

**NORTH TEXAS
GROUNDWATER
CONSERVATION
DISTRICT**

BOARD MEETING

**CITY OF GAINESVILLE
CITY COUNCIL CHAMBERS
200 SOUTH RUSK
GAINESVILLE, TX 76240**

**TUESDAY
SEPTEMBER 9, 2014
9:30 AM**

NOTICE OF PUBLIC MEETING

OF THE
BOARD OF DIRECTORS of the

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
at the

**City of Gainesville
City Council Chambers
200 South Rusk
Gainesville TX 76240
Tuesday, September 9, 2014 at 9:30 a.m.**

Board Meeting

The regular Board Meeting will begin at 9:30 a.m.

Notice is hereby given that the Board of Directors of the North Texas Groundwater Conservation District ("District") may discuss, consider, and take all necessary action, including expenditure of funds, regarding each of the agenda items below:

Agenda:

1. Pledge of Allegiance and Invocation.
2. Call to order, establish quorum; declare meeting open to the public.
3. Public comment.
4. Approval of minutes from the August 12, 2014, board meeting.
5. Consider and act upon approval of invoices and reimbursements.
6. Receive reports from the following Committees*:
 - a. Budget and Finance Committee
 - 1) Receive Monthly Financial Information
 - 2) Consider and act upon amended budget for FY 2014
 - 3) Consider and act upon budget for FY 2015
 - b. Investment Committee
 - c. Rules and Bylaws Committee
 - d. Groundwater Monitoring and Database Committee
 - e. Policy and Personnel Committee
 - f. Conservation and Public Awareness Committee
 - g. Management Plan Committee
7. Update and possible action on the Northern Trinity/Woodbine Aquifer GAM Overhaul Project and the development of proposed Desired Future Conditions (DFCs).
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.

9. Board Member Resignation – Collin County
10. Consider and act upon compliance and enforcement activities for violations of District
11. General Manager’s Report: The General Manager will update the board on operational, educational and other activities of the District.
12. Open forum / discussion of new business for future meeting agendas.
13. Adjourn public meeting.

* Reports from District standing committees will include a briefing by each committee for the Board on the activities of the committee, if any, since the last regular Board meeting.

The above agenda schedules represent an estimate of the order for the indicated items and is subject to change at any time.

These public meetings are available to all persons regardless of disability. If you require special assistance to attend the meeting, please call (855) 426-4433 at least 24 hours in advance of the meeting to coordinate any special physical access arrangements.

At any time during the meeting or work session and in compliance with the Texas Open Meetings Act, Chapter 551, Government Code, Vernon’s Texas Codes, Annotated, the North Texas Groundwater Conservation District Board may meet in executive session on any of the above agenda items or other lawful items for consultation concerning attorney-client matters (§551.071); deliberation regarding real property (§551.072); deliberation regarding prospective gifts (§551.073); personnel matters (§551.074); and deliberation regarding security devices (§551.076). Any subject discussed in executive session may be subject to action during an open meeting.

ATTACHMENT 4

**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

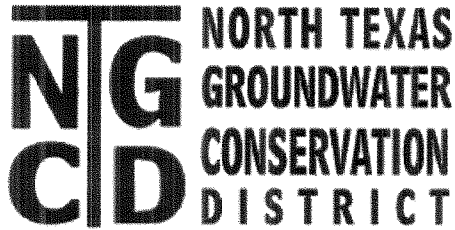
The public meeting adjourned at 10:59 AM.

#####

Recording Secretary

Secretary-Treasurer

ATTACHMENT 6 A-2



AGENDA COMMUNICATION

DATE: September 3, 2014

SUBJECT: AGENDA ITEM NO. 6A-2

CONSIDER AND ACT UPON AMENDING 2014 BUDGET

ISSUE

Consider and act upon amendments to the 2014 budget

BACKGROUND

At the April 2014 meeting, the Board of Directors approved a budget amendment to account for consultant contracts with Mullican and Associates, Inform Environmental, and LBG Guyton and Associates. Also included in this amendment were funds to purchase equipment for well monitoring and flow metering.

At the August 2014 meeting, the Board of Directors requested that the staff bring a budget amendment to the next board meeting as opposed to waiting until the end of the fiscal year. Attached is the proposed budget amendment prepared by staff. The major adjustments included in the proposed budget amendment are 1) additional funds for audit services due to the District not receiving an invoice for the 2012 audit until 2014, 2) an increase in the legal line item, and 3) an increase in the loan reimbursement to the three counties approved at the May 2014 Board Meeting.

OPTIONS/ALTERNATIVES

The Board can decide to amend the budget for any of the above items as they see fit, or the Board can wait until the end of the year to modify the budget for adjustments of expenditures that occurred during the course of the year.

CONSIDERATIONS

The additional payment to the counties was approved by the Board of Directors at the May 2014 Board Meeting.

STAFF RECOMMENDATIONS

The staff recommends the Board approve the proposed amended budget.

ATTACHMENTS

Draft amended budget

PREPARED AND SUBMITTED BY:

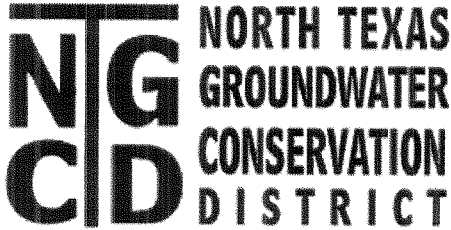
Drew Satterwhite, P.E. General Manager

**NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
BUDGET 2014**

	Approved Amended Budget 2014	July Totals	Projected Totals	Amended (2) Budget 2014
Ordinary Income/Expense				
Income				
46003 GMA8	48,000	4,882		48,000
*46005 PRODUCTION FEES	600,000	287,918	493,574	600,000
46006 WELL REG FEES	2,500	10,000		2,500
46002 - COUNTY LOAN	-			
Total Income	<u>650,500</u>	<u>302,800</u>		<u>650,500</u>
Expense				
77010 ADMINISTRATIVE	110,000	74,590	110,000	110,000
77020 ADS-LEGAL	1,000	415	711	1,000
77025 ACCOUNTING	20,000	11,358	19,470	20,000
77027 AUDITING	5,000	9,975	9,975	(1) 9,975
77100 CONSULTING UPDATE	140,000	134,362	230,335	140,000
77150 CONSULTING-HYDROGEO	18,960	8,813	18,960	18,960
77150 CONTRACT FIELD PERSON	55,000	21,784	37,343	55,000
77325 DIRECT COSTS-REIMB	4,500	2,088	3,579	(2) 4,000
77450 DUES & SUBSCRIPTION	1,000	333	570	1,000
77500 FEES-GMA8	53,718	13,011	54,204	53,718
77650 FUEL/MAINTENANCE	4,000	1,032	1,769	(3) 3,000
77810 INSURANCE & BONDING	5,000	1,739	2,981	5,000
77970 LEGAL	15,000	35,516	60,885	(4) 50,000
78000 LOAN REIMB	150,000	330,000	330,000	(5) 330,000
78010 MEETINGS & CONFERENCES	1,500	1,052	1,804	1,500
78310 RENT	2,400	1,400	2,400	2,400
78600 SOFTWARE MAINT	7,800	5,813	8,313	7,800
78610 TELEPHONE	2,000	1,099	1,884	2,000
78775 WATER QUALITY ISSUES	32,058	32,285	32,285	32,058
78780 WELL MONITORING/TESTING	11,500	7,160	11,500	11,500
Total Expense	<u>640,436</u>	<u>693,823</u>	<u>938,969</u>	<u>858,911</u>
Net to Fund Balance	<u>10,064</u>			<u>(208,411)</u>

- (1) Two Years Audit Fees
- (2) Reduces Direct Cost
- (3) Reduces Fuel/Maint
- (4) Increase Legal
- (5) Increase Loan Reimbursement

ATTACHMENT 6A-3



AGENDA COMMUNICATION

DATE: September 3, 2014

SUBJECT: AGENDA ITEM NO. 6A-3

CONSIDER AND ACT UPON 2015 OPERATING BUDGET

ISSUE

2015 operating budget

BACKGROUND

In the past four years, the Board of Directors of the North Texas Groundwater Conservation District (District) has established the practice of trying to adopt a budget and rate schedule as early as possible. The District's fiscal year is based on a calendar year from January 1st through December 31st, while many of the well owners who must pay production fees have fiscal years that begin October 1st through September 30th. For this reason, the Board has attempted to provide information on production fees required to operate the District as early as possible in the budget planning process.

A draft 2015 North Texas GCD Statement of Proposed Expenses was presented to the budget committee in early August and September. The attached draft budget addresses all comments received by the budget committee.

At the August meeting, the Board adopted a production fee of \$0.10 per 1,000 gallons for non-exempt usage and \$1 per acre-foot for agricultural usage. At this meeting, the budget was tabled due to questions regarding the production fee revenues. The Board requested staff to provide a summary of the well production fees so that the board could more accurately project the revenues for 2015. Attached is a summary of the well production fees for 2012 through 2014. To summarize the attachment, staff could not identify a consistent pattern of production with the small sample size that is available. The proposed budget has been adjusted, per the budget committee, to show the production fees conservatively set at \$615,000.

OPTIONS/ALTERNATIVES

The Board has the option to review this information and not taking action until October due to the fact that the fee schedule has already been adopted for 2015. However, given that the overall proposed budgeted expenditures would be less than the 2014 budget after it is amended and revenues have continued to exceed expenditures, the board may feel comfortable adopting the budget as presented.

CONSIDERATIONS

The Board should feel an additional level of confidence in the District's financial position due to the fund balance of \$1,256,848 as of December 31, 2013. This fund balance is sufficient to provide a source of funding should production fees drastically decrease for any reason.

STAFF RECOMMENDATIONS

After discussing this matter with the Budget Committee, we believe the attached budget reflects a conservative estimate of revenues and expenses for the coming year and can be adopted by the board with confidence that the financial projections can be achieved.

ATTACHMENTS

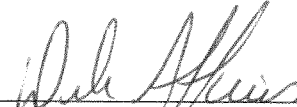
2015 Draft Operating Budget
Income Comparison 2012-2014

PREPARED AND SUBMITTED BY:



Drew Satterwhite, P.E., General Manager

PREPARED AND SUBMITTED BY:



Debi Atkins, Finance Officer

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
BUDGET 2015

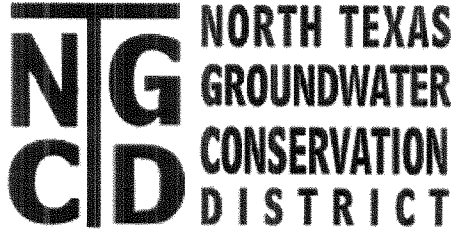
	Actual 2012	Actual 2013	Adjusted Budget 2014	Proposed 2015
Ordinary Income/Expense				
Income				
46003 GMA8	7,497	625	48,000	64,575
*46005 PRODUCTION FEES	816,378	928,254	600,000	615,000
46006 WELL REG FEES		23,736	2,500	5,000
46002 - COUNTY LOAN	-		-	
Total Income	<u>823,875</u>	<u>952,614</u>	<u>650,500</u>	<u>684,575</u>
Expense				
77010 ADMINISTRATIVE	98,579	113,385	110,000	120,000
77030 ADS-LEGAL	626	420	1,000	1,000
77025 ACCOUNTING	10,624	21,720	20,000	20,000
77027 AUDITING	4,975		5,000	5,200
77050 BANKING FEES	270		-	
77100 CONSULTING UPDATE	134,298	214,085	140,000	0
77150 CONSULTING-HYDROGEO			18,960	30,000
77175 CONSULTING-MODEL RUNS				20,000
77550 CONTRACT FIELD PERSON	72,487	43,601	55,000	70,000
77325 DIRECT COSTS-REIMB	3,322	3,910	4,500	4,000
77450 DUES & SUBSCRIPTION	458	1,250	1,000	1,000
77480 EQUIPMENT	4,040	1,082		2,500
77560 FEES-GMA8	3,615	2,429	53,718	73,800
77650 FUEL/MAINTENANCE	1,548	1,610	4,000	3,000
77810 INSURANCE & BONDING	4,587	4,909	5,000	5,000
77970 LEGAL	46,406	20,576	15,000	50,000
77980 LEGAL-LEGISLATION		9,979		10,000
78000 LOAN REIMB		45,000	150,000	225,000
78010 MEETINGS & CONFERENCES	878	1,295	1,500	2,000
78310 RENT		2,400	2,400	2,400
78600 SOFTWARE MAINT	2,885	9,373	7,800	7,500
78610 TELEPHONE	1,905	2,173	2,000	2,000
78775 WATER QUALITY ISSUES			32,058	
78780 WELL MONITORING/TESTING			11,500	
Total Expense	<u>391,503</u>	<u>499,197</u>	<u>640,436</u>	<u>654,400</u>
Net to Fund Balance	<u>432,372</u>	<u>453,418</u>	<u>10,064</u>	<u>30,175</u>

North Texas Groundwater Conservation District
Well Production Fees Summary

	2012	2013	2014
1st Q	N/A	125,770.41	82,820.52
2nd Q	257,960.08	308,994.00	205,097.81
Q1&Q2	<u>257,960.08</u>	<u>434,764.41</u>	<u>287,918.33</u> *
3rd Q	N/A	336,270.81	N/A
4th Q	558,417.72	157,218.43	N/A
Q3&Q4	<u>558,417.72</u>	<u>493,489.24</u>	N/A
Yearly Total	816,377.80	928,253.65	

*2014 Revenues for Q1 & Q2 were down 34% from 2013. If Q3 & Q4 are down 34%, the 2014 total revenue will be approximately \$615,000

ATTACHMENT 9



AGENDA COMMUNICATION

DATE: September 3, 2014

SUBJECT: AGENDA ITEM NO. 9

BOARD MEMBER RESIGNATION – COLLIN COUNTY

ISSUE

To inform the North Texas Groundwater Conservation District of Mr. Dan Collins', Collin County Director, resignation.

BACKGROUND

In August of 2014, Mr. Dan Collins and Drew Satterwhite met with Judge Self to inform him of Mr. Collins' upcoming resignation. Mr. Collins' will be moving out of Collin County and has notified the District of his intent to resign from the Board of Directors.

The District bylaws state that if a director vacancy occurs, the current Director shall continue to serve until a new director has been qualified and appointed.

CONSIDERATIONS

District staff has discussed the process with Mr. Collins and he has agreed to continue to serve until the Collin County Commissioners Court is able to appoint a new director.

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

ATTACHMENT 11

North Texas Groundwater Conservation District

Well Registration Summary As of August 31, 2014

County	Exempt Wells	Non-Exempt Wells	Total Registered Wells
Collin County	81	86	167
Cooke County	224	107	331
Denton County	396	349	745
Total	701	542	1243

Monthly Summary August 2014

County	New Exempt Well Registrations	New Non-Exempt Well Registrations	Existing Exempt Well Registrations	Existing Non-Exempt Well Registrations	Exempt Wells Completed	Non-Exempt Wells Completed	Wells Plugged
Collin County	1	2	0	0	0	0	2
Cooke County	3	0	1	0	6	0	0
Denton County	13	2	2	0	10	0	1
Total	17	4	3	0	16	0	3

ADJOURN