

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

THURSDAY, JANUARY 15, 2014

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

Members Present: Mark Patterson, Harold Latham, Don Wortham, David Gattis, Mark Gibson, Mark Newhouse, William Purcell

Members Absent: None

Staff: Jerry Chapman, Drew Satterwhite, Carolyn Bennett and Carmen Catterson

Visitors: Frank Baker, City of Van Alstyne
Alex Moser, Moser Drilling
Joey Rickman, City of Honey Grove

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

President Patterson called the meeting to order at 2:05 PM. The Board members introduced themselves and the manner of their appointment to the public. All members were present.

2. Public Comment.

No comments received.

3. Consider approval of Minutes of November 21, 2013 board meeting

Board Member Purcell requested that a reference to where the voting requirements could be located in the policies or legislation.

Board Member Gattis motioned to approve the Minutes of the November 21, 2013 board meeting with the requested amendment. The motion was seconded by Vice President Latham and passed unanimously.

4. Review and approval of monthly invoices.

Mr. Chapman briefly reviewed the monthly invoices. The Lloyd Gosselink legal bill included charges for questions posed by the staff on the District's authority to regulate pumping for oil and gas use, and enforcement activities. Mr. Brian Sledge has since left the Lloyd Gosselink firm. The contract with Mr. Sledge's new firm was approved at the November meeting.

Board Member Gattis motioned to approve the monthly invoices for a total of \$29,979.31. The motion was seconded by Board Member Newhouse and passed unanimously.

5. Receive Monthly Financial Information

Mr. Satterwhite reviewed the monthly financial information with the Board. The District has approximately \$100,000 between the checking and savings account. The staff expects the production fees to exceed the projected \$250,000. An aging report was provided as requested by the Board. Issues with receiving payment from the City of Sherman have been resolved and future payments should be made on time. The City of Tom Bean paid, but overpaid by approximately \$2,000. The City requested the check be returned and a new check was issued on Monday. The Bridges at Preston golf course has changed ownership and legal counsel will most likely be needed to collect fees.

Board Member Purcell requested the aging report be modified to show a 30-60-90 day report. Mr. Chapman responded that he would discuss the report with Debi Atkins, the District's Finance Officer to see how it could be modified. Board Member Purcell stressed that he would like to see the report show up to 180 days past due to provide additional accountability.

6. Consider and act upon selection of independent auditors for 2013 fiscal activities

The Board has previously selected an auditor each year. The previous auditor was Rutherford Taylor & Co. from Greenville, Texas. Proposals have been received and are due by January 31st. The Board only meets every other month and the auditor will need to be selected by the end of February and an engagement letter signed to make sure that the auditor can complete the audit in time for it to be presented at the June meeting. Mr. Chapman recommended that the Board either meet in February or appoint a committee to select an auditor to be confirmed at the March meeting. President Patterson requested volunteers and confirmed a committee of Vice President Latham and Board Member Purcell. Board Member Purcell asked Mrs. Atkins to provide the request for proposals.

Board Member Gattis motioned to appoint a committee of Mr. Latham and Mr. Purcell and provide them with the authority to execute an engagement letter with an auditing firm to be confirmed at the next meeting. The motion was seconded by Board Member Gibson and passed unanimously.

7. Consider and act upon authorizing services of a groundwater hydrologist to assist the District with the development of Defined Future Conditions (DFCs)

President Patterson reported that he was tasked with contacting Mr. Eddy Daniel to discuss engaging LBG Guyton, but was unable to make contact. Mr. Chapman spoke with Mr. Daniel at the North Texas GCD board meeting on January 14th. Mr. Daniel apologized for not returning phone calls, but stated he had no objection to Red River GCD cooperating with the North Texas GCD but could not speak for the southern districts working with LBG Guyton. Mr. Chapman agreed with comments made at the previous meeting that LBG Guyton has more experience working with the updated model.

Mr. Chapman also recommended the Board consider hiring a separate consultant to represent the Red River GCD. He expressed that the Red River GCD should have a representative who solely represents the District and will help to defend DFCs. Most other groundwater districts will be hiring individual consultants. Mr. Bill Hutchison, a hydrogeologist that has worked with the Red River GCD previously has expressed willingness to represent the District individually for the DFC process.

The Groundwater Management Area 8 (GMA 8) group will meet on January 21st in Cleburne, Texas. The meeting is open to the public and the Texas Water Development Board (TWDB) encourages the public to attend. The meeting has two items on the agenda from two different groundwater districts who are planning to state their positions regarding DFCs. The process will be very challenging due to the differing opinions of how much water should remain in 50 years. Mr. Chapman cited the situation where T. Boone Pickens had purchased a large amount of water rights and intended to pump as much as was possible. Luckily, the water rights were purchased by a public water agency, which stopped the pending lawsuits. However, this was not an isolated event and similar events are happening statewide.

Board Member Gattis asked how the drawdown would be defined. Mr. Chapman and Mr. Satterwhite responded that the number would be varying per county and per groundwater district, but must be approved by the entire GMA 8. Board Member Gattis asked what LBG Guyton's role would be for the District. Mr. Chapman explained that the saw LBG Guyton's role as to provide advice on the model and the scenarios provided by the model. However, Mr. Chapman expressed that the District should have someone representing their interests to determine the DFCs from the scenarios provided by the model.

The North Texas GCD engaged LBG Guyton at a rate of approximately \$18,000 per year to provide assistance with the model. Mr. Chapman stated that he had not seen any information on the rate expected to be paid by the other districts working with LBG Guyton.

President Patterson suggested hiring LBG Guyton to guide the District through the modeling process and then hiring Mr. Hutchison. Mr. Hutchison is a registered professional engineer and a registered geologist and worked for the TWDB and LBG Guyton before leaving to work on his own. Mr. Hutchison's rates are still \$150 per hour plus travel at the IRS rate. Board Member Gattis recommended pursuing a contract with LBG Guyton and to work with Mr. Hutchison at the same time to make sure

Board Member Gattis motioned to pursue working with LBG Guyton and to hire Mr. Hutchison to provide representation for the Red River GCD at the GMA 8 meetings. The motion was seconded by Secretary/Treasurer Wortham and passed unanimously.

8. Consider and discuss amending Temporary Rules

This was discussed at the meeting last month with a request from the Board for the staff to incorporate the recommended changes. The staff will also need to utilize legal counsel to incorporate the changes to the rules. Board Member Newhouse expressed concern with the District providing payment to plug wells. The well owners should be required to plug the wells at their cost.

Board Member Gattis motioned to table the item until the next meeting. The motion was seconded by Board Member Purcell and passed unanimously.

9. General Manager's Report

Mr. Satterwhite explained that the staff is working to develop a request for proposals to modify the website to remove all propriety software and reduce maintenance costs. Mrs. Catterson explained that she is working to develop the request for proposals, but has not had time to complete the form.

Board Member Purcell asked about tracking resolutions and following up on actions taken at meetings. Mr. Chapman explained that most resolutions are self-limiting, such as invoices and some are polices adopted until they are incorporated into the Temporary Rules. Policies help the staff prove authority to enforce decisions made by the Board until they are incorporated into the Rules.

Board Member Purcell expressed dissatisfaction with the method of approving the Sledge Fancher, PLLC contract. He stated that the contract was pre-approved pending attorney approval. Mr. Chapman and Mr. Satterwhite explained that the comments received from Board Member Purcell were the only ones received and GTUA's attorney incorporated all changes to the contract.

President Patterson commented that the Temporary Rules will be greatly changed after the DFCs are approved in May 2016, if the DFCs provide major changes to the method of the District's operations and permitting process. President Patterson also commented that Grayson and Fannin Counties might be in a greater position due to the surface water supply in Lake Texoma. He asked if it would be possible, if the DFCs limit the production from the Trinity Aquifer to look into working with the cities that purchased surface water to change from using groundwater to surface water. Board Member Gattis stated that the most economical method of the small cities on the west to obtain their surface water would be to work together to finance a waterline to be constructed from the Sherman water treatment plant to the west.

Mr. Chapman commented that Board Member Purcell had requested presentation information to provide to the cities he represents. He offered the same to any Board member who might be interested.

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

The next Board meeting was scheduled for March 20, 2014 at 2:00 PM.

11. Adjourn

Board Member Purcell motioned to adjourn the meeting, seconded by Board Member Gibson and passed unanimously. The Board adjourned at approximately 3:10 PM.

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Recording Secretary



Secretary-Treasurer