

**MINUTES OF THE BOARD OF DIRECTORS' PUBLIC MEETING
NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**

TUESDAY, AUGUST 12, 2014

**COLLIN COUNTY ADMINISTRATIVE BUILDING
4TH FLOOR COMMISSIONERS COURT ROOM
2300 BLOOMDALE RD
MCKINNEY, TX 75071**

Members Present: Thomas Smith, Ronny Young, Philip Sanders, Chris Boyd, Dan Collins, Eddy Daniel, Evan Groeschel, and Kenny Klement

Members Absent: Ron Sellman

Staff: Drew Satterwhite, Debi Atkins, Carolyn Bennett, Wayne Parkman and Carmen Catterson

Visitors: Keith King, Cooke County Weekly News
Pete Schulmeyer, Collier Consulting
Neal Welch, City of Sanger

1. Pledge of Allegiance and Invocation

Secretary/Treasurer Young led the Pledge of Allegiance and provided the invocation.

2. Call to order, establish quorum; declare meeting open to the public

President Smith called the public meeting to order at 9:32 AM. All Board members were present except Board Members Klement, Sanders and Sellman.

3. Public Comment

No public comment received.

Vice President Sanders arrived at 9:34 AM.

4. Approval of Minutes from the July 8, 2014, work session and board meeting

Board Member Daniel motioned to approve the Minutes from the July 8, 2014, work session and board meeting. The motion was seconded by Secretary/Treasurer Young. The motion passed unanimously, with Board Members Klement and Sellman absent.

5. Consider and act upon approval of invoices and reimbursements.

Mr. Satterwhite provided a brief summary of the invoices to be paid. The Sledge Fancher invoice includes participation in the Amicus Curiae Brief, assistance on a public information request, development of policies, and revision of the Temporary Rules. The Board briefly discussed the public information request.

Secretary/Treasurer Young motioned to approve the invoices as presented for a total cost of \$79,045.42. The motion was seconded by Board Member Groeschel and passed unanimously with Board Members Klement and Sellman absent.

6. a. Budget and Finance Committee

1) Receive Monthly Financial Information

Mr. Satterwhite reviewed the District's current financial position. The revenues are lower than the previous year due to the large amount of rainfall. Board Member Daniel recommended a budget amendment in September and then a final at the end of the year.

Board Member Klement arrived at 9:40 AM.

2) Consider and act upon budget and establish production rates for FY 2015

A proposed budget was provided for review. The Committee met and reviewed the budget at a meeting earlier in August. The District has always tried to adopt the budget with enough time to provide it to rate payers before the end of traditional fiscal years, which ends September 30th. The District operates on an annual year basis. The proposed budget assumes the current rates are maintained for 2015.

The revenue received for 2013 was approximately \$900,000, but is only \$600,000 for 2014 and 2015. The revenue for 2014 is at approximately \$300,000 as of July 31st. Vice President Sanders requested that the revenue for the first half of 2013 be compared to the first half of 2014 to see if the revenue has decreased or if the second half of the year has more production. The Board discussed the income to be included in the budget and the effect that rainfall would have on groundwater usage.

The consulting line item includes increases for LBG Guyton and to establish a well monitoring program. The field technician line item was also increased to account for the well monitoring program. In the future, another field technician will be needed as the DFC process continues. The Board discussed the logistics of hiring an additional field technician and the timeline for establishing permanent rules.

The legal fees were increased to \$50,000. Mr. Satterwhite explained that the legal budget has been very conservative for several years. Upper Trinity GCD has a \$100,000 legal fee line item and Prairielands GCD has a \$120,000 line item. The \$50,000 would be a goal, but could be amended as needed. An additional line item was added for legislative legal funds since 2015 is a legislative session year. The loan reimbursement was increased to \$225,000, which was increased from \$150,000 from 2014.

Board Member Daniel motioned to adopt a non-exempt production rate of \$0.10 per 1,000 gallons and an agricultural rate of \$1 per acre-foot for fiscal year 2015. The motion was seconded by Secretary/Treasurer Young and passed unanimously with Board Member Sellman absent.

The Board tabled action on the budget until the September meeting.

b. Investment Committee

No report received

c. Rules and Bylaws Committee

1) Consider and act upon a resolution amending the District Temporary Rules

A public hearing was held in May 2014 for public comment. The staff has addressed the comments and requests from the Board and have provided them for consideration by the Board. Mr. Satterwhite reviewed the changes briefly. These include adding a definition for a replacement well, clarification of capping guidelines, and the section on water production reports now includes all methods of approved submission.

Board Member Collins motioned to adopt a resolution amending the District Temporary Rules. The motion was seconded by Secretary/Treasurer Young and passed unanimously with Board Member Sellman absent.

d. Groundwater Monitoring and Database Committee

No report received

e. Policy and Personnel Committee

1) Consider and act upon a Resolution adopting Code of Ethics, Professional Services, and Management Information Policies for the District

The District was notified in April that they had been selected for audit. During the audit, it has come to staff's attention that a few policies are not in place but are required by Chapter 36 of the Texas Water Code. These policies were developed by legal counsel.

Board Member Boyd motioned to approve a Resolution adopting Code of Ethics, Professional Services, and Management Information Policies for the District as presented. The motion was seconded by Board Member Groeschel. Vice President Sanders expressed concern about the professional services policy regarding legal, bookkeeping, and professional services other than engineering and architectural services. Board Member Collins expressed that the policies need to be reviewed more closely. The Board unanimously agreed to table the motion until a future meeting pending review by the Policy and Personnel Committee. The motion for approval was withdrawn. The existing committee is composed of Board Members Boyd, Sanders and Sellman.

f. Conservation and Public Awareness Committee

No report received

g. Management Plan Committee

1) Receive Quarterly Report

The Quarterly Report is required by the District's Management Plan. Mr. Satterwhite reviewed the number of wells registered in the District.

7. Update and possible action on the Northern Trinity/Woodbine Aquifer GAM Overhaul Project and the development of proposed Desired Future Conditions (DFCs)

The GAM update has now been submitted to the Texas Water Development Board (TWDB) for review. The TWDB review should be finished in approximately 30 days.

8. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs) including the consideration and possible approval of consulting services

A Groundwater Management Area 8 (GMA 8) meeting was held in July. The two predictive scenarios have been run at this time. Board Member Daniel explained that the DFC process is starting. Bill Mullican is the consultant who will be preparing the Explanatory Report. Mr. Mullican will be providing homework to each groundwater district to complete before the next GMA 8 meeting. The Board asked if Board Member Daniel was being reimbursed for his time serving on GMA 8. The staff responded that he could be reimbursed, but had not at this time. The Board then discussed the Administrative Procedures adopted by GMA 8 and the process of adopting DFCs. President Smith explained that the DFC process is very complicated, but the District has worked to try to prepare for the process by participating in GMA 8 and the GAM update. Board Member Daniel explained that the GMA 8 is attracting more attention. The previous meeting had approximately 50 visitors in attendance and that number is expected to grow over the next meetings. GMA 8 encompasses the Trinity Aquifer and the corridor from the Red River to Austin, which includes many high profile cities.

9. Consider and act upon establishing and appointing a Desired Future Condition Committee

President Smith explained that establishing DFCs is very important. He has spoken with Board members Daniel, Groeschel and Young about serving on a committee to review DFCs and to review information provided by consultants and meeting with neighboring groundwater districts. President Smith appointed Board Members Daniel, Groeschel and Young onto a DFC Committee.

Board Member Collins asked if there would be any benefit in reaching out to other groups within the three counties, for example the legislative representatives or commissioner courts to be involved in the DFC process to keep them informed on the process. Board Member Daniel explained that the new procedure requires a great deal of public participation and public notification. The Committee will be responsible for meeting with the counties and water providers and meeting with other groundwater districts. Vice President Sanders expressed that he would prefer the Committee to be approved by the Board if they will be representing the Board. The Committee will take a position that no other sub-committee has in that they will be meeting with outside organizations and providing updates to public organizations.

Vice President Sanders motioned to establish a Desired Future Condition Committee and to appoint Board Members Daniel, Groeschel and Young with the President serving as ex officio to the committee. The motion was seconded by Board Member Klement. Board Member Boyd expressed that he did not feel the Committee should have the authority to act on behalf of the Board with regards to other groundwater districts. He stated the Committee should not have any authority to act or negotiate. The Board discussed the Committee and agreed that the Committee would negotiate with other groundwater

districts but would bring the recommendation to the Board for approval. The motion passed unanimously with Board Member Sellman absent.

10. General Manager's Report

Mr. Satterwhite provided the update on the wells registered in the District as of July 31, 2014. The next Board meeting will be held in the Gainesville City Council Chambers for the next four months, with the exception of November 11th, which is Veteran's Day. The November meeting was rescheduled for November 18th. President Smith also commented that he will be out of town for the September 9th meeting.

11. Open Forum / discussion of new business for future meeting agendas

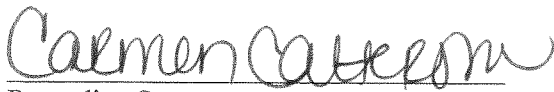
The next meeting was scheduled for September 9 in the Gainesville City Council Chambers. The agenda will include Board Member Collins resignation. Board Member Collins will continue to serve until his replacement has been seated. The agenda will also include approval of the FY 2015 budget.

Board Member Boyd asked for clarification on the invoice for GTUA. The staff explained that time spent for GMA 8 purposes are reimbursed by the other 10 groundwater districts. The bill includes administrative time, field technician time, GMA 8 time, and direct costs.

12. Adjourn public meeting

The public meeting adjourned at 10:59 AM.

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Recording Secretary


Secretary-Treasurer