and the corresponding Resolution.
- * Fort Stockton Holdings monitoring-well-agreement.

XI Update from legal counsel on 85th Texas Legislature's Special Session and Texas case law developments relevant to the District.

There were no Water Code related bills that came out of the Special Session.

A lawsuit has been filed with another Groundwater Conservation District (GCD) that implicates how Districts permit and whether a GCD is subject to takings damages.

Executive Session pursuant to the Texas Open Meetings Act, Sections 551.071 of the Texas Government Code, to consult with the Districts Attorney.

An Executive Session convened at 12:04 p.m.

The Executive Session ended at 1:30 p.m.

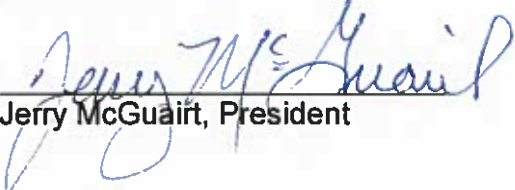
The regular session reconvened at 1:33 p.m. President McGuairt stated that no decisions or votes were made in executive session.

XVI Adjourn Board Meeting.

Janet Groth made a motion to adjourn the meeting. Seconded by John Dorris. Motion carried unanimously. The meeting adjourned at 1:34 p.m.



M. R. Gonzalez, Secretary/Treasurer



Jerry McGuairt, President

Date Approved 10-17-2017