

MIDDLE PECOS GROUNDWATER CONSERVATION DISTRICT

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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

Office: Gail Reeves & Melissa Mills Field Technician: Anthony Bodnar

MINUTES OF REGULAR BOARD MEETING, PERMIT HEARINGS AND BUDGET WORKSHOP

August 21, 2018

Call to Order at 10:00 a.m.

405 North Spring Drive, Fort Stockton, Texas

On this the 21st of August, 2018, a Regular Board Meeting, Public Hearings, and Budget Workshop 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
Janet Groth	Precinct 1
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
Allan Childs	At Large

Quorum Present.

Board members absent: M. R. Gonzalez

Others present: Ty Edwards, Mike Gershon, Gail Reeves, Melissa Mills, Anthony Bodnar, Paula McGuairt, Jeff Williams, Brock Thompson, Ed McCarthy, Gary Bryant, Geoff Pike, Ryan Reed, Sam Cruse, Kaveh Khorzad, Buck Benson, Glenn Honaker, Tommy Ervin, Oscar Hernandez, Mr. and Mrs. Newby, Gladys Dorris, 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**:

Mr. Ryan Reed, attorney for Cockrell Investment Partners, L.P., reported that they have not heard from Fort Stockton Holdings, L.P. regarding the intervention. The State Court lawsuit is still on hold. The proposed rules are still a concern, and they would like to have a summer stop gap added to the rules.

PUBLIC HEARING ON A PRODUCTION PERMIT FOR JIM NEWBY, SR.

- I Call to order at 10:03 a.m. the Public Hearing on **Application for a Production Permit for Jim W Newby, Sr.**

Party representing application: Jim Newby, Sr.

Public Comment: None.

Protestant to application: None

Application declared uncontested.

Ty Edwards, MPGCD General Manager, presented the application. Jim W Newby, Sr. has made application for a Production Permit for 1 well located at 4076 West I-10, 2 miles West of Fort Stockton on North Side Service road off I-10 on 2.4 acres in Survey T&STL RR CO Block 146 Section 26 S/2 recorded in Volume 209, Page 91, Deed Records in Pecos County, Texas. The purpose of this well is for Hill Top RV Park with 66 sites requesting 5 ac/ft for Public Supply Use and 2 ac/ft for 30 trees for Irrigation Use for a total of 7 acre-feet/year from the Edwards Trinity Aquifer. A water analysis shows 1,455 Total Dissolved Solids. The application is administratively complete.

- II Adjourn Hearing and Consider and/or Act on **Application for a Production Permit for Jim W Newby, Sr.**

President McGuairt adjourned the hearing at 10:09 a.m.

Vanessa Cardwell made a motion to approve the application as presented.
Motion seconded by Weldon Blackwelder.

Motion carried unanimously. Vote: 10 For. -0- Oppose. 1 Absent.

REGULAR BOARD MEETING – CONTINUED

- III Executive Session pursuant to the Texas Open Meetings Act, Sections 551.071 and 551.074 of the Texas Government Code, to consult with our attorney and to deliberate evaluation and duties of District's employees.

An Executive Session convened at 10:10 a.m. by Presiding Officer Jerry McGuairt.

The Executive Session ended at 11:13 a.m. President McGuairt stated that no decisions or votes were made in executive session.

The regular meeting reconvened at 11:17 a.m.

IV Consider and/or take action on Personnel Matters Discussed in Executive Session and Annual Review and Compensation of District's Employees.

Compensation will be discussed during the Budget Workshop. This item was tabled.

Regular Meeting was recessed at 11:20 a.m.

**Workshop on Proposed Budget and Proposed Tax Rate
Call to Order following Public Hearings**

I Call to Order @ 11:20 a.m. by President McGuairt.

II Workshop to review Proposed Budget for Fiscal Year ending 09/30/2019

Last month's budget review had funds remaining at the end of the fiscal year. Today's Proposed Budget moved those remaining funds to Professional Contract Services for work on a possible model for Pecos County by Allan Standen and Dr. Bill Hutchison.

Also proposed is a \$10,000 Tax Abatement Application Fee Income. Our new tax abatement application fee is \$5,000 and we anticipate having 2 new tax abatement application in the upcoming year, and possibly 3 applications. The budget reflects employee raises of 4% for Mills and Bodnar, Reeves increases to \$42,500, and 10% increase for Edwards.

III Workshop to review Proposed Tax Rate for 2018

The Proposed Tax Rate for 2018 presented in the Proposed Budget is \$0.0249 per \$100 valuation.

Two public hearings on the Proposed Tax Rate are required on a tax rate of \$0.0249. The two dates suggested are September 4th and September 11th. The suggested date to approve the tax rate for 2018 is at our regular Board Meeting on September 18th.

IV Adjourn @ 11:31 a.m. by President McGuairt.

Reconvene the Regular Board Meeting at 11:31 a.m.

V Receive public comments on the District's budget and proposed tax rate for the fiscal year ending 9-30-2019, to comply with the requirements of the District's enabling act, rules, and bylaws; Texas Water Code Chapter 36; and the laws of the State of Texas.

No Comments Received.

VI Consider and/or approve Budget for Fiscal Year Ending 09/30/2019 and sign the Resolution to Adopt the Annual Budget.

John Dorris made a motion to raise Ty Edwards salary to \$68,444.00. Motion seconded by Puja Boinpally. Motion carried unanimously.

Vote: 10 For. -0- Oppose. 1 Absent.

John Dorris made a motion to delegate authority to Ty Edwards to manage employees including employee compensation – Total Management. Motion seconded by Alvaro Mandujano, Jr. Motion carried unanimously.

Vote: 10 For. -0- Oppose. 1 Absent.

Alvaro Mandujano, Jr. made a motion to adopt by resolution the budget for the fiscal year ending September 30, 2019. Motion seconded by John Dorris.

Motion Passed as follows: 10 FOR. -0- AGAINST. 1 ABSENT.

For: W. Blackwelder, P. Boinpally, V. Cardwell, A. Childs, R. Cooper, J. Dorris, J. Groth, A. Mandujano, Jr., J. McGuairt, and J. Sims.

Absent: M. R. Gonzalez.

VII Consider and/or adopt a Proposed Tax Rate for 2018.

Janet Groth moved that the proposed 2018 property tax rate be increased by \$0.0779 by adoption of a proposed tax rate of \$0.0249 per \$100 valuation. Motion seconded by Puja Boinpally.

Motion Passed as follows: 10 FOR. -0- AGAINST. 1 ABSENT.

For: W. Blackwelder, P. Boinpally, V. Cardwell, A. Childs, R. Cooper, J. Dorris, J. Groth, A. Mandujano, Jr., J. McGuairt, and J. Sims.

Absent: M. R. Gonzalez.

VIII Consider and/or act upon Setting Two Public Hearing Dates/Times/Place and set a Meeting Date/Time/Place to Adopt a Tax Rate for 2018.

Janet Groth made a motion to set the first Public Hearing on September 4th, and the 2nd Public Hearing on September 11th. The hearings will begin at 6:30 p.m. and be held at the Middle Pecos GCD office. September 18th at our regular Board Meeting that begins at 10 a.m. will be the meeting to adopt the tax rate, and this meeting will be held at the Middle Pecos GCD office. Motion seconded by Weldon Blackwelder. Motion carried unanimously.

Vote: 10 For. -0- Oppose. 1 Absent.

IX Consider and/or act upon Minutes of Regular Meeting on July 17, 2018.

Ronnie Cooper made a motion to approve the minutes as presented. Motion seconded by John Dorris. Motion carried unanimously.

Vote: 10 For. -0- Oppose. 1 Absent.

X Consider and/or act upon **Accounts Payable and Treasurer's Report for the Month Ending July 31, 2018.**

Weldon Blackwelder made a motion to approve the Accounts Payable and Treasurer's Report for the Month Ending July 31, 2018. Motion seconded by John Dorris. Motion carried unanimously.

Vote: 10 For. -0- Oppose. 1 Absent.

XI Consider and/or act upon **Tax Abatement Policy and Guidelines.**

Janet Groth made a motion to approve the Tax Abatement Policy and Guidelines with 2 changes: 1) Increase the tax abatement application fee from \$1,000 to \$5,000; 2) Remove *XII (b) Any property that is owned or leased by a member of the Board of Directors of the District is ineligible from receiving tax abatement from the District; provided, however, that property subject to an agreement in effect before the person becomes a member of the Board of Directors is not ineligible for tax abatement.* Motion seconded by Weldon Blackwelder. Motion carried unanimously. Vote: 10 For. -0- Oppose. 1 Absent.

XII Consider and/or act upon **Tax Deed and Property Card for Trust Property in the City of Fort Stockton (Parcel 17803).**

Parcel#17803 was sold for \$3,000 to the highest and best offer.

Janet Groth made a motion to acknowledge and accept the sales of the Trust Property Parcels #17803. Motion seconded by Allan Childs.

Motion carried unanimously. Vote: 10 For. -0- Oppose. 1 Absent.

XIII **Progress Reports: Well Registrations, Production Permits, Drilling Permits, Data Loggers, Drought Monitor Map and ongoing Water Quality Analysis.**

- Well Registrations: Current registrations total 3,128 wells. 935 Non-Exempt wells. And 2,193 are Exempt wells.
- Drought Monitor Map: In packet. Pecos County is completely out of drought. The whole state of Texas is looking a little bit better.
- Water Analysis: 30 water analysis' pulled this month.
- Production Permits: A production permit for Black Mountain SWD is being reviewed. Two permits that will be considered at the September 18th meeting are 1) Johnie S. McComb, 2) Vaquero Midstream.
- Drilling Permit(s): Diamondback has requested to drill an Exempt – Capitan Aquifer well. The well is located on the Griffin Ranch. This well will be plugged and abandoned once Diamondback is finished with it.

- XIV Consider and/or act upon **General Manager's Correspondence.**
- Texas Alliance of Groundwater Districts: 7th Annual Texas Groundwater Summit date is August 28-30, 2018. Held in San Antonio.
 - BlueStone Natural Resources II, LLC submitted an application to the Texas Railroad Commission for a Commercial Oil & Gas Waste Disposal Well to be completed in the Capitan and Delaware Formations, T&STF RR Co/Price Survey, Abstract 6020, Section 16, Block 131: MPGCD and La Escalera Ranches protested this application. Both protests were withdrawn when the application was modified so that the Capitan and San Andres Formations are protected, and the injection zone is in the Delaware Formation.
 - Charlton Resources, LLC:
Regarding the State Office of Administrative Hearings (SOAH): On 08-03-2018 MPGCD entered into a Contract and Agreement with SOAH to hear a Contested Case hearing regarding the application by the Charlton Resources, LLC, for a Consolidated Groundwater Drilling and Production Permit. On 07-27-2018 a deposit for the Hearing was received from Charlton Resources, LLC. The date for the first preliminary hearing is set for September 19, 2018, in Fort Stockton, TX.
 - TCEQ Grant: TCEQ received our grant submission on 07-31-2018. The application was accompanied by a letter of support from the Railroad Commission – Oil and Gas Division. If approved, we will receive the funds in our next Fiscal Year. It will be a 3-Year project. If approved, we will update our 3-D model just for the Imperial area to include faults and formations. We will try and plug 2 to 5 wells. MPGCD will not have money coming out of our budget, the time we spend on the project will be our matched-portion of the grant.
 - MPGCD office building: We have outgrown our building. I have checked into several alternatives which are in your packet.

XV **Directors' Comments.** No comments.

XVI Consider and/or act upon **agenda for next meeting.** 2 or 3 permit application hearings. Adoption of tax rate. SOAH Preliminary Hearing Update.

XVII **Adjourn Board meeting.**

Weldon Blackwelder made a motion to adjourn the meeting. Seconded by John Dorris. Motion carried unanimously. The meeting adjourned at approximately 12 p.m./Noon.



M. R. Gonzalez, Secretary/Treasurer



Jerry McGuair, President

Date Approved 9-18-18