

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

THURSDAY, AUGUST 15, 2013

**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, Wayne Parkman and Carmen Catterson

Visitors: Robin McCoy, Senator Estes Office
Alex Moser, Moser Drilling
Coe Perry, Rutherford Taylor & Co.
William Purcell
Allen Stewart

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

President Henderson called the meeting to order at 3:08 PM. All members were present except Vice President Olson.

2. Public Comment.

No comment received.

3. Consider approval of Minutes of April 18, 2013 board meeting

Board Member Morrison motioned to approve the Minutes of the April 18, 2013 board meeting. The motion was seconded by Board Member Gattis and passed unanimously.

4. Review and approval of monthly invoices.

Mr. Chapman reviewed the invoices provided for payment with the Board.

Vice President Olson arrived at 3:10 PM.

Board Member Gattis motioned to approve the monthly invoices for a total of \$65,032.79. The motion was seconded by Secretary/Treasurer Wortham and passed unanimously.

5. Receive Monthly Financial Information

Mr. Chapman reviewed the financial information with the Board. the groundwater production fees of \$171,114.81 have been billed through the cycle ending June 30, 2013. 32 entities have not recorded their June 2013 readings yet. The software line item is over budget, which is due to the use of the fund balance from 2012.

At this time, President Henderson moved out of posted order to Item 7 to accommodate the auditors running behind.

7. Consider and act upon 2014 budget and establish production fees

The Board has suggested each year for the staff to develop a budget for the next year during the summer in order to provide the rates and budget to the public water suppliers who use this budget to develop their own. Mr. Chapman reviewed the proposed budget, which includes estimated income of \$250,000. The budget does not include any dramatic increases in costs. The field services line item is increased to account for additional time spent by the field technician visiting wells. The other line items are very similar to the 2013 budget. The web maintenance and accounting costs have been increased. The accounting staff is being required to spend extra time on billing due to well owners not responding with meter readings in a timely fashion. The staff is not recommending an increase of the production rate. The \$0.06 per 1,000 gallons should be sufficient to fund the District.

Vice President Olson confirmed that the District is not required to carry a fund balance. Mrs. Atkins agreed that the fund balance was not required, but is useful if an unexpected expense occurs. The staff agreed that the current rate would generate a fund balance, but would be hesitant to consider lowering the fee until some historical data is available.

Mr. Purcell addressed the Board and asked if the invoices would show how many days delinquent. However, this is the first billing cycle so that information is not available.

Vice President Olson motioned to adopt the 2014 budget. The motion was seconded by Board Member Patterson and passed unanimously.

Vice President Olson motioned to adopt the \$0.06 per 1,000 gallons production fee for non-exempt production and \$0 for agricultural use. The motion was seconded by Secretary/Treasurer Wortham and passed unanimously

At this time President Henderson moved back to posed agenda order with Item 6.

6. Consider and act upon 2012 audit

Mr. Perry reviewed the audit with the Board. He stated that the audit received a Clean Opinion and had no findings. The District ended 2012 with a fund balance of \$118,000. He explained the District's position financially at the end of 2012.

Mr. Chapman requested Mr. Perry provide explanation of the Capital Asset Policy that was requested by his firm and is on the agenda for the Board to consider. Mr. Perry explained that the policy would outline what would be included on the audit to capitalize the asset over a period of years. The policy should be in place in the event that the District does purchase items over a certain amount.

Board Member Morrison motioned to approve the 2012 audit as presented. The motion was seconded by Board Member Gattis and passed unanimously.

8. Consider and act upon Policy concerning Capital Asset Management

As explained previously by Mr. Perry, the policy would provide a guide for the audit on which purchases are capitalized.

Vice President Olson motioned to approve a Policy concerning Capital Asset Management as presented. The motion was seconded by Board Member Gattis and passed unanimously.

9. Consider and act upon establishing a Public Information Act Policy and Procedure

Mrs. Bennett explained that occurrences have happened where citizens have requested information to be provided on wells near them. Legal counsel drafted a policy and revised the form to follow the State Public Information Act policy. Mr. Chapman explained that the North Texas GCD recently experienced a situation where the policy became necessary. A consultant requested access to a database that contained a large volume of private information. The staff contacted the attorney to seek authority to release the information.

Mr. Stewart asked if well information would be directed to the State to provide and the Board disagreed and specified that if the District is in possession of information they are required to provide them upon request. Board Member Morrison asked about the procedures being considered by the District. The Board discussed this and clarified that the State mandates the amount of time available to respond to a request.

Vice President Olson motioned to establish a Public Information Act Policy and Procedure. The motion was seconded by Board Member Patterson and passed unanimously.

10. Receive Management Plan Quarterly Report Regarding Assessment of Drought in District

Mr. Chapman directed the Board's attention to the attachments in the agenda packet. The State Climatologist's opinion has expressed that the current weather patterns will exist through the next year, which will not provide relief from the drought. The drought has not dissipated and is expected to persist. There are approximately 288 utility systems in Texas in the emergency category of less than 180 days of water supply. Fortunately, the North Texas area does not have any utilities in that dire of a circumstance.

11. Establish committee to provide recommendations for election of officers for 2013-2015 and a representative for Groundwater Management Area 8

Mr. Chapman explained that the Board is governed by the enabling legislation designed by Representative Phillips and Senator Estes. He introduced Ms. McCoy with Senator Estes' office. Four of the positions on the Board are up for either replacement or re-election. Board Member Gattis has been re-appointed by the City of Sherman. Secretary/Treasurer Wortham has received nearly enough votes to be re-appointed, but still needs two votes. In Fannin County, two terms are ending and both members have expressed their intent to not serve another term. Two nominees have been provided for the Fannin county municipal representative. Two votes have been received by each of the nominees. Two cities have placed this matter on their agendas. The non-municipal retail water supplier position has received no nominees.

Board Member Gattis asked if the Board could elect officers. The Board discussed this, but since two of the current Board members are exiting, the Board agreed a committee should be formed. Mr. Chapman explained that the staff has been working with Board Member Latham to try to find a nominee to serve. The Fannin County Commissioners Court has the final say on the appointment to the Board.

Mr. Chapman asked if the two exiting members would agree to serve for one more meeting to provide additional time to find a replacement Board member. Both agreed to serve at the next meeting.

Board Members Patterson, Latham and Olson agreed to form a committee to select officers and a representative for Groundwater Management Area (GMA 8).

Mr. Chapman explained that GMA 8 has not met since February 2012. However, since the groundwater availability model is nearing completion, GMA 8 will need to begin meeting soon. GMA 8 is going to have a large task of developing desired future conditions for the aquifers before 2017. There have already been disagreements among the groundwater districts in GMA 8. The representative will need to be able to be active and involved.

12. Consider and act upon enforcement actions on non-compliant well owners

The staff operates under a set of Temporary Rules that were amended on December 12, 2012. They are not perfect, but are what the District operates under. The staff has some suggestions to amend the Rules to refine the Rules. Mr. Chapman stated that the staff understood their role to enforce the rules uniformly among the well owners.

A number of well owners have not been fully responsive to efforts to obtain compliance by registering and metering their well and reporting usage. The staff needs direction on the four golf courses that have not registered or started reporting usage.

Vice President Olson asked if not registering was due to be filed as a penalty and sent to the attorney for follow up. The Board agreed that they had designed a policy to send the non-compliant well owners to the attorney for follow up and a warning to comply or receive a violation.

Mr. Chapman agreed that the staff has run out of options and wanted to alert the Board that the situation was occurring and that the staff felt the attorney needed to be consulted. Mr. Chapman explained the staff tries to not be heavy-handed. Vice President Olson clarified that the Board wants the staff to provide a limited amount of time after which a penalty will be assessed and the penalty to actually be assessed. The Rules do not specify how many times the staff needs to notify the well owner or how many days out of compliance they should be before a penalty is charged. Vice President Olson explained that the staff should be fair, but less lenient. Mr. Chapman agreed to contact the attorney and have them contact the non-compliant well owners.

Board Member Morrison asked if an additional production fee could be added to well owners that report late. Mrs. Atkins is doing her best to keep up with the well readings and billings. The accounting system can only generate invoices when meter readings are received. If no meter readings are received, the accounting system considers the well to not be in service and no bill is generated.

The District has issued two invoices – one in March 2013 and one in June 2013. The Rules do not have a penalty for failure to submit meter readings. The penalties are for late payment, but a payment or a late fee cannot be calculated without meter readings being submitted. The Board discussed adding this feature to the Temporary Rules.

If meter readings are submitted late, the billings will have to be specially created for the non-compliant well owners. The staff sent a reminder by both mail and email and still did not receive meter readings from 32 cities and special utility districts.

Vice President Olson asked what would make the job easier for the staff. Mr. Chapman stated that revising the Rules to provide a penalty for late submission of the meter readings would possibly be the best method. This would enable the staff to penalize those who must have special billings created and encourage compliance. Vice President Olson then requested the staff research the situation and develop recommendations to help solve the problem.

13. General Manager's Report

Some of the wells listed on the well registration summary came from Mrs. Bennett comparing the District's database with the State's database and finding wells that were required to be registered. This was again to be fair and require all well drillers to follow the same set of rules.

The Texas Groundwater Summit is being held at the end of the month and Mr. Chapman will be attending. The Texas Water Development Board (TWDB) will have new commissioners appointed this afternoon. The commissioners will be full-time employees and a new Executive Administrator will be appointed.

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

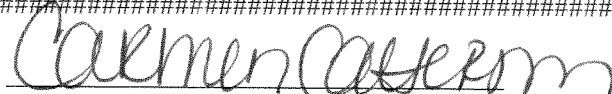
With regards to Mr. Chapman's pending retirement, the Greater Texoma Utility Authority Board of Directors will meet on August 19th and the Screening Committee will meet to discuss additional candidates for Mr. Chapman's position. The next meeting will be scheduled on Thursday, September 19, 2013 at 2:00 PM.

Mr. Stewart asked if the Board took action to require agricultural wells to be metered. The Board explained that several other groundwater districts require agricultural wells to be metered. The Board is required to establish desired future conditions and without information about how much water is coming out of the aquifer, the desired future conditions will not be accurate. Mr. Stewart asked if the Board decided that too much water was being pumped would they shut off the water. President Henderson explained that the Board is only wanting a report on the amount of water being removed from the aquifer and hopes to never be required to limit the amount of groundwater being pumped to grow crops. Board Member Patterson explained that having production information provides the District proof on why a certain amount of water is necessary for the District to be allotted by the GMA 8 and the State. Mr. Chapman provided a brief history on the creation of the District. Mr. Stewart expressed dissatisfaction with the amount of power afforded to the Board. The Board explained their matter of appointment.

15. Adjourn

Board Member Morrison motioned to adjourn, seconded by Board Member Patterson and passed unanimously. The Board adjourned at approximately 4:20 PM.

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Recording Secretary


Secretary-Treasurer