

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

THURSDAY, NOVEMBER 21, 2013

**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 Newhouse, William Purcell

Members Absent: Mark Gibson

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

Visitors: Frank Baker, City of Van Alstyne
Gary Bennett, City of Dorchester
Robin McCoy, Senator Estes

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

President Patterson called the meeting to order at 2:01 PM. The Board members introduced themselves to the public. All members were present except Board Member Gibson.

2. Administer Oath of Office

Mrs. Catterson issued the Oath of Office to Board Member Gattis.

3. Public Comment.

No comments received.

4. Consider approval of Minutes of October 17, 2013 board meeting

Board Member Purcell asked again about the requirement for a vote of 6 members of the 7 for action to be taken, as questioned on Item 8 on page 2 at the previous meeting. Mr. Chapman explained that when the District was first established, there was discussion about what would be necessary on voting for certain issues. The staff may have understood the situation to be broader than it was needed. The budget and fees requires 6 votes, but for regular items a majority is sufficient. Mrs. Bennett agreed that she would verify this for future meetings. The minutes are correct, as the comments were made at the previous meeting, but were made incorrectly.

Board Member Purcell also asked if any action had been taken on using a collection agency to collect fees. Mr. Chapman did discuss that with the District's legal counsel, who had reservations about using a collection agency per Chapter 36 of the Texas Water Code.

Board Member Newhouse motioned to approve the Minutes of the October 17, 2013 board meeting. The motion was seconded by Board Member Gattis and passed unanimously.

5. Review and approval of monthly invoices.

Mr. Chapman reviewed the monthly invoices for a total of \$24,319.88. Most of the bills are usual, except for the bill for Rutherford Taylor & Co. That fee was for the 2012 audit, which was completed earlier in the summer. The Lloyd Gosselink bill includes charges related to regulation of wells owned by energy companies and used for hydraulic fracturing, a letter drafted for recommended changes to the Texas Railroad Commission rules.

Board Member Gattis motioned to approve the monthly invoices for a total of \$24,319.88. The motion was seconded by Vice President Latham and passed unanimously.

6. Receive Monthly Financial Information

Mr. Chapman reviewed the monthly financial information. President Patterson asked how the quarterly billing worked this month. Mrs. Atkins explained that the staff contacted all entities that had not submitted readings approximately 1 week before the readings were due. The result was much better with only a few that did not submit readings.

Mr. Chapman commented that the District would have sufficient revenues to meet their expenses. However, the field technician has spent more time on the District than was expected, causing the line item to be above the budgeted amount.

Board Member Purcell asked for an aging report showing fees due and whether it increases or decreases. Mrs. Atkins agreed to begin providing that data. Board Member Purcell also asked if the staff used the budget position to develop the future budget. Mrs. Atkins agreed, but stated this was only the second year of operations.

7. Consider and act upon amendments to 2013 budget

Mr. Chapman explained that Mrs. Atkins provided recommendations for amendments to the 2013 budget. Mr. Chapman reviewed the recommendations with the Board. They include increasing the revenue by \$10,000, increasing the field technician fees, the dues line item and increasing the legal services. The recommendations include decreasing the auditing line item, the direct cost line item, the meeting line item, transportation line item and telephone line item.

Board member Gattis motioned to approve amendments to the 2013 budget as presented. The motion was seconded by Board Member Newhouse and passed unanimously.

8. Consider and act upon authorizing a contract for the management and maintenance of the well registration website

President Patterson explained that a committee was established to review the proposals. A request for proposals was submitted to six entities. Two of them felt the time to respond was too short and did not feel

they had sufficient skills to maintain the system. TCOG responded with a hosting proposal, but no maintenance. Trinity Solutions was a little uneasy with the GIS portion of the contract. The committee met with the staff and agreed to give IT Nexus an opportunity to continue providing the service. The reason the need for a proposal and contract was originally provided was failure to respond by IT Nexus. However, Brian Besier with IT Nexus personally visited with the staff and promised a better response and the use of an issue tracker. The contract would also provide a 30-day termination clause.

Alan Plummer Associates proposed revising the system from a two-tier system to a single tier system with lower maintenance costs. Without modifying the system, it would cost \$60,000 every five years. With modifying the system, it would cost \$52,000 for the first five years and then \$30,000 every five years thereafter. President Patterson stated that he had instructed the staff to seek proposals to modify the system for lower maintenance costs.

The committee recommended the District stay with IT Nexus with the 30-day termination clause and to authorize the staff to pursue proposals to modify the system to have lower maintenance costs.

Board Member Newhouse motioned for the District to stay with IT Nexus and for the staff to pursue proposals to modify the system for lower maintenance costs. The motion was seconded by Vice President Latham and passed unanimously.

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

Mr. Chapman explained that Groundwater Management Area 8 (GMA 8) is composed of 12 groundwater districts and are beginning to work on developing DFCs. GMA 8 is required to adopt DFCs by May 2016. DFCs are the amount of water that should remain in the aquifer in 50 years. There are already disagreements between the groundwater districts. Four of the groundwater districts in North Texas are working to develop an amended Trinity/Woodbine Groundwater Availability Model. This model will become the benchmark for developing DFCs.

The District previously worked with Mr. Bill Hutchison to develop the Management Plan. Mr. Hutchison confirmed that his previous rates are still valid. The District has three choices. They can go through the process beginning in January 2014 and continuing quarterly thereafter. The meetings may increase to monthly by 2015 and 2016. The groundwater users in the area will most likely appreciate the District hiring a consultant to support their interests. The other groundwater districts are already hiring consultants to support their interests. The District could solicit proposals from other consultants.

Mr. Hutchison previously led the groundwater division of the Texas Water Development Board (TWDB) and now works as a private consultant. Mr. Hutchison has offered to meet the District representatives after the GMA 8 meetings to discuss any specifics and provide recommendations to prevent additional fees. The 2013 budget has \$10,000 allocated to hydrogeological services. Mr. Chapman recommended that any fund balance from that line item be used to pay for additional hydrogeological fees in 2014.

Board Member Newhouse asked if any hydrogeologists were based closer to Dallas. Mr. Chapman and Board Member Gattis both agreed that they did not know of any. The services are traditionally based out of Austin or Houston. Board Member Purcell reviewed the draft report being developed by INTERA, LBG Guyton and the Bureau of Economic Geology. The North Texas GCD, the Upper Trinity GCD, the Prairielands GCD and the Northern Trinity GCD are funding the report. The TWDB had initially intended to revised the model, but with the recession in 2008, the TWDB lost funding for the project. The four

groundwater districts joined together to fund the model to provide better data for the North Texas area. It is anticipated that the TWDB will approve the model as if they had completed the model.

There is a resurgence for dependence upon groundwater due to the limited rain received in the last few years. The primary use of the new wells being drilled is irrigation. The District needs to track the amount of wells being drilled and the amount of water being pulled from the aquifer. The development of DFCs will include some discontent between groundwater districts. The northern districts will probably have fewer disagreements, but the southern districts are already disagreeing.

Board Member Gattis asked if the District could enter into a contract with other districts to share a consultant. Mr. Chapman agreed that it was possible. The North Texas GCD is working with LBG Guyton.

President Patterson recommended he or Mr. Chapman contact the North Texas GCD to discuss the possibility of working with them in a cooperative effort and table action until the following meeting.

Board Member Gattis motioned to table action until the following meeting following discussion with the North Texas GCD. The motion was seconded by Board Member Newhouse and passed unanimously.

10. Consider and act upon authorization to solicit proposals for 2013 audit services

Mrs. Atkins explained that Rutherford Taylor has completed the District's audit for the past two years. The staff would like to solicit for proposals for a one or two year period with a potential for an additional 3 years. Board Member Gattis asked Mrs. Atkins her approval of the firm. Mrs. Atkins stated that the firm took more than four months to complete a very small audit and was very slow to respond to questions. Mr. Chapman explained that few auditors are able to handle such a small contract, which will limit the amount of response that will be received.

Board Member Purcell asked if the District was required to complete an audit. Mr. Chapman stated that the District was not required, but it would be preferred by the staff and the customers.

Vice President Latham motioned to authorize the staff to solicit proposals for 2013 audit services. The motion was seconded by Board Member Newhouse and passed unanimously.

11. Consider and take action regarding hiring and/or terminating legal counsel

President Patterson explained that Brian Sledge, the attorney the District has worked with for the past few years, has left Lloyd Gosselink on amicable terms and has started his own firm. Several of his primary employees also left Lloyd Gosselink to join the new firm. The District has the choice to stay with Lloyd Gosselink or to follow Brian Sledge. The prices are identical as with the previous firm, except for a \$5 hourly increase for the paralegal.

Board Member Gattis asked if anyone has reviewed Mr. Sledge's engagement letter in detail. Mr. Chapman advised that he could have the Authority's legal counsel review the document. President Patterson stated that the Lloyd Gosselink contract has a termination clause. The North Texas GCD is in the same situation and has tabled the item until the December meeting.

Board Member Gattis motioned for the President to execute an engagement letter with the Sledge Fancher, PLLC after review and negotiation of the contract by the Authority's legal counsel Wynne and Smith, LLC, and for the President to sign a letter to terminate legal services with Lloyd Gosselink. The motion was seconded by Vice President Latham and passed unanimously.

The Board agreed to provide all comments to the staff by Monday, December 2, 2013.

12. Consider and act upon 2012 Draft Agricultural Irrigation Water Use Estimates

Every year the TWDB provides draft agricultural irrigation water use estimates to the District for review. The District is requested to review the information and provide corrections and comments. Several turf farms have closed in Fannin County within the past few years. The Grayson County report does not include turf farms and Tri-Texas Farms is in the southern part of Grayson County.

Board member Gattis motioned to authorize Mr. Parkman to research the acreage for turf growers and to report the information to the TWDB. The motion was seconded by Secretary/Treasurer Wortham and passed unanimously.

13. Consider and discuss amending Temporary Rules

The Board amended the Temporary Rules in December 2012. As the staff works with well drillers and handles well registrations, the staff finds items that are not addressed by the Temporary Rules. One of them is test holes. The Temporary Rules do not include a provision for registering test holes. The staff recommends they be registered, but no registration fee be charged. Water loss reporting is not addressed in the Temporary Rules. Geothermal wells are not specifically identified in the Rules, but do occasionally need to be addressed. The rules currently discuss mechanical meters and do not include provision for more up to date technology.

The District's late fees are currently \$25 or 10%. However, the accounting system does not allow for both. The billing cycle needs to be refined in the rules to reflect the current practices. Board Member Purcell asked if the District allows incentives for early payment. The staff stated they did not have that currently, but the Board could visit that if desired. In addition, the District does not currently have rules in place to handle wildlife wells. The District does not have a mechanism to prove a wildlife or agricultural exemption. The legal fees are also not able to be recovered at this time.

The District does not have a well capping requirement. Abandoned wells provide a source of contamination of the aquifer. Some districts have an incentive program to offer a portion of the cost of capping wells to be paid by the District. President Patterson asked if the District would be counteracting the State's requirements to plug wells by providing capping guidelines. The State does not have the staff to pursue capping of each well that is considered abandoned.

The Board requested the staff to incorporate all possible rule changes into the rules and then provide them at the next meeting for further discussion.

14. Consider and act upon Well Completion Form

Mrs. Catterson and Mr. Parkman explained the situation. Drillers are required to submit driller's report to the State and the District. However, they rarely have accurate coordinates and rarely include accurate gallons per minute. They routinely use bailers to determine whether the well will produce water, which results in very inaccurate readings and wells that should be classified as non-exempt showing less than 27.7 gallons per minute.

Board Member Newhouse motioned to approve the Well Completion Form. The motion was seconded by Vice President Latham and passed unanimously.

15. General Manager's Report

Mr. Chapman explained that Jetta Energy is currently looking to buy water from Lake Texoma to prevent drilling future wells. He also explained that the District currently uses the Texas Water Conservation Association (TWCA) Risk Management Fund for insurance, but does not have a TWCA membership. TWCA is the best insurance for water districts in the State. Membership would provide additional protection for the District and Board members.


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

The next Board meeting was scheduled for January 16, 2014 at 2:00 PM.

17. Adjourn

President Patterson motioned to adjourn the meeting, seconded by Vice President Latham and passed unanimously. The Board adjourned at approximately 4:05 PM.

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Recording Secretary


Secretary-Treasurer