

Clearwater Underground Water Conservation District Meeting
700 Kennedy Court
Belton, TX
Wednesday, October 12, 2016
Minutes

The Clearwater Underground Water Conservation District (CUWCD) held a board meeting on Wednesday, October 12, 2016 at 1:30 p.m. at the Clearwater UWCD Building, located at 700 Kennedy Court, Belton, Texas.

Board Members Present:

Leland Gersbach, President
Wallace Biskup, Vice President
Judy Parker, Secretary
David Cole, Director
Gary Young, Director

Public Advisory Committee:

Henry Bunke

Staff:

Dirk Aaron
Shelly Chapman

Guests:

Lou Fleischhauer – Collier Consulting, Inc.
Liz Ferry – TGI
Ronald Ham – N1 permit applicant

Workshop convened with President, Leland Gersbach, at 1:31 pm, October 12, 2016

Workshop Item #1: Discuss the ongoing DFC process for GMA8

Dirk Aaron and Judy Parker reported to the board that the DFCs have been accepted by the members of GMA8. They made an adjustment on behalf of Upper Trinity and they can set their DFC different for their outcrop and down-dip

Dirk Aaron announced to all GAM runs are actually on our website under that announcement, the link is still active where you can download them and all the summary reports of GMA 8 are available.

Workshop Item #2: Receive update on the progress with the on-site storage building.

Dirk Aaron encouraged the Board members go view the building. The building permit application was sent on the 24th of July. He received the first request for clarification on the 16th of August. He got the final permit approval was on 13th of September, the foundation pad was completed that day. Every step of the way, Rex has to come, the green stickers are in the window. When he has reviewed it, they can go onto the next step. Rex is the city inspector. The framing is done, the roof and siding arrived on the 5th of the month and as you will see, they are almost done. We are about 50% through and while they are starting to lay the brick on the exterior, Larry has to come to look at the electricity, that will be the first view he has. The next one will be at 90% and then again when we get occupancy.

Dirk Aaron answered questions related to the contractor and the city inspectors on plumbing, electrical, materials and drive way curb cutting.

David Cole: Dirk, any comments, or critique from our neighbors?

Dirk Aaron: answered none.

Workshop Item #3: Receive update on the progress of the CTWSC System Split Well in Little River Academy.

Dirk Aaron: Introduced Liz Ferry with (TGI) to provide the update. He commended TGI sending the final pump test plans, they are very informative.

Liz Ferry explained that the Pump test is started that morning and I told them I would be out there after this meeting. Dr. Joe and Stephanie Wong will be there. She talked to Dr. Joe last night and told them to head on out.

Dirk Aaron thanked TGI for providing this opportunity for Baylor.

Liz Ferry stated she went to Illinois State University for hydro and we had a well field and that is where I learned the most. Just being on site and measuring everything and that's what I told Dr. Joe, make them come out, learn as much as they can with hands on.

Further Discussion on the following occurred: Baylor's use of the pump test for education, Dr. Joe and his experience is appreciated, pump test utilization of existing wells for observation, pump test parameters, initial draw down at the well head, TWDB's support with help at the acres well, no initial impact at the JHM well. **Additional** discussion on the WCID#2 well age and repairs, TDS challenges for public water suppliers, storage, blending, backflow prevention and timeline for receiving the final operating permit application with the hydrogeologic report.

Workshop Item #4: *Receive information on potential scientific studies in FY17.*

Dirk Aaron: The gentleman that was going to present that, said it isn't ready yet. It will be an ASR discussion. Probably the December meeting, but I will put it on the November meeting on the 18th.

Workshop Item #5: *Receive update on issues related to the upcoming legislative session.*

Dirk Aaron reported that each director and attendee have a letter that was sent by Senator Perry to the Texas Water Conservation Association, of which we are a member. Last interim, there were 6 or 7 bills put together by the TWCA groundwater committee (consensus building), there were over 70 members of TWCA on that committee and it was chaired by Brian Sledge, and Hope Wells (general counsel for SAWS). Essentially, when you get a chance I would encourage you to read this.

Judy Parker asked what do they mean by user based rules?

Dirk Aaron: explained that maybe user based rules refer to a district like us that does not permit by correlative rights.

Further discussion on oil and gas principals apply to groundwater, CCN sizes, MAGs, DFCs, regionalization, permitting process lengths, administrative completeness. Fees charged by districts for permitting and export where also discussed. Dirk referenced discussion and questions addressed to invited testimony in Ft Stockton by the HNR subcommittee members at September 20th

David Cole expressed concerns about Senator Perry and his proactive approach; not only talking with stakeholders, but also the Texas Water Conservation Association? He asked does Clearwater have an opportunity to participate in that process? I don't see anything in here that suggests that? We need to balance this thing.

Dirk Aaron: explained that there is a consensus building process that was established by the legislative body, where you bring stakeholders to the room. Many, many years ago they asked "Texas Water Conservation Association" to bring those stakeholders to the room. Both members of their side of the table that includes; consultants, their people, commodity groups, everybody, and so it's been embraced. The Texas Water Conservation Association is very, very cautious. Stacey Steinbach in particular, would never take a position one way or the other. We're members of TAGD, so we're on one side of the table, but there's others. You've (CUWCD) been a member of TWCA because it's not just the rural water association members, it's a blend of all of them,

especially the consultants both on the engineering side and hydrogeological side. So, they put this committee together and we are a member of the committee and we were last time.

David Cole wanted to know if Senator Perry “very pointedly” is telling the (TWCA) association what he expects from them? I sense that its being mandated (kind of a C.Y.A. for him), I don’t understand his motive behind this?

Dirk Aaron explained the role of the committee chairman on the Senate or House side, you represent a larger group of people, your members of the committee in particular. Members of the committee are talking with state wide constituents that this is an issue.

Dirk Aaron: State Auditor’s Office (SAO) put out a report and their (TCEQ) supposed to look at those reports and then engage with those districts to get them in compliance. I will say this on record too, non-performing districts are not the districts that deny permits or say we need more information or say there is disgruntled applicants. Non-operational districts are those that don’t treat everybody the same, are arbitrary in their decisions and which means they’re not basing on everything. Have you ever felt the need in this district to not permit because it’s going to be transported? I’ve been affiliated with you all since the doors opened, the law is explicit, you can’t.

Dirk Aaron explained that Clearwater has meet with, is Hugh Shine and Terry Wilson (the new state representative for parts of Milam, Williamson and Burnet Counties) recently to learn about groundwater management in Central Texas. Sandra Blankenship, a candidate for District 54, has reached out to me. Judy met her and has set up a time for October 17th. Dr. Buckingham reached back and only has one date to be briefed and that is November 29th.

Judy Parker: I’m assuming that is after she gets elected since that is well after the elections?

Dirk Aaron reported that he has also provided the same information to Scott Cospser. Yes, I spent a third of the day with him, but things have changed since then in the legislative processes and consensus building that’s out there and so I will make myself available to him for that as well.

Dirk Aaron report per Judy Parker’s question that Sarah Schlessinger she can be here on the 29th. She is with TAGD, typically we ask them to be in those meetings because they can speak more to the statewide roles.

Further discussion occurred related to, permitting, TCEQ GCD accountability and measurements by both the State Auditor Office and TCEQ.

Workshop adjourned with President, Leland Gersbach, at 2:13 p.m.

Board Meeting convened with President, Leland Gersbach, at 2:22 p.m.

1. *Invocation and Pledge of Allegiance:*

Vice President, Wallace Biskup, gave the invocation.

Secretary, Judy Parker, led the Pledge of Allegiance.

2. *Public comment.*

None.

3. *Approve minutes of the September 14, 2016 Board meeting.*

Director, Gary Young, moved to approve the minutes of the September 14, 2016 Board meeting and Workshop. Secretary, Judy Parker, seconded the motion. **Motion carried 5-0.**

4. *Discuss, consider, and take appropriate action if necessary to accept the Monthly Financial Report for September 2016 (FY16) as presented.*

Secretary, Judy Parker, moved to accept the Monthly Financial Report for September 2016 as presented. Director, David Cole, seconded the motion. **Motion carried 5-0.**

5. *Discuss, consider, and take appropriate action if necessary to accept the monthly Investment Fund account report as presented.*

Director, David Cole, moved to accept the monthly Investment Fund account report as presented. Vice President, Wallace Biskup, seconded the motion. **Motion carried 5-0.**

6. *Discuss, consider, and take appropriate action if necessary to accept the Quarterly Deferred Compensation Employee Retirement Program account report as presented.*

Secretary, Judy Parker, moved to accept the Quarterly Deferred Compensation Employee Retirement Program account report as presented. Director, Gary Young, seconded the motion. **Motion carried 5-0.**

7. *Discuss, consider, and take appropriate action if necessary to approve the FY16 line item budget amendments as needed and/or requested.*

General Manager, Dirk Aaron presented the request for line item budget amendments, thus amending the FY16 budget for the purpose of amending At-Large Director Fee, Computer Consulting, Legal, Edwards Pump Distribution, and Trinity GAM Run. These amendments will be simple transfers of funds between line items.

Staff recommends making the line item budget amendments as requested below:

Transfer Amount	From	To
\$150.00	50415 - Director Fee-pct. 2	50405 - Director Fee-At Large
\$333.40	53310 - Comp. Consulting - Website Mgt.	53305 - Computer Consulting - GIS Support (Half)
\$337.52	53315 - Comp. Consulting - IT Sustainment	53305 - Computer Consulting - GIS Support (Half)
\$2,633.93	53702 - Legal - Endangered Species	53703 - Legal - General (Rules/Accountability)
\$2,706.50	50610 - GMA8 - Administrative	53706 - Legal - GMA/DFC/MAG
\$1,117.49	50610 - GMA8 - Administrative	53110.1 - Edward BFZ Studies - Pump Distribution
\$465.76	50605 - GMA8 - Technical Committee	53105.4 - Trinity Studies - GAM Run

Dirk Aaron informed the Board that the District will not pay these bills until the Board approves the amendments.

President, Leland Gersbach commented that he has not signed the bills before-hand.

At Large Director, David Cole, asked if he needed to recuse himself from this vote?

Dirk Aaron informed him that he is not obligated to recuse himself. He has the privilege of up to \$9,000 if he is representing the District at a specified meeting related to regional planning or groundwater management. Dirk Aaron confirmed that Director Cole did represent the District at a regional planning meeting as an alternate as Dirk Aaron stepped into Secretary Judy Parker's voting position in her absence.

Vice President, Wallace Biskup, moved to approve the line item budget amendments as requested by Staff. Secretary, Judy Parker, seconded the motion. **Motion carried 5-0.**

8. *Discuss, consider, and take appropriate action if necessary to approve/renew by resolution the current administrative fees cap on all University related scientific research studies.*

Dirk Aaron presented the request to approve/renew by resolution the current administrative fees cap on all University related scientific research studies.

This is a standard resolution that the District approved once before when it entered into grant fund opportunities with Baylor University. This particular resolution confirms the District administrative fee cap for aquifer science research contracts established with Universities/Academic based institutions. The resolution references 36.158 of the Texas Water Code where we can actually grant money or receive grants for research and education. The resolution also references 36.201 allowing the District to set maximum amount of administrative fees for contracts the District has and fees the District would charge. Also referenced is 36.101 stating that the District is up and established and has the authority to do so.

Dirk commented that the District is renewing this resolution into a formal one should the District be approached again by Baylor. AgriLife Research will be approaching the District with some advanced work possibly with other entities. If the District doesn't have this resolution in place and they want to enter into research with Texas A&M, their administrative fee is 47%. Baylor's administrative fee is 32%. If the District, as a public entity, has a cap in place established by policy, those entities will still be able to contract with the District and forego the additional administrative fees.

Dirk Aaron recommends the Board set the cap of 15% administrative fee as stated in the resolution.

Director, David Cole, moved to approve the resolution with a 15% cap. Director, Gary Young, seconded the motion. **Motion carried 5-0.**

(Dirk Aaron made a request of the Board President to move to agenda item #10 to accommodate Mr. Ham, permit applicant for the public hearing, and then return to agenda item #9.)

Public Hearing opened with President, Leland Gersbach, at 2:35 p.m.

10. Hold public hearing on the following permit application:

a) Discuss, consider and take appropriate action if necessary on the proposed operating permit of .53 ac-ft./yr., for Ronald Ham, authorizing a drilling/operating permit (well#1: N1-16-006P) completed in the Middle Trinity Aquifer located 5 miles west of the Killeen – Fort Hood Airport at 2738 Boys Ranch Road, Kempner TX. near the Bell-Lampasas County Line.

Leland Gersbach called to order the public hearing on the application described under Agenda Item #10. The application was filed by Ronald Ham for a domestic well on September 1, 2016.

For the record, Leland stated that it is October 12, 2016, at 2:35 p.m., and the hearing is being recorded by audiotape as required by statute and our rules. As the President of the District's Board of Directors, Leland will serve as the Presiding Officer of the hearing. A quorum of the Board of Directors will also officiate and participate in ruling on the application.

Leland gave a summary of the application request and reviewed the procedures that will apply for the hearing and the Board's action on the application. He noted for the record, that the hearing had been properly noticed according to State and District rules. Notice of the hearing was posted at the District Office and at the County Courthouse Annex on Friday September 30, 2016 at 9:57 a.m. The District requires the applicant to attempt to provide notice of the application to landowners and well owners located within ¼ mile as a courtesy only.

Leland informed anyone wishing to participate in the hearing or protest the applications will need to sign up to speak and gave them the opportunity to do so.

As the Presiding Officer, Leland will take evidence and sworn testimony, and rule on any procedural issues. As set forth in Chapter 36 of the Texas Water Code and the District's Rules, the permit application

must meet certain elements to be approved, elements that General Manager, Dirk Aaron, will cover in his review and recommendation.

Leland explained that the permit application has undergone administrative and technical review by District staff, consultants, and legal counsel. The Board will first hear a presentation from District staff, which will include (1) staff's review of the evidence filed by the permit applicant; (2) staff's recommended action on the permit applications; and (3) the Board's questions to the General Manager. Next the Board will hear testimony and receive any evidence from the applicant or applicant's representative Tom Lovelace if he or she wishes to make any comments or a presentation, then, any third parties who have qualified to participate.

Leland inquired if the applicant's representative should be changed to David Cowan instead of Tom Lovelace. Dirk replied that the applicant will testify that he may not use David Cowan as listed on the application. For the record, the applicant has not settled on a final driller at this time.

The Board may ask questions of the General manager, legal counsel, the District's consultants (via telephone), the applicant, and any interested parties. The Board may request that additional evidence be presented by the applicant or interested parties, and the hearing may be continued in order to do so. A final decision on the application is not required today, but may be made upon the close of evidence, or no later than 60 days of the conclusion of this hearing. The final decision will involve the Board taking action on the application by either denying the permit application, granting the permit application as requested, or granting the permit application in part.

Leland acknowledge those participating in the hearing. He commented that he will take appearances from General Manager, Dirk Aaron, and if necessary, Hydrologist, Mike Keester and Legal Counsel, Mike Gershon, would be available by telephone to answer any questions.

Leland asked if it would be necessary to for Mike Keester and/or Mike Gershon to testify. Dirk Aaron replied that it would not be necessary.

Also present, is the applicant, Ronald Ham. Leland inquired if it would be necessary for Mr. Ham to testify. Dirk replied that Mr. Ham has a couple of amendments to present on the application. Dirk commented that he will support Mr. Ham's amendment.

Leland opened the hearing for public comment or protest. There were none

Leland asked all parties speaking on any part of the application to stand and take an oath. Leland administered the oath.

General Manage, Dirk Aaron, made his presentation related to the 12 required elements and stated that all of the criteria had been met. Dirk commented that Mr. Ham had some concerns about the original location of the well. In the testimony and documentation Dirk presented to the board, the original location of the well was within 50 foot set back of the septic system. Dirk verified the septic design layout with the Public Health Department and they concurred. Dirk reached out to the well driller, David Cowan, to inform him of the situation. David informed Dirk that he did not have the capacity to pressure cement the well and will recommend his customer to relocate the proposed well 100 ft. or more from the lateral lines of the septic system. Dirk commented that the relocation of the well will not affect the hydrogeological study of the proposed well. Dirk and Mr. Ham verified the new location of the proposed well. Mr. Ham would still prefer to have a sanitary seal. Mr. Ham will find a different well driller if David Cowan is unable to provide that service.

Dirk recommends the Board approve the N1 application with special provisions that the well driller provide a tremie tube to monitor static water levels and add him to the districts monitor well program.

Leland noted that the parties have had an opportunity to make their cases and inquired if there were any other parties interested in submitting additional evidence? There were none.

Leland closed the evidentiary portion of this hearing and moved forward with any discussion and then a decision on this application.

Secretary, Judy Parker, moved to grant Ronald Ham's application for a combination drilling/operating permit for a new well for .53 acre feet for landscape irrigation use with special provision as indicated, and allow the well location of the proposed well be moved as long as it maintains the appropriate setbacks. Director, David Cole, seconded the motion. **Motion carried 5-0.**

President, Leland Gersbach, closed the Public Hearing at 2:59 p.m.

9. *Discuss, consider, and take appropriate action if necessary to approve the proposed RFP for retro fitting of the District cargo trailer as a mobile classroom.*

Dirk Aaron presented the Board a draft of the letter he will send inviting purveyors to bid on retro fitting the Districts cargo trailer as a mobile classroom. He researched and found 4 different purveyors to send it to. This is a standard letter asking them to bid. The letter states that bids would be due by close of business on December 2nd.

Dirk suggested the President, Leland Gersbach, could appoint a committee to review the bids prior to the December Board meeting. After reviewing the bids, the committee could direct Dirk to reach out to the purveyors and set up a time to meeting with them.

Special conditions related to the bid documents are attached to the draft letter Dirk presented to the Board. Physical inspection of the trailer is scheduled to be done and available to pick up on November 16th. Dirk commented that they tend to run 1-2 weeks behind.

The letter also states that the Board will convene on December 14th to make a final decision on the company they would like to use. Interested vendors might come and make a special presentation at the meeting on the 14th.

Dirk discussed designing and equipping the interior and exterior of the trailer. He addressed 5 specific areas:

1. **Interactive Aquifer Model** and required features.
2. **Well Casing Model** and appropriate labeling and geology.
3. **Interactive Home Water Conservation Center** and required features.
4. **Interior Trailer Wrap** with geology of aquifer system related to Bell County.

Dirk commented that wrap runs anywhere from \$100-\$120 per square foot. He suggested doing the interior wrap after models are installed. This would require less square footage.

5. **Exterior Wrap** with Bell County Texas landmarks, historical references and perspective of cities and Fort Hood, and wrap display on all sides.

Dirk has researched some companies in the area that could possible do the wrap on the exterior. Director, Gary Young, would like to keep local companies involved. Director, David Cole, would like to see the area students get involved in the design of the outer wrap.

Dirk presented some examples of wraps on other GCD trailers.

Director, Gary Young, moved to approve an RFP for task 1-3 in appendix A and to send a separate letter for task 4 and 5 to local vendors for the interior/exterior wraps. Director, David Cole, seconded the motion. **Motion carried 5-0.**

11. General Manager's Report concerning office management and staffing related to District Management Plan.

- Aquifer test with 3 observation wells is taking place today. Corey and the Baylor team are collecting the data at WCID#2 well east of the CTWSC new well in Academy.
- Newsletter is complete. Produced and mailed in-house. Substantial savings doing it in house.
- Attended 4H2O Leadership Academy stakeholders meeting on Sept 19th. CUWCD will participate in this program.
- Will attend the TWCA fall meeting Oct 12-14 in San Antonio.
- Texas Water Symposium on Nov 10th.
- TAGD Leadership training for new GCD Board Members and staff
- TWDB – Water for Texas conference is coming up. Consensus of the Board is that it is really important for the District to be represented at this meeting.
- The District's Annual Water Symposium is Nov 16th at Texas A&M Central Texas. Will send agenda to Board members. Johnny's will be catering again this year. Shelly and Tristin reviewed the location.

12. Receive monthly report and possible consideration and Board action on the following:

- a) Drought Status Report**
- b) Education Outreach Update**
- c) Monitoring Wells**
- d) Rainfall Reports**
- e) Well Registration Update**
- f) Aquifer Status Report & Non-Exempt Monthly Well Production Reports**

(Copies of the Monthly Staff Reports were given to the Board Members to review. No action required. Information items only.)

13. Public Advisory Committee Comments.

Henry Bunke commented that the mobile classroom is going to be phenomenal.

14. Director comments and reports.

Judy Parker: Judy has been invited by Sarah Rountree Schlessinger to sit on a panel with Dirk at the TAGD Leadership Training event at the end of the month.

The District needs to look at the PAC members and revisit their interest in serving on the committee.

PAC member, Henry Bunke, commented that he would like to see the District utilize the PAC members when volunteers are needed for the Mobile Classroom.

Judy would like the District to send out letters to the current PAC members asking if they are still interested in serving on the committee. If they are, and are able to attend meetings, then the District would love to keep them on the PAC. If not, the District needs to look at someone who can be more involved.

Wallace Biskup: None

David Cole: David inquired about the District's new employee.

Dirk explained that Corey would have been at the Board meeting today but TGI is running pump test on CTWSC well today and Corey is out running well testing with the Baylor group. Corey is a great learner. He spent time last week doing static water levels with TWDB. He worked in construction as a job superintendent and is monitoring the construction of the storage building. He will be shadowing Dirk for the next 6-8 weeks.

David thanked Dirk and the staff for doing such a professional job. He commented that whenever he comes by the staff always seems busy and he appreciates the great job the staff is doing.

Gary Young: Gary complimented the newsletter. He has bankers starting to ask him questions. He is taking some of the newsletters to hand them and encourage them to attend the Water Symposium.

Gary commented that new legislation has been handed down to bankers involved in commercial interim construction lending that will impact builders and developers.

Leland suggested getting a PDF of the Water Symposium Agenda to e-mail to the Bankers. Dirk informed the Board that the District will e-mail the newsletter. A "save the date" for the Symposium has already been distributed and staff plans to do another big push soon.

15. Discuss agenda items for the next meeting.


- Close the FY16 Books and submit to Auditor.

16. Set time and place for next meeting.

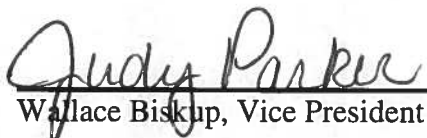
Friday, November 18, 2016, 1:30 p.m. CUWCD, 700 Kennedy Court.

17. Adjourn.

Board meeting adjourned with President, Leland Gersbach, at 4:05 p.m.


Leland Gersbach, President

ATTEST:


Wallace Biskup, Vice President
or
Judy Parker, Secretary