

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

TUESDAY, MARCH 11, 2014

**CITY OF KRUM
CITY COUNCIL CHAMBERS
146 W. MCCART ST
KRUM, TX 76249**

Members Present: Thomas Smith, Ronny Young, Eddy Daniel, Evan Groeschel, Kenny Klement, Ron Sellman

Members Absent: Philip Sanders, Chris Boyd, Dan Collins

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

Visitors: Kristen Fancher, Sledge Fancher, PLLC
C. Kent Adams, The Hills of Lone Star
Dale Chepulis, Double D Drilling
Bob Fazen, property owner
Andrew Figueroa, Town of Little Elm
Axel Haubold, Bedrock Ranch
May Haubold, Bedrock Ranch
Zac Hildenbrand, Inform Environmental
Penny Jordan, property owner
Keith King, The Weekly News of Cooke County
Jerry Morgan, Oak Bend HOA Water Supply Corporation
David Patterson, Patterson Professional Services
Chris Rakoci, property owner
Martin Rakoci, property owner
Matt Van Hattan, Collier Consulting
Neal Welch, City of Sanger

1. Pledge of Allegiance and Invocation

Board Member Daniel led the Pledge of Allegiance and the invocation.

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

President Smith called the public meeting to order at 9:37 AM. All Board members were present except Board Members Sanders, Boyd, and Collins

3. Approval of Minutes from the January 14, 2014, public hearing and board meeting

Secretary/Treasurer Young motioned to approve the Minutes from the January 14, 2014 board meeting. The motion was seconded by Board Member Sellman and passed unanimously with Board Members Boyd, Collins and Sanders absent.

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

Mr. Satterwhite reviewed the invoices with the Board.

Board Member Daniel motioned to approve the invoices as presented for a total cost of \$46,024.45. The motion was seconded by Board Member Groeschel and passed unanimously with Board Members Sanders, Boyd, and Collins absent.

5. a. Budget and Finance Committee

1) Receive Monthly Financial Information

Mr. Satterwhite reviewed the financial information with the Board.

2) Consider and act upon confirming execution of engagement letter for audit services for fiscal year ending December 31, 2013

The audit proposals were on the February agenda for consideration. However, the meeting was cancelled due to inclement weather. President Smith appointed a committee to review the proposals and select one to be confirmed by the Board. The committee selected Hankins, Easup, Deaton, Tonn & Seay to perform auditing services for 2013 fiscal year.

Secretary/Treasurer Young motioned to select the Hankins, Easup, Deaton, Tonn & Seay Firm to perform 2013 auditing services. The motion was seconded by Board Member Sellman and passed unanimously with Board Members Sanders, Boyd, and Collins absent.

b. Investment Committee

No report received

c. Rules and Bylaws Committee

No report received

d. Groundwater Monitoring and Database Committee

No report received

e. Policy and Personnel Committee

No report received

f. Conservation and Public Awareness Committee

Board Member Klement reported that he had received a question from a citizen as to why yards were irrigated with sprinklers instead of soaker hoses. Board Member Groeschel explained that The Colony uses drip irrigation systems and many of their citizens do as well. Drip irrigation systems result in less water loss to evaporation than traditional sprinkler systems. President Smith explained that the Conservation Committee could review the different types of sprinklers to provide recommendations to property owners.

g. Management Plan Committee

1) Receive quarterly report

Mr. Satterwhite provided the quarterly report. 31 well inspections were performed in 2013.

2) Receive annual report

Mrs. Bennett presented the annual report to the Board. She explained that the staff worked in 2013 to review the Texas Department of Licensing and Regulation (TDLR) submitted driller reports and compared them with the District's registered wells. Many wells were found that needed to be registered. The well drillers were educated on registration requirements and are now coming into compliance.

Board Member Sellman motioned to accept the 2013 annual report as presented. The motion was seconded by Board Member Daniel and passed unanimously with Board Members Sanders, Boyd, and Collins absent.

6. Consider and act upon proposal from Dr. Zac Hildenbrand for the UT-Arlington Barnett Shale study

This was discussed at the January Board meeting with information provided by Dr. Zac Hildenbrand. Dr. Hildenbrand provided a proposal to the Board. Board Member Groeschel asked about the funding process. Dr. Hildenbrand explained that the funding would be provided to Dr. Hildenbrand and then he would provide the appropriate share of funds to UT Arlington. This allows more data to be collected. The timeline includes a full report by September 1st. Updates can be provided to the Board as often as necessary with an expected update within 2-3 months.

The current project is only in the Barnett Shale formation, but they are working to expand into two other shale formations in Texas and eventually across the United States. Mrs. Fancher clarified that the proposal is the same as the one approved by groundwater districts across the State. She confirmed that from a legal perspective, the District would be protected.

Board Member Daniel clarified that the research is scientific and unbiased. Secretary/Treasurer Young explained that he felt this was in line with the District's goals and requirements.

Secretary/Treasurer Young motioned to approve the proposal for well testing with Dr. Hildenbrand. The motion was seconded by Board Member Groeschel and passed unanimously with Board Members Sanders, Boyd, and Collins absent.

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

Board Member Daniel explained that Groundwater Management Area 8 (GMA 8) met on January 21st and discussed the Desired Future Condition (DFC) challenge, which is not optional. The deadline for DFC development is May 1, 2016. GMA 8 discussed how the process would work, the need for at least quarterly meetings. The Groundwater Availability Model (GAM) update is on time and on budget. The consultants will run one model based on the existing DFCs and then one based on desired situations. The Texas Water Development Board (TWDB) is still on board and is fully supportive. The updated model will help the District with future goals and to make better educated decisions.

GMA 8 is composed of 12 groundwater districts. North Texas GCD is only one of the 12. The aquifer levels are dropping because the aquifer is being overdrawn. The population is growing and everyone wants more water and there is a limited resource.

The Board discussed legislative efforts to regulate brackish water. Brian Sledge with the Sledge Fancher, PLLC firm is working to educate legislators on the complexity of hydrogeologic formations. President Smith discussed the availability of brackish water and the success experienced recently in desalinating brackish water for drinking water.

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

GMA 8 is in the process of working to develop DFCs. The updated GAM will be finished in August. Then, the model will be used to develop DFCs for each groundwater district. After that, negotiations will be needed to determine the amount of water that can be removed from the aquifer. The Board entered into a contract with LBG Guyton for interpretation of the GAM. The Board previously discussed entering into a contract on behalf of GMA 8 with Bill Mullican for him to manage the DFC process. Five or six groundwater districts in GMA 8 have agreed to participate in the funding of the contract. The North Texas GCD is the administrative district for GMA 8.

Board Member Daniel motioned for formal approval of the Mullican contract to manage the DFC process. The motion was seconded by Board Member Klement. The motion was passed unanimously with Board Members Boyd, Collins and Sanders absent.

Mrs. Fancher expressed that GMA 8 is the most organized GMA across the state. She expressed appreciation for the way the North Texas GCD operates the meetings.

Pursuant to Government Code Section 551.071, the Board adjourned into closed Executive Session at 10:22 AM to discuss the following:

Consultation with Attorney

The Board reconvened into regular session at 11:06 AM. President Smith stated no action was taken on items discussed during the Executive Session.

President Smith explained that Items 9, 10 and 11 will be moved to after Item 14 in order to receive public comment before action is taken.

12. General Counsel's Report

- a. Update and possible action on the status of groundwater-related case law, including Texas Supreme Court review of *Edwards Aquifer Authority v. Bragg* case

Mrs. Fancher explained that the *EAA v Bragg* case stated that the burden is on the public to recoup the cost for those who have the takings claim against a groundwater district. An Amicus Brief will be sent to the Texas Water Conservation Association (TWCA) to request they see this case. She recommended that the District consider

Secretary/Treasurer Young motioned to support the Amicus Brief in the amount not to exceed \$12,000. The motion was seconded by Board Member Groeschel and passed unanimously with Board Members Boyd, Collins and Sanders absent.

- b. Update on groundwater legislative activities

Brian Sledge is the Chair of the TWCA committee. The committee is currently reviewing all possible groundwater legislation in 2015. All language in the proposed legislation will need to be blessed by the TWCA committee. The District has the option of participating at a pro rata share to be represented in the committee and the legislation.

- c. Other legal matters

Mrs. Fancher reported that she and Mr. Sledge are currently meeting with LBG Guyton to discuss the GAM and the runs. She also discussed a program that her firm handles to review oil and gas injection well applications. Board Member Daniel explained that the District has utilized that program in the past as recently as 2013.

13. General Manager's Report

President Smith thanked Mr. Chapman for his years of good service and expressed their hope for good fortune in his retirement.

Mr. Satterwhite reported that he had requested permission to apply for agricultural grants. However, upon further review the grant application required a water conservation plan. The grant application will have to wait until after a water conservation plan is adopted.

Mr. Beach with LBG Guyton has requested a workshop to discuss submission of data related to DFCs. Board Member Daniel explained that the discussion will be very technical and will need at least one to two hours. He recommended scheduling a work shop at a separate time from the next Board meeting. The Board requested the staff contact the Board and locate a meeting location, possibly at the City of Krum. Secretary/Treasurer Young recommended hosting it at the Authority offices.

The Board also agreed to host a presentation from the USGS on a water quality monitoring program. A similar item was requested to be developed by Dr. Hildenbrand.

14. Public Comment

Neal Welch with the City of Sanger explained that his City received a letter of violation for his meters. He has explored options to purchase meters with larger registers. He could not find one large enough, but he did learn that they could recalibrate their registers to read in 1000s of gallons. He is anticipating having this completed by the end of March 2014.

Kent Adams, a landowner in Collin County expressed a concern regarding regulation. He has a development where people could move to the country and have some space. Mr. Adams expressed concern that his well is required to be regulated in the Temporary Rules, despite having a very small impact on the aquifer. He stated that the District does not have to regulate wells based on capacity. He stated there are thousands of wells in the same situation as his well. He recommended the District to change the way they determine exempt and non-exempt wells. Mr. Adams stated that he felt the current methods of regulating wells is unfair to “rural dwellers”.

Jerry Morgan with the Oak Bend Homeowners Association expressed that he did not like paying more fees for water they are already pumping. However, he wanted to see where the funds are being utilized. He expressed appreciation that the District’s activities are visible and available to the public. Mr. Morgan stated he has two wells, one of which will not pump during the summer due to aquifer drawdown and would like to not have to drill another well. Mr. Morgan expressed that he felt the District was working to investigate water quality and water wells and hoped that the District would reduce fees after the initial studies are completed.

Bob Fazen, a Cooke County resident, thanked the Board for their activities and for accepting Dr. Hildenbrand’s proposal.

Dale Chepulis with Double D Drilling, a water well drilling company out of Denton County commented on the fact that the Rules are well defined, but he expressed concern about

personal interpretation. Rule 2.1(a)1 regarding exemption and domestic use should be upheld as it is written.

9. Consider and act upon request to waive registration fees

Secretary/Treasurer Young motioned to enforce the rules as they stand. The motion was seconded by Board Member Klement and passed unanimously with Board Members Boyd, Collins and Sanders absent.

10. Consider and act upon request for clarification of Temporary Rules regarding domestic use exemption

President Smith requested the Rules and Bylaws committee further review this item and provide direction at the next meeting. The Board agreed unanimously.

11. Consider and act upon compliance and enforcement activities for violations of District Rules

Board Member Daniel motioned that the Rules have clear compliance and enforcement sections and for those who violate the rules, the District proceeds with compliance and enforcement. The motion was seconded by Secretary/Treasurer Young and passed unanimously with Board Members Sanders, Boyd, and Collins absent.

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

Future agenda items should include repayment to the counties, update on the development of DFCs, and further definition of domestic use exemption.

16. Adjourn public meeting

The public meeting adjourned at 11:48 AM.

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Recording Secretary



Secretary-Treasurer