

STERLING COUNTY UNDERGROUND WATER CONSERVATION DISTRICT  
REGULAR BOARD MEETING

January 12, 2026

Members Present: Chairman of Board Jack Clark, Kade Hodges, Evan Canady, General Manager Diana Thomas, and Technician Ashley Masters

Public Present: Accountant Karen Hodges

The meeting was called to order at 1:05 PM. by Jack Clark, Chairman of the Board.

Kade Hodges moved and Evan Canady seconded to accept the minutes of the previous meetings. The motion carried.

Accountant Karen Hodges presented the financial report and bills to the Board. The bills included standard monthly bills, vehicle registration, annual PO Box renewal, and SKG water analysis. After reviewing the bills as presented, Evan Canady moved to pay all bills and transfer \$9,000 to the Pinnacle account and \$10,000 to MMDA account. Kade Hodges seconded, and the motion passed unanimously.

The Manager's report included: two WTWMA and the Dec. joint board meeting in San Angelo, TX Comptroller Webinar on New Bond Reporting, TWDB Webinar on AG Water Use Estimation, TAGD Webinar on Correlative Rights, two TAGD Education Committee virtual meetings, Texas Water Leaders Informational virtual meeting, TAGD Executive Committee virtual meeting, and H2S Training in Mertzon. WTWMA reviewed October rainfall, highlighting that a majority of the month's rain fell in one event. Rainmaker's representatives informed the association that they are declining to extend a contract offer for 2026 to any Texas programs. They will work with the association to transfer all licenses and accounts back past the current contractual deadline. The Texas Comptroller held a webinar discussing the upcoming deadlines for the newly legislated bond reporting and their just completed online reporting system. The TWDB held a webinar covering the history and methodology of their agricultural water use estimation program. The SCUWCD and the ICWCD held their annual joint meeting in San Angelo to reaffirm the cooperative management agreement. WTWMA met to discuss options for 2026 operations, namely the requirement for a certified meteorologist. TAGD hosted a webinar covering various topics related to correlative rights highlighting how three different water districts across Texas permit based on correlative systems. Although common in areas of water abundance, one district featured was in a water scarce region. The TAGD Education Committee reviewed topics for development of an online Texas Groundwater Resource Document, various networking events for the year were developed and confirmed, a quarterly met up date was set, and upcoming GCD index and salary study was discussed. Ashley Masters attend the virtual Texas Water Leaders Information meeting with an interest in submitting her application to participate. She will hear by early February if she has been selected to join the program for 2026. The TAGD Executive Committee met to discuss association financials, the upcoming winter business meeting, and response to the correlative rights webinar. Ashley Masters attended a H2S safety training due to common field conditions she comes across.

Well surveillance included the water level monitor network. December water levels and yearly averages were highlighted for board discussion, including an unusual number of dry monitor wells. Technician Ashley Masters noted that new rainfall monitoring gauges were received and she will begin installation in place of the old gauges as soon as Irion's gauge replacement is completed.

A Notice of Intent to Drill was received for 49 grounding wells for the Honey Mesquite Wind Farm. These wells are not water wells but do penetrate the water table. They are completed in such a way that water cannot be produced from them. Water quality analysis was performed for M. Edwards, G. Johnson, SCISD, L. Horwood, and K. Hodges.

Diana Thomas presented the late December and early January drought indexes for Sterling County, noting there was no change despite no rainfall received. Evan Canady moved to receive the most recent drought index as presented. Kade Hodges seconded, and the motion passed unanimously.

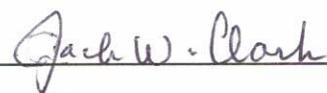
Investment Officer Diana Thomas presented the 2025 Q4 Investment Report to the Board. Kade Hodges moved to receive the 2025 Q4 Investment Report. The new lower CD interest rates were highlighted after early January renewal. Evan Canady seconded, and the motion passed unanimously.

After presentation and discussion, Evan Canady moved to accept the FY 24-25 Annual Report on Management Plan Achievement. The District met most of its management goals, missing only one of four reports on the rain gauge network. Kade Hodges seconded, and the motion passed unanimously.

Diana Thomas opened the rules workshop explaining necessary changes to the rules mandated by the 2025 legislative session. There were three such changes in the rules that resulted from the passage of legislation; one added exempt wells to the list of considerations in a permit application, one increased the maximum daily fine for violations, and one added a process for increasing the water export fee. Diana then recommended a few other changes including removing all references to fax, adding clarifications to data expected from a permit mandated hydrogeologic report, and updating the "Production Limits" section to reflect how the District operates. Diana outlined the process for proposing and adopting rules and provided an expected time frame.

There being no further business Evan Canady moved and Kade Hodges seconded to adjourn at 2:14 PM.

  
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Attesting Signature

  
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Presiding Officer

Date: 2-9-26