

**MINUTES OF THE BOARD MEETING
RED RIVER GROUNDWATER CONSERVATION DISTRICT**

WEDNESDAY, JULY 25, 2012

**AT THE GREATER TEXOMA UTILITY AUTHORITY
BOARD ROOM
5100 AIRPORT DRIVE
DENISON, TX 75020**

Members Present: George "Butch" Henderson, George Olson, Don Wortham, David Gattis, Harold Latham, Don Morrison, Mark Patterson

Members Absent: None

Staff: Jerry Chapman, Debi Atkins, Carolyn Bennett, and Carmen Catterson

Visitors: Amy Beussink, US Geological Survey
Jonathan Cannon, Herald Democrat
Bill Hutchison, Consultant
Bob Patterson, Upper Trinity GCD
Coe Perry, Rutherford Taylor Co.
Joey Rickman, City of Honey Grove
Dale McQueen, Fannin County Leader
Tammy Mrozinski, Moser Drilling

1. Call to order, declare meeting open to the public, and take roll.

President Henderson called the work session to order at 2:00 PM. All members were present. The Board introduced themselves and the manner of their appointments. The audience provided introductions.

2. Public Comment.

No comments were received.

3. Consider approval of Minutes of May 17, 2012, public hearing and board meeting

Vice President Olson motioned to approve the Minutes of the May 17, 2012 public hearing and board meeting. The motion was seconded by Board Member Gattis and passed unanimously.

4. Review and approval of monthly invoices.

Board Member Gattis motioned to approve the monthly invoices. The motion was seconded by Board Member Latham and passed unanimously.

5. Receive Monthly Financial Information

A financial report was provided in the packet through May, but an updated version was passed out at the meeting.

6. Consider and act upon 2011 audit.

Mr. Perry thanked the Board for choosing Rutherford Taylor Co. for their audit services. Mr. Perry began on Page 3 of the audit, which includes the auditor's clean opinion. Page 4 includes the internal control report. The Board's approval of invoices is factored into the internal control process, which is very favorably received by the auditors. No deficiencies were identified in the internal control process. Page 6 includes the management discussion and analysis. This is necessary because the District is a governmental entity. The financial statements begin on Page 11. GASBY 34 requires that the financials be reported on a modified accrual basis and a full accrual basis. The District is new and has no vehicles or buildings, so both reports are identical. In the 2011 fiscal year, a fund balance of \$29,157 remained. The District finished \$39,000 under budget for the 2011 fiscal year.

Board Member Gattis motioned to approve the 2011 audit. The motion was seconded by Board Member Morrison and passed unanimously.

7. Consider and act upon Proposal to Provide Ongoing Hydrogeological Consulting Services

Mr. Chapman explained that the District does not have a contract with a hydrogeologist or an engineer to provide assistance when situations arise that is technical in nature. Mr. Hutchison was requested to provide a letter outlining the costs and billing rates for providing technical assistance to the District.

Vice President Olson motioned to appoint Bill Hutchison as the District's consultant to provide ongoing hydrogeological consulting services on an as-needed basis. The motion was seconded by Board Member Latham and passed unanimously.

The Board authorized a contract with a consulting firm to undertake the Management Plan and Mr. Hutchison completed the work on the plan. The plan was submitted to the Texas Water Development Board (TWDB) in May and a Certificate of Approval was received last week. The plan was approved quickly and with no problems.

8. Receive update on Well Registration Website application.

The Board authorized a contract with Alan Plummer & Associates (APAI) and IT Nexus to complete an online well registration application. The contractor has completed everything except the mobile application. This will complete the work that was assigned in the contract signed last year. A delay was experienced, but was more attributable the staff than the contractor. Board Member Patterson commented that he preferred the Red River GCD website over the North Texas GCD website.

9. Consider and act upon Software Maintenance Agreement with IT Nexus for the Well Registration application

The staff discussed maintenance activities with APAI and IT Nexus and the representative for APAI recommended that the contract be directly with IT Nexus. A contract was provided from IT Nexus that outlines a cost of \$6,000 per year (\$500 per month). The unused amounts can be rolled into the next month. The contract provides for bug fixes and server maintenance in addition to two hours of enhancements per month. The hours can be rolled into the next month to cover larger enhancements. The staff will not ask for action until the budget revisions have been discussed.

Board Member Morrison motioned to approve a Software Maintenance Agreement with IT Nexus for the Well Registration website application. The motion was seconded by Secretary/Treasurer Wortham and passed unanimously.

10. Consider and act upon Phase 2 for the Well Registration Application

Phase 2 includes items that are needed and were not included in the initial phase of the project. The provisions in this phase include:

- Meter replacement, which is a common occurrence with public water suppliers
- A timestamp to be added to an administrative page to provide updates to the staff to reduce the time required to locate amendments to well registrations
- The creation of an admin tool to create additional administrative accounts
- The creation of a tool to create PDF report for well data in the system
- The addition of a method for admin to create accounts and assign wells to owners
- The addition of a checkbox to indicate exemption status and whether the drill deposit has been paid
- The ability to search by county or exemption status
- The addition of a property owner tab; and
- The ability to subtract flushing from meter readings.

The Board discussed the possibility of whether the components are necessary. Board Member Morrison asked if it would be more cost effective to pay the staff or to pay for the enhancements.

Mr. Chapman discussed the current 2012 budget. The Contract Services line item is \$17,000 over the budgeted amount. If the additional \$20,000 in contracts is approved, the line item is \$37,000 short. The 2011 fiscal year included a \$29,000 fund balance. \$5,147 was utilized from the fund balance to pay for a computer and monitor and the ASYST accounting program. Approximately \$23,853 is still remaining in the fund balance. Approximately \$14,000 is still needed, but could be reallocated from existing budgeted items. \$2,000 could be reallocated from fuel, \$4,000 from the field technician and \$8,000 from the equipment line item.

The District is currently sharing a field technician with the North Texas GCD in order to reduce costs. The field technician will be doing more work for the District, but the District will only have to pay for time spent visiting well sites and mileage.

Board Member Patterson asked if the landowner information would be considered public information. Mr. Chapman responded that all information is considered public upon a public information request, but that the information is not available on the website to the public. This is usually an issue when energy companies or the Corps of Engineers own the land, but not the well. Most well owners also own the land.

Board Member Morrison motioned to approve Phase 2 for the Well Registration Application. The motion was seconded by Vice President Olson and passed unanimously. The Board requested the budget amendment be included on the next agenda to adjust amounts between line items.

11. Consider and discuss 2013 Budget

The Board discussed providing the budget and fees to the public earlier to enable budget preparations. The Board is not required to approve the budget and provide it to the public until November 1st. The Budget Committee met on June 25th and a budget was reviewed and modified. Their amended budget has been provided to the Board for review. The income level is still anticipated at \$250,000 and the line items are very similar to the 2012 budget. Legal services were reduced to \$5,000 and a line item for hydrogeology has been added for \$10,000, which may not be utilized but might be necessary to respond to new well applications. Beginning in January 2013, income will be based on production fees for actual gallons pumped from July to December 2012. These fees are not due until March 1, 2013. The fees are based on the current fee of \$0.06 per 1,000 gallons.

The staff collected information on budgets for other groundwater districts and two of the Districts in North Texas have more than \$1 million budgets. Prairielands GCD in the Cleburne area has a \$1.156 million

budget and Upper Trinity GCD has a \$0.22 per 1,000 budget and the North Texas GCD has a \$0.10 per 1,000 gallon fee. The nearest budget in Groundwater Management Area 8

Board Member Morrison motioned to approve the \$249,670.55 2013 budget with a \$0.06 per 1,000 fee for non-exempt well use and a \$0 agricultural fee. The motion was seconded by Board Member Gattis and passed unanimously.

12. Consider and act upon appointment to Technical Advisory Committee for the northern Trinity/Woodbine Aquifers Groundwater Availability Model Update.

The Board has an opportunity for a director to participate on the Technical Advisory Committee, which is a component of the Groundwater Availability Model (GAM) update. Four groundwater districts are participating in the GAM update. The committee will be comprised of consultants and board members to review the data being collected by INTERA for the GAM update. The committee is expected to meet approximately four times during the process. The US Geological Survey (USGS) has indicated an interest in participating in the committee. Mr. Hutchison may also be appointed to serve on the committee to represent the District's interests. Board Member Gattis offered to participate on the committee.

Board Member Gattis motioned to nominate Board Member Gattis to the Technical Advisory Committee. The motion was seconded by Secretary/Treasurer Wortham and passed unanimously.

13. Consider and act upon Policy for Violations of Rules

When the staff reviewed the Temporary Rules, no information was included on how to address violations. The staff has already received one call asking about the penalty for not complying. This policy was adopted in the North Texas GCD and includes contacting the owner by two certified letter, then having the attorney call and then filing suit. The process can be modified, but the staff needs some direction.

Board Member Gattis motioned to approve the Policy for Violations of Rules. The motion was seconded by Board Member Patterson. Vice President Olson recommended removing Step 4 and moving straight to Step 5. The Board discussed the policy and decided to leave it with 5 steps. The motion passed unanimously.

14. Consider and act upon Investment Policy.

This policy has been discussed in April and May. The District needs an Investment Policy to direct the staff to invest funds. Also, the FDIC bank insurance coverage could be withheld without having an Investment Policy in place. Vice President Olson and Board Member Morrison are on the Investment Committee and Mr. Chapman and Mrs. Atkins could serve as the Investment Officers.

Board Member Gattis motioned to approve the Investment Policy and to appoint Jerry Chapman and Debi Atkins as Investment Officers. The motion was seconded by Vice President Olson and passed unanimously.

15. Consider and act upon Fund Balance Policy.

The District had a \$29,000 fund balance at the end of 2011. Having a fund balance policy is a good procedure. The proposed policy was patterned after a local government with a fund balance. The policy is probably more expansive than necessary, but would serve in the future if a fund balance was to be set aside for specific uses. The policy would require the District review their budget if the fund balance exceeded 25% of the budgeted amount. An unassigned fund balance could address emergencies.

Vice President Olson motioned to approve the Fund Balance Policy. The motion was seconded by Board Member Gattis and passed unanimously.

16. Receive and discuss GAM Run 10-064 MAG for the Woodbine Aquifer

No changes were made on the GAM Run 10-064 MAG for the Woodbine Aquifer.

Board Member Gattis motioned to accept GAM Run 10-064 as presented with no changes. The motion was seconded by Board Member Patterson and passed unanimously.

17. General Manager's Report

The Management Plan was approved with only minor citation corrections needed. Board Member Gattis requested the that references for the Plan be provided to the Board for review.

The staff requested more information from the Railroad Commission on an injection well in Grayson County. The injection well application has fifteen days from the date mailed to provide comment and Mr. Chapman recommends that Mr. Hutchison review the application to see if further action is necessary.

INTERA has submitted a request for data on wells in the area. Some information may be able to be obtained from the website, but some if it will not be available due to the newness of the District. The Management Committee for the update will have a conference call on July 26th.

The District has registered 287 wells. 221 are municipal and 33 are domestic. Fannin County is experiencing a large amount of drilling. This area does not have as many homeowners associations or oil and gas drilling.

18. Open forum / discussion of new business for future meeting agendas

The budget amendment will be on the next agenda. The next meeting will be Tuesday, August 21, 2012 at 2:00 PM. President Henderson commented that the AgriLife meeting held in June in Fannin County was very well received with approximately 30 people.

19. Adjourn

Upon motion by Board Member Morrison seconded by Vice President Olson and passed unanimously, the Board adjourned at approximately 3:25 PM.

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Recording Secretary


Secretary-Treasurer