

TEXAS ALLIANCE OF GROUNDWATER DISTRICTS
Regular Business Meeting and Legislative Workgroup Meetings
May 27-29, 2014
SCHEDULE AND AGENDA

Tuesday, May 27, 2014, South Austin Marriott, 4415 South IH 35

Public Funds Investment Act Training: 8:00 am – 2:00 pm

TAGD Quarterly Meeting

- A. Call to Order and Invocation – 2:30 pm
- B. Speaker Sessions:
 - 1. *It's Never Too Late (Even After 65 Years?): The Missing Disclosure in Everyday Real Estate Transactions*, Charles Porter
 - 2. *TWCA Groundwater Committee Update*, Brian Sledge, Sledge Fancher, PLLC and Hope Wells, San Antonio Water System
- C. Roll Call
- D. Announcement of new members
- E. Discussion and possible action on minutes of prior meeting
- F. Discussion and possible action on financial reports and audit
- G. Discussion and possible action on legislative workgroups and initiatives
- H. Report from Texas Groundwater Summit planning committee
- I. Discussion and possible action on upcoming meetings and conferences

Networking Reception (included with registration): 5:00 pm

Wednesday, May 28, 2014, South Austin Marriott, 4415 South IH 35

- J. Call to Order – 8:30 am
- K. Speaker Sessions:
 - 1. *TDLR Program Update*, Adam Foster and Jake Wiley, Texas Department of Licensing and Regulation
 - 2. *Hot Topics in Employment Law*, Sheila Gladstone, Lloyd Gosselink Rochelle & Townsend, P.C.
 - 3. *LULAC v. EAA*, Marc Friberg, Edward's Aquifer Authority
- L. Executive Director's Report
- M. President's Report
- N. Committee Reports, GMA Updates, and Other TAGD Business
- O. Adjournment

Upon Adjournment of TAGD Meeting: Oil and Gas Legislative Workgroup Meeting

Wednesday, May 28, 2014, Offices of Lloyd Gosselink, 816 Congress, Suite 1900

3:00 pm: Well Drilling and Enforcement Legislative Workgroup Meeting

Thursday, May 29, 2014, Carver Branch Public Library, 1161 Angelina Street

- 10:00 am – 12:00 pm: Brackish Groundwater Legislative Workgroup Meeting
- 1:30 pm – 3:30 pm: Permitting Legislative Workgroup Meeting

AGENDA ITEM D

Membership Form

Texas Alliance of Groundwater Districts

Thank you for supporting TAGD. We welcome and encourage your participation! Membership in TAGD runs from October 1 - October 1 each year and is prorated on a quarterly basis for new membership applications. If you have any questions about membership or benefits, please call 1-512-522-8243.

Upon receipt of a completed application form and approval by the Executive Committee, you will receive an invoice for payment.

Member Name

Hance Scarborough, LLP

Primary Contact Information

First Name

Amanda

Last Name

Biediger

E-mail Address

abiediger@hslawmail.com

Add this e-mail to the Google Group(s)?

☒ Yes ☐ NO

Street Address

400 W. 15th Street, Ste. 950

City

Austin

State

TX

Zip Code

78701

Phone Number

512-479-8888

Membership Information

(select the appropriate choice based on your entity type)

GCD Members

- ☐ Annual Budget \$0-\$99,999: \$550.00
- ☐ Annual Budget \$100,000-\$249,999: \$750.00
- ☐ Annual Budget \$250,000-\$499,999: \$1,000.00
- ☐ Annual Budget \$500,000-\$999,999: \$1,250
- ☐ Annual Budget \$1,000,000 and up: \$1,500.00

Associate Members

- ☐ Individual or Sole Proprietorship: \$500.00
- ☐ 501(c)(3) or Educational Institution: \$750.00
- ☒ Small Corporation (budget < \$500,000) or Non-GCD Government Entity: \$1,000.00
- ☐ Medium Corporation (budget \$500,000-\$1,000,000): \$1,250.00
- ☐ Large Corporation (budget > \$1,000,000): \$1,500.00

Membership Form

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Upon receipt of a completed application form and approval by the Executive Committee, you will receive an invoice for payment.

Member Name

Carollo Engineers

Primary Contact Information

First Name

Joshua

Last Name

Grimes

E-mail Address

jgrimes@carollo.com

Add this e-mail to the Google Group(s)?

☒ Yes ☐ NO

Street Address

8911 N Capital of TX Hwy Suite 2200

City

Austin

State

TX

Zip Code

78759

Phone Number

5124535383

Membership Information

(select the appropriate choice based on your entity type)

GCD Members

- ☐ Annual Budget \$0-\$99,999: \$550.00
- ☐ Annual Budget \$100,000-\$249,999: \$750.00
- ☐ Annual Budget \$250,000-\$499,999: \$1,000.00
- ☐ Annual Budget \$500,000-\$999,999: \$1,250
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- ☐ 501(c)(3) or Educational Institution: \$750.00
- ☐ Small Corporation (budget<\$500,000) or Non-GCD Government Entity: \$1,000.00
- ☐ Medium Corporation (budget \$500,000-\$1,000,000): \$1,250.00
- ☒ Large Corporation (budget>\$1,000,000): \$1,500.00

AGENDA ITEM E

**Minutes of
Regular Meeting
TEXAS ALLIANCE OF GROUNDWATER DISTRICTS
February 25-26, 2014
South Austin Marriot, Austin, Texas**

These Minutes are a record of the items discussed, including motions on any matters that involve the TAGD Membership. The Minutes mostly follow the order on the previously distributed agenda, but may not have been discussed in that order, as noted in the Minutes.

- A. Call to Order and Invocation.** President Kathy Turner Jones called the meeting to order at 1:13 PM and made several announcements concerning the high attendance at the meeting and how to connect to the Wi-Fi through the hotel. Gary Westbrook gave the invocation.
- B. Keynote Presentation.** Stacey Steinbach introduced the keynote speaker, Bech Bruun, Board Member of the Texas Water Development Board. Board Member Bruun then gave an update on TWDb's activities.
- C. Speaker Sessions - DFC Updates and Explanatory Reports,** by Kristen Fancher (Sledge Fancher, PLLC), Larry French (Director, Groundwater Resources Division, of the Texas Water Development Board, and Bill Hutchinson (Independent Groundwater Consultant).
- D. Roll Call.** Secretary Leah Adams called the roll and informed the Chair there were 46 District Members in attendance, comprising a quorum. A list of GCDs represented at the meeting is attached as Attachment 1.
- E. Announcement of New Members.** Stacey Steinbach made an announcement of three new members to TAGD. They are Rusk County Groundwater Conservation District, Harris-Galveston Subsidence District, and Sledge Fancher, PLLC. Hance Scarborough, LLP, has submitted an application and will be presented as a new member at the next meeting.
- F. Discussion and possible action on minutes of prior meeting.** David Van Dresar asked to delete the statements under the D. President's Report and Committee Roundtables: Groundwater Protection, suggesting that text have inadvertently been copied over from the October 2013 minutes. Stacey agreed, and Harvey Everhart made a motion and Joel Pigg seconded to approve the minutes as amended. The motion passed unanimously.
- G. Discussion and possible action on financial reports, Annual Report, and TAGD financials.** The items were tabled until Section M on tomorrow's agenda.
- H. Legislative Workgroup Reports (Permitting, Brackish Groundwater, ASR, Oil and Gas Reporting, Well Construction and Enforcement, Registration)**
 - 1. **Permitting** – Kathy Jones, Committee Chair reported the group met February 18th and reviewed an amended version of Rep. Isaac's HB 1796. Kathy also stated the group is working on this issue with Brian Sledge and Hope Wells, co-chairs of the Texas Water Conservation Association Groundwater Committee. Brian reported that TWCA and TAGD are working hard on this issue, but previous attempts have been unsuccessful. TWCA is currently working on a laundry list for permitting requirements and cutbacks.
 - 2. **Brackish Groundwater** – Bob Patterson, Committee Chair, reported that TWCA, TAGD, and Texas Desal Association have been coordinating and meeting regularly to discuss consensus ideas for development of brackish groundwater within GCDs.

3. **ASR** – Tim Andruss, Committee Chair, reported that the committee has had one meeting, and is working on identifying core principles related to ASR. The committee will meet at the end of the TAGD meeting to look at the New Mexico ASR policies and see if they would work for Texas.
4. **Oil and Gas Reporting** – C. E. Williams and Alan Day, Committee Chairs, are working with TWCA committee members, including TXOGA staff, to frame up the perceived issues. A “permit by rule” concept has floated as a possible middle solution. The Committee also hopes to develop a concept paper on disposal wells for future distribution.
5. **Well Construction and Enforcement** – Leah Adams, Committee Chair, reported the committee is working with members of TWCA to identify well construction and enforcement issues. The committee met Friday, February 21, 2014 for their first meeting and reviewed past proposed legislation as a starting point for identifying issues.
6. **Registration** – John Dupnik reported he is working with the Austin Board of Realtors to include a notice of GCD jurisdiction in seller’s disclosure notices. He noted that the goal is to implement the change at the regional level and then use the process as a model for encouraging a state-wide disclosure requirement.
7. **Reporting** – Lonnie Stewart, Committee Chair, reported that the group is hoping to work with TWDB staff to better understand the kind of reporting information that would be useable by TWDB. The group will prepare information and reporting options in case a bill is filed at the next legislative session.

Following these reports, Stacey Steinbach thanked all committee members for their hard work.

The meeting was recessed until Wednesday, February 26, 2014 at 8:30 A.M.

- I. **Call to Order after Recess.** President Kathy Turner Jones introduced Steve Walthour to give the financial reports tables. Steve reported the finances have been moved back to Austin. As part of the transition, the finance and budget committee has approved a financial policy for TAGD. _____ made and _____ seconded the motion to approve the financial policy and the motion passed unanimously. After reporting the finances, Joel Pigg made and Andy Garza seconded the motion to approve the reported financial reports. The motion passed unanimously. Steve stated that the audit would be available at the next meeting because it was not completed in time to make this agenda. The Annual Report was then presented by Stacey Steinbach to the members. Zach Holland made and David Van Dresar seconded the motion to approve the Annual Report as presented. The motion passed unanimously.

J. **Speaker Session -**

1. An Extension education program to help water districts conserve water and operate more effectively, Gabriele Bonaiti, Extension Program Specialist – Water District Program
2. Introduction to the U.S. Geological Survey and USGS-GCD Cooperative Studies, Johnathan Bumgarner, Chief, Hydrologic Studies Section, USGS

3. Using advanced analytical chemistry and hydrogeological modeling to identify and quantify the relative risk of groundwater contamination in area engaged in unconventional drilling, Zacariah Hildenbrand and Scott Nelson, Inform Environmental LLC.
4. Estimated Recoverable Storage: What it does, doesn't and might mean for planning, Wade Oliver, Intera.

K. Executive Director's Report. Stacey Steinbach referred members to the Executive Director's report available in the meeting packet.

L. President's Report. President, Kathy Turner Jones reported there has not been an Executive Committee meeting since the last TAGD meeting in October. Kathy asked Stacey to place the new conference call voting policy for non-controversial votes on the website for everyone to review.

M. Committee Report, GMA Updates, and Other TAGD Business. No TAGD committees met due to the Legislative Committee meetings. No GMA updates and no other TAGD business.

N. Adjournment: Without objection, Kathy Turner Jones adjourned the meeting at 11:20 am.

Prepared and submitted by Stacey Steinbach, Executive Director and Leah Adams, Secretary

Approved by the Members on _____, 2014

Kathy Turner Jones,
President

Leah Adams,
Secretary

Attachment 1
Members Attending the TAGD Quarterly Business Meeting on February 26, 2014

1. Bandera Co. River Authority and Groundwater District
2. Barton Springs/Edwards Aquifer Conservation District
3. Bee GCD
4. Blanco-Pedernales Groundwater Conservation District
5. Bluebonnet Groundwater Conservation District
6. Brazos Valley Groundwater Conservation District
7. Central Texas Groundwater Conservation District
8. Brewster County Groundwater Conservation District
9. Central Texas Groundwater Conservation District
10. Clearwater Underground Water Conservation District
11. Crockett Groundwater Conservation District
12. Evergreen Underground Water Conservation District
13. Fayette County Groundwater Conservation District
14. Gonzales County Underground Water Conservation District
15. Hemphill County Underground Water Conservation District
16. High Plains Underground Water Conservation District No. 1
17. Irion County Water Conservation District
18. Jeff Davis County Underground Water Conservation District
19. Kenedy County Groundwater Conservation District
20. Llano Estacado Underground Water Conservation District
21. Lone Star Groundwater Conservation District
22. Lone Wolf Groundwater Conservation District
23. Lost Pines Groundwater Conservation District
24. Lower Trinity Groundwater Conservation District
25. Mesa Underground Water Conservation District
26. Mid-East Texas Groundwater Conservation District
27. Middle Trinity Groundwater Conservation District
28. Neches and Trinity Valleys Groundwater Conservation District
29. North Plains Groundwater Conservation District
30. North Texas Groundwater Conservation District
31. Panhandle Groundwater Conservation District
32. Panola County Groundwater Conservation District
33. Pecan Valley Groundwater Conservation District
34. Pineywoods Groundwater Conservation District
35. Plum Creek Conservation District
36. Post Oak Savannah Groundwater Conservation District
37. Prairielands Groundwater Conservation District
38. Real-Edwards Conservation and Reclamation District
39. Red River Groundwater Conservation District
40. Sandy Land Underground Water Conservation District
41. South Plains Underground Water Conservation District
42. Southeast Texas Groundwater Conservation District
43. Sterling County Underground Water Conservation District
44. Sutton County Underground Water Conservation District
45. Upper Trinity Groundwater Conservation District
46. Victoria County Groundwater Conservation District

AGENDA ITEM F

Texas Alliance of Groundwater Districts

BALANCE SHEET

As of March 31, 2014

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
WellsFargo Bank - Checking	70,434.11
WellsFargo Bank - Savings	90,008.38
Total Bank Accounts	\$160,442.49
Accounts Receivable	
Accounts Receivable	240.00
Total Accounts Receivable	\$240.00
Other current assets	
Prepaid Rent	465.00
Undeposited Funds	120.00
Total Other current assets	\$585.00
Total Current Assets	\$161,267.49
TOTAL ASSETS	\$161,267.49
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	750.00
Total Accounts Payable	\$750.00
Total Current Liabilities	\$750.00
Total Liabilities	\$750.00
Equity	
Opening Bal Equity	84,433.05
Retained Earnings	34,398.83
Net Income	41,685.61
Total Equity	\$160,517.49
TOTAL LIABILITIES AND EQUITY	\$161,267.49

Tuesday, May 20, 2014 09:16:04 PM PDT GMT-5 - Accrual Basis

Texas Alliance of Groundwater Districts

PROFIT AND LOSS

October 2013 - March 2014

	TOTAL		
	OCT 2013 - MAR 2014	OCT 2012 - MAR 2013 (PY)	% CHANGE
Income			
Interest Income	126.90	201.37	-36.98 %
Meeting Income			
Meals and Break Sponsorships		750.00	-100.00 %
Other Meeting Income	1,710.00		
Quarterly Meeting Income	19,000.00	16,331.25	16.34 %
Total Meeting Income	20,710.00	17,081.25	21.24 %
Member Dues			
Membership Dues - Associates	27,875.00	17,600.00	58.38 %
Membership Dues - Voting	76,512.50	40,500.00	88.92 %
Total Member Dues	104,387.50	58,100.00	79.67 %
Uncategorized Income	3.82		
Total Income	\$125,228.22	\$75,382.62	66.12 %
Gross Profit	\$125,228.22	\$75,382.62	66.12 %
Expenses			
Awards/Sponsorship/Scholarship (deleted)		237.53	-100.00 %
Meeting Expenses			
Conference Rooms & Other Exp	607.73	2,001.50	-69.64 %
Food and Beverages (deleted)		5,054.81	-100.00 %
Meeting Supplies	452.55		
Quarterly Meeting Expenses	4,659.84		
Total Meeting Expenses	5,720.12	7,056.31	-18.94 %
Office Expense			
Business Phone	269.17		
Cell Phone	210.00		
Furniture and Equipment	2,754.57	136.06	1,924.53 %
Internet	121.80		
Rent	2,790.00		
Supplies	-15.03	1,776.13	-100.85 %
Telephone/Conf.Calls/Postage	510.30	309.72	64.76 %
Website	739.25	1,342.06	-44.92 %
Total Office Expense	7,380.06	3,563.97	107.07 %
Outreach (deleted)		61.27	-100.00 %
Personnel			
Executive Director			
Health Insurance Reimburse	2,523.00	2,755.45	-8.44 %
Payroll Taxes	3,198.30	2,486.27	28.64 %
Salaries	34,999.98	32,500.02	7.69 %
Total Executive Director	40,721.28	37,741.74	7.89 %
Payroll Service Fees	8.00	6.40	25.00 %

Payroll Service Fees	0.00	0.00	0.00 %
Staff			
Health Insurance Reimburse	1,274.20		
Payroll Taxes	860.63		
Salaries	18,057.84		
Total Staff	20,192.67	0.00	0.00
Total Personnel	60,921.95	37,748.14	61.39 %
Professional Services			
Audit/Tax Return	5,075.00	450.00	1,027.78 %
Insurance - Bonds	22.99		
Payroll/Bookkeeping/Banking	1,419.48	1,801.45	-21.20 %
Texas Legislative Service	825.00	825.00	0.00 %
Total Professional Services	7,342.47	3,076.45	138.67 %
Travel/Confer/Dues/Outreach	1,267.69	2,966.18	-57.26 %
Conference Fees	400.00		
Member Dues/Registrations	153.63		
Outreach	32.66		
Travel and Hotel	324.03		
Total Travel/Confer/Dues/Outreach	2,178.01	2,966.18	-26.57 %
Total Expenses	\$83,542.61	\$54,709.85	52.70 %
Net Operating Income	\$41,685.61	\$20,672.77	101.65 %
Net Income	\$41,685.61	\$20,672.77	101.65 %

Tuesday, May 06, 2014 01:44:20 PM PDT GMT-5 - Accrual Basis

 **DRAFT**

Board of Directors
Texas Alliance of Groundwater Districts

COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

We have audited the financial statements of the Texas Alliance of Groundwater Districts (TAGD) for the year ended September 30, 2013, and have issued our report thereon dated DATE. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated information related to the planned scope and timing of our audit in our engagement letter to you dated 4 December 2013. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by TAGD are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by TAGD during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the functional allocation of expenses is based on estimates of time spent by staff on various functional activities, as well as general knowledge of specific expense accounts. We evaluated the key factors and assumptions used to develop the estimated functional allocation of expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule of uncorrected misstatements summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in aggregate, to the financial statements taken as a whole. The attached schedule of corrected misstatements also summarizes corrected adjustments provided by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated DATE.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to TAGD's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as TAGD's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Board of Directors
Texas Alliance of Groundwater Districts
Communications with Those Charged with Governance
Page 3

This information is intended solely for the use of the Board of Directors and management of TAGD and is not intended to be and should not be used by anyone other than these specified parties.

DATE
Austin, Texas

TEXAS ALLIANCE OF GROUNDWATER DISTRICTS

SEPTEMBER 30, 2013

CORRECTED MISSTATEMENTS PROVIDED BY MANAGEMENT

	<u>Debit</u>	<u>Credit</u>
1. Equity-invested in capital	1,600	
Office supplies (various)		1,600

UNCORRECTED MISSTATEMENTS

1. Contributed rent expense	1,050	
Contributed rent revenue		1,050
2. Office expense	649	
Accrued expense payable		649

 **DRAFT**

TEXAS ALLIANCE OF GROUNDWATER DISTRICTS

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2013

Board of Directors
Texas Alliance of Groundwater Districts

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Texas Alliance of Groundwater Districts (the Alliance), which comprise the statement of financial position as of September 30, 2013 and the related statements of activities and cash flows for the two years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alliance as of September 30, 2013, and the changes in its net assets and its cash flows for the two years then ended in accordance with accounting principles generally accepted in the United States of America.



DATE
Austin, Texas

TEXAS ALLIANCE OF GROUNDWATER DISTRICTS

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2013

ASSETS

CURRENT ASSETS

Cash	\$103,676
Accounts receivable	25,347
Other	<u>2,065</u>
	<u>\$131,088</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$1,766
Deferred revenue	<u>8,890</u>
	<u>10,656</u>

NET ASSETS

Unrestricted	<u>120,432</u>
	<u>\$131,088</u>

The accompanying notes are an integral part of this financial statement presentation.

TEXAS ALLIANCE OF GROUNDWATER DISTRICTS

STATEMENT OF ACTIVITIES

TWO YEARS ENDED SEPTEMBER 30, 2013

REVENUE

Meeting and program fees	\$124,189
Membership dues	113,375
Interest income	<u>703</u>
	<u>238,267</u>

EXPENSES

Personnel	154,137
Meetings and programs	20,897
Professional fees	17,004
Office	7,598
Other	<u>6,371</u>
	<u>206,007</u>

CHANGE IN NET ASSETS	32,260
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BEGINNING NET ASSETS	<u>88,172</u>
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ENDING NET ASSETS	<u><u>\$120,432</u></u>
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The accompanying notes are an integral part of this financial statement presentation.

TEXAS ALLIANCE OF GROUNDWATER DISTRICTS

STATEMENT OF CASH FLOWS

TWO YEARS ENDED SEPTEMBER 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$32,260
Change in accounts receivable	(25,132)
Change in other assets	(465)
Change in accounts payable and accrued liabilities	(2,166)
Change in deferred revenue	<u>8,890</u>
	<u>13,387</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of fixed assets	<u>(1,600)</u>
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NET CHANGE IN CASH	11,787
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BEGINNING CASH	<u>91,889</u>
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ENDING CASH	<u>\$103,676</u>
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The accompanying notes are an integral part of this financial statement presentation.

TEXAS ALLIANCE OF GROUNDWATER DISTRICTS

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

Texas Alliance of Groundwater Districts (the Alliance) was incorporated as a Texas non-for-profit corporation in May 1988. The Alliance's membership includes underground water conservation districts of Texas who have the powers and duties to manage groundwater as defined in Chapter 36 of the Texas Water Code.

The Alliance was formed to further the purpose of groundwater conservation and protection activities. The Alliance also provides a means of communication and exchange of information between individual districts regarding the day-to-day operations of local groundwater management. Members of the Alliance are part of a network in which valuable technical and operational experience is available. The Alliance maintains contact with members of the private sector and various elected, local, state, and federal officials, providing them with timely information on activities and issues relevant to groundwater management. Members of the Alliance also serve on various local, state, and federal agency committees and subcommittees, providing input and information on behalf of the member district.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Alliance's financial statements are presented on the accrual basis of accounting. Revenues and support are recorded when earned, rather than when received. Expenses are recorded when incurred regardless of when paid.

FINANCIAL STATEMENT PRESENTATION

The Alliance is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable. In addition, the Alliance is required to present a statement of cash flows. There were no temporarily or permanently restricted net assets at year-end.

ESTIMATES

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

RECEIVABLES

Receivables are stated at amounts outstanding as of year-end. Management considers all receivables to be fully collectible based upon historical collection rates, the nature of the accounts, and the age of the receivables.

TEXAS ALLIANCE OF GROUNDWATER DISTRICTS

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUE

Membership dues are annual dues contributed voluntarily by member districts. Dues are recognized as revenue when received. Meeting fees are received in conjunction with the Alliance's quarterly meetings and annual Texas Groundwater Summit, and are recognized as revenue when earned.

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses that benefit several functional areas (program and management and administrative) have been allocated based on personnel time spent on each area as estimated by management.

INCOME TAX

The Alliance is a not-for-profit corporation, other than a private foundation, that is exempt from income taxes under Internal Revenue Code Section 501(c)(3). Therefore, no provision has been made for Federal income taxes in the accompanying financial statements.

The Alliance's policy is to record interest and penalties related to income taxes as interest and other expense, respectively. At September 30, 2013 no interest and penalties have been or are required to be accrued. The Alliance, generally, is no longer subject to income tax examinations by federal authorities for years prior to September 30, 2009.

SUBSEQUENT EVENTS

Management has evaluated subsequent events as of DATE, the date the financial statements were available to be issued.

NOTE 3: FUNCTIONAL EXPENSES

Program	\$169,488
Management and administrative	<u>36,519</u>
	<u>\$206,007</u>

NOTE 4: RELATED PARTY TRANSACTIONS

The Alliance paid \$7,200 to a member district for bookkeeping services provided for the two years ended September 30, 2013.

NOTE 5: CONCENTRATIONS

The accounts receivable balance at year-end is due from one entity.

Texas Alliance of Groundwater Districts

BALANCE SHEET

As of September 30, 2013

Corrected per Audit

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
First Bank - M.M.	95,018.33
First Bank - OPR	8,657.51
Total Bank Accounts	\$103,675.84
Accounts Receivable	
Accounts Receivable	-800.00
Total Accounts Receivable	\$ -800.00
Other current assets	
Accounts Receivable - Other	26,147.31
Prepaid Rent	465.00
Total Other current assets	\$26,612.31
Total Current Assets	\$129,488.15
TOTAL ASSETS	\$129,488.15
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	125.00
Total Accounts Payable	\$125.00
Other Current Liabilities	
Accrued Expenses	1,641.27
Deferred Revenue	8,890.00
Total Other Current Liabilities	\$10,531.27
Total Current Liabilities	\$10,656.27
Total Liabilities	\$10,656.27
Equity	
Opening Bal Equity	84,433.05
Retained Earnings	26,063.81
Net Income	8,335.02
Total Equity	\$118,831.88
TOTAL LIABILITIES AND EQUITY	\$129,488.15

AGENDA ITEM G

TO: TWCA Groundwater Committee Members
FROM: Brian Sledge and Hope Wells, Co-Chairs
DATE: May 16, 2014
SUBJECT: Update on TWCA Groundwater Committee and Subcommittee Activities

Hello TWCA Groundwater Committee Members –

Dean Robbins, Brian Sledge, and Hope Wells met last week to try to determine where we are logistically as a committee and with our many subcommittees, and this memo is an attempt to bring you up to date on that.

Committee of the Whole: Permitting Terms and Renewals, Consistency of GCD Rules:

- The drafting subgroup on permitting terms and renewals last met in conjunction with the TWCA March conference in The Woodlands. The drafting subgroup made substantial revisions to the draft permitting renewal bill, and will be getting together at the June TWCA conference at Horseshoe Bay to try to finalize a draft bill to circulate back to the full committee. A Doodle poll will be sent to the full committee to schedule its next meeting.
- The full committee will consider the permitting renewal bill from the subgroup, as well as two proposals by Brian Sledge relating to (1) an overhaul and cleanup of 36.122 (groundwater exports), and (2) GCD rules consistency.

Brackish Groundwater Subcommittee:

- The full brackish groundwater subcommittee has had a couple of meetings, but has formed a drafting subgroup that has met throughout the last several months to try to hammer out a consensus concept outline for brackish groundwater management. After the last full subcommittee meeting, sufficient support existed for the concept outline to charge the drafting subgroup with the drafting of actual legislation. The full subcommittee had hoped to meet again on May 20, but the drafting subgroup needed additional time to work on what is proving to be long and difficult legislative language. Therefore, the drafting subgroup is now slated to meet again on May 20 and the full brackish subcommittee meeting will be scheduled by Doodle poll at a later date once it appears that they will have legislation ready to review.

ASR Subcommittee:

- The ASR full subcommittee has met and formed a legislative drafting workgroup. The drafting workgroup met once in April, but will need at least one or two more meetings to work on draft legislation before taking it back to the full ASR subcommittee. Drafting subgroup and full subcommittee meetings will be scheduled by Doodle poll.

DFC Appeals:

- The DFC Appeals Subcommittee met for the first time two weeks ago. The group has agreed to schedule another meeting to see if consensus can be reached on some ideas they discussed for ways to revise the current DFC appeals process.

Oil and Gas –

- The Oil and Gas Permitting Subcommittee met on April 8th and May 9th to discuss issues related to groundwater use for oil and gas development. Most of the discussion at these meetings has been broad in scope, but it has been beneficial to provide a similar foundation

for all members. The goal of the committee, for now, is simply to address legislation from the 2013 Legislative Session (including SB 873) to determine if the members can agree on consensus legislation related to the permitting of groundwater wells related to hydraulic fracturing operations. At the last meeting, the GCD members and the oil and gas members agreed to develop "issue papers" that address their respective concerns on the subject of oil and gas development and groundwater use. The committee members will meet again sometime in June or July and use these documents as a guide in future discussions. The meetings have been well attended with several legislative staff members in attendance also.

- The oil & gas industry is still working to develop a position on this issue but with multiple associations representing thousands of members, position development takes quite some time. Therefore, it is doubtful that within the TWCA timeline the Subcommittee will be able to develop draft legislation that the oil & gas industry can sign-off on.
- However, the parties do think that identifying the issues and concerns is a valuable exercise and will be beneficial going into the legislative session.

Contested Case Hearings and Administrative Procedures.

- The CCH/Administrative Procedures Subcommittee had one meeting at which a number of procedural issues related to contested hearings and appeals were identified and consensus reached by the subcommittee members on how to solve them conceptually. Greg Ellis was charged with drafting legislative language to put the conceptual solutions into legislative language. The subcommittee will meet again when Greg is finished with his draft, and will attempt to finalize language to bring back to the full committee of the whole for consideration.

TDLR/ Water Well Drillers Subcommittee:

- The TDLR/Water Well Drillers Subcommittee has prepared a list of concepts that was the starting place for discussions. The TDLR Subcommittee met on February 10 and is in the process of scheduling another meeting to be held before the end of May. The TDLR Subcommittee agreed to ask TDLR staff to participate in the next meeting and the date of the May meeting will be determined by the availability of the TDLR staff.
- At the Feb. 10 meeting, the TDLR Subcommittee walked through the list of concepts which included several ideas that were part of legislation (SB 1249 and SB 1387) filed during the Regular Session in 2013. Consensus was reached a few concepts and one concept was eliminated from the list. The concept that was eliminated focused on giving TDLR or GCDs jurisdiction over the plugging of abandoned oil and gas wells. The TDLR Subcommittee discussed at length the licensing and enforcement abilities of TDLR in regards to water well drillers. It was decided by the TDLR Subcommittee members that they needed to have an in-depth discussion with TDLR staff on several concepts before the Subcommittee would feel confident to propose language for possible legislation.
- The TDLR Subcommittee will likely need to meet two more times, including the May meeting, to be ready to present a work product to the full TWCA Groundwater Committee.

MAGs/ Regional Water Planning Groups

- The Subcommittee on Modeled Available Groundwater numbers and how those feed into the regional water planning process will be scheduling its first subcommittee meeting by Doodle poll. Brian Sledge and Hope Wells will co-chair this subcommittee.

Greg Ellis Clean-Up Subcommittee:

- This subcommittee has not yet met. Greg is almost finished with the Chapter 36 clean-up bill. Once it is done, he will send it to the subcommittee members for comments, and once the comments are hashed out we can send it on to the full committee. Greg doubts that the subcommittee will need to meet.

Greg has finished drafting two possible revisions to Section 36.121, which will be distributed soon to the committee members for comment.

Other Stand-Alone Issues:

- Brian Sledge still owes the full committee a proposal on abolish the state auditor review process for GCDs.

AGENDA ITEM L



Executive Director's Report – May 2014 TAGD meeting

Administrative and Financial

It has been another busy quarter in terms of our administrative and financial duties. Carolyn and I have created a system for processing and logging financial transactions that is working very well, and we are finding our stride in this department. We are using Quickbooks online, which helps us efficiently keep track of our accounts and allows us both to utilize the program for creating invoices. We also continue to use Adobe Forms for quarterly meeting registration, a great program that provides online registration for attendees and automatically creates spreadsheets of registrants and their contact information. As we put our recently adopted financial policy into action, we have discovered a potential need for some amendments that will help provide efficiency while still protecting our finances. We are also discussing some changes that may be needed to our audit schedule. We will bring proposed amendments to the members at the annual meeting in August.

Our Auditor has completed an audit of our records for the last two fiscal years. The auditor was impressed with Daphne's bookkeeping work and financial status. The audit is included in board packets, along with a new year-end balance sheet for the 2012-2013 fiscal year. The only correction was to fix a minor error in logging a capital asset.

I have also included a balance sheet and profit and loss statement for the first two quarters of this fiscal year in your board packets. As you can see, we are in great financial state for the year. The Finance and Budget committee met via conference call recently to approve the audit and these financial documents.

Membership

We have two new confirmed Associate Members since the last meeting: Hance Scarborough, LLP and Carollo Engineers. We now have a total of 84 GCD members and 31 Associate members. The number of Associate Members is nearly twice the amount had in the 2012-2011 fiscal year! We are grateful for our growth and as always, want to know what we can do to best serve our members so that you feel your membership is of good value.

Google Groups

As our Google Groups activities increase, it's good to know which groups TAGD has and the purpose of each. Currently, we have the following groups:

- TAGD-ALL. Messages to this email group go to all TAGD members, both GCD and Associate.
- TAGD. Messages to this group go to GCD Members.
- TAGD-Legislative-Committee. Messages to this group go to TAGD's Legislative Committee and others who have asked to receive the emails. It is the most active of the groups.
- TAGD-Executive-Committee. Messages to this group go to TAGD's Executive Committee members and others who have been on the EC in the past.
- TAGD-Conference-Planning. Messages to this group go to the Conference Planning Committee.

We do our best to keep the Google Group rosters accurate and up to date. GCD members can choose to participate in any of the groups. If you have suggestions for new groups or streamlining others, we welcome them!

Member "Look Book"

Carolyn will be taking pictures of attendees at our next meeting in the hopes of creating an online "look book" that members can use. We will load the document onto our Members Only page, and hopefully it will help us get to know each other more easily. If you do not attend the May meeting, we will be reaching out for a digital picture we can use for the book.

Legislative and Agency Matters

Legislative Committees

I have included an update from the TWCA Groundwater Committee in board packets so that you can see where stakeholders are in reaching consensus language for next session. TAGD's legislative workgroups have also been busy, and we will have 4 meetings in conjunction with our May quarterly meeting. I will be working with our TAGD committee chairs to develop a memo with an update for all of our workgroups and will post that on our members' only legislative page when it is available. We have also posted numerous working documents on the members' only legislative page, as well as meeting dates and locations. The page is updated regularly, so check back often!

Interim Charges

June will be a busy month for committee meetings at the Legislature:

- June 16: Joint Interim Committee to Study Water Desalination (Austin)
- June 23: Joint Interim Committee to Study Water Desalination (Corpus Christi)
- June 25, 10am: House Natural Resources Committee Interim Hearings (Austin)
- June 26, 10am: House Natural Resources Committee Interim Hearings (Austin)
- June 30: Joint Interim Committee to Study Water Desalination (Wichita Falls)

The HNRC meeting on June 24th will address the committee's general charge related to groundwater, as well as brackish groundwater and ASR. I will be testifying on behalf of TAGD, and one or two other GCDs may also be invited to provide testimony. I may also be participating in the hearings of the water desalination committee, and will keep you posted.

Railroad Commission

As you all know, the Railroad Commission recently considered whether GCDs have standing to protest waste disposal well applications before the Commission. TAGD member Gonzales County UWCD protested Marathon Oil's application for a disposal well inside Gonzales County, but outside the UWCD's boundaries, as it was concerned about potential impacts to groundwater in the UWCD. Marathon Oil challenged the protest, both because the well would be located outside the UWCD's boundaries and on the broad argument that no GCD has standing to challenge a waste disposal well application. Many TAGD members filed briefs and provided testimony at the commission meeting in support of Gonzales County UWCD's position. I also testified on the importance of this broad policy issue to GCDs.

The Commission granted Marathon's motion to dismiss for lack of standing on the narrow issue of the disposal well being outside the boundaries of Gonzales County UWCD. Fortunately the ruling does not exclude GCDs from participating when the proposed disposal well would be within their boundaries. Whether the ruling applies only in this instance or extends to any protest where the proposed disposal well is outside the boundaries of the GCD (particularly if the is closer than 4 miles from the boundary) is unclear (though I'm certain the issue would be raised). As we all know, a disposal well located just outside a GCD's boundaries can still have an impact on groundwater in the GCD, so we will continue following this issue – as well as any draft rules on the subject – and work with the Commission and legislators to ensure GCDs can continue to participate in these hearings.

Outreach and Education

GCD Database

Thank you to everyone who has responded to our latest GCD questionnaire! We are finalizing the data collection part of our database project with the hope of starting the web design component in June. As you know, TAGD received a \$3,000 grant from the Dixon Water Foundation to get this project started. We asked our GCD members for matching funds to reach the full amount needed for the project, and you all responded! We have nearly reached our matching goal and did that within days of our request. Any additional funds raised will go toward our future efforts to update the data and website. Thank you so much for supporting this labor of love of ours that will make for a great outreach, education, and PR tool for TAGD and all GCDs. I have included in board packets a short memo about the project that I drafted for some GCDs who asked for additional information.

Cheat Sheet

We are also in the processing of developing a “Groundwater Cheat Sheet” that we can provide to members of the public and elected officials so that they can more easily understand our groundwater “lingo” and the way groundwater is managed in Texas. The document will be printed on a small, laminated card that can easily fit into a pocket or notebook binder and will hopefully be a good tool to use in communicating with legislators and the public.

Other Outreach

Carolyn’s “This Week in Texas Water” continues to be very popular and provides us some visibility both on the website and twitter. She will be reviving our “Featured GCD” series this summer in order to expand our outreach related to individual GCD activities.

I will be speaking to Texas Farm Bureau members this summer, and will participate in the Texas Desalination Association’s conference in September. This summer, we will also be working on some popular-type articles about brackish groundwater to respond to articles that have been produced other stakeholders related to brackish groundwater and long-term permitting.

TAGD Meetings

Quarterly Meetings

We had nearly 100 participants at our February TAGD Meeting, making it the highest attended quarterly meeting yet! We have 86 registrants for our May meeting and should be close to matching the numbers from our February one. We have some great speakers at this meeting, and I look forward to networking with everyone at our reception Tuesday evening. Don’t forget our Legislative Workgroup meetings that have been scheduled in conjunction with our quarterly meeting this month.

Also, please mark your calendars for our October quarterly meeting in Kingsville, October 29-30. A specific meeting location and hotel accommodations will be announced sometime this summer. Thanks again to Kenedy County GCD and Brush Country GCD for hosting us there!

Texas Groundwater Summit

Also, don’t forget to mark your calendars for the May TAGD meeting (May 27-28) and the Texas Groundwater Summit (August 26-28)! Our Summit Planning Committee has been very busy finalizing the Summit program and the event is shaping up to be a very strong one. Our registration and sponsorship/exhibitor numbers are looking great so far and are higher than those from this time last year. Efforts now are focused on reaching out to potential non-member sponsors and finalizing our panels. We are also finalizing our keynote roster, which already includes Eddie Lucio III, Lyle Larson, and Carlos Rubinstein.



MEMORANDUM

FROM: Stacey Steinbach, Executive Director
DATE: May 15, 2014
RE: TAGD GCD Database

The purpose of this memorandum is to summarize TAGD's GCD Database project and related funding efforts.

Project Description. The TAGD GCD Database is a compilation of data about GCDs across the state. The goal of the project is to increase knowledge of GCDs among our members, the public, state agencies, and the legislature, particularly at a time when policymakers have expressed concerns related to tracking the number and diversity of Texas GCDs. The database would fill a much needed research niche in the Texas groundwater management arena and hopefully reduce the number of survey inquiries GCDs receive from researchers and the media.

The database would be an interactive webpage where a visitor could search for a GCD by name or county (or click an area on a map), and access standard information on each GCD. We expect to include the following information in the inventory, at a minimum:

- | | |
|---|---|
| 1. GCD Name | 10. Income source(s) |
| 2. GCD contact information | 11. Metering/Reporting requirements |
| 3. Enabling legislation | 12. Spacing requirements |
| 4. Counties covered | 13. Production limitations |
| 5. Population | 14. Exempt wells |
| 6. Community type (rural, urban, suburban) | 15. RWPGs covering the GCD |
| 7. Largest use of groundwater | 16. GMAs covering the GCD |
| 8. Selection of board members (elected/appointed) | 17. Hydraulic fracturing in the GCD |
| 9. Number of board members | 18. Number of public water systems in the GCD |
| | 19. Transport of water outside the GCD |

We also hope to provide this information in a format so that visitors could search for certain GCD parameters or view infographics related to common questions about GCDs (number of fee-based v. tax-based GCDs, for example). GCDs would provide input on the database fields/structure and make updates as needed to the information on their GCD.

Project Budget and Timeline. Over the past month, TAGD staff collected most of the data, and we are currently working on the analysis. We are hoping to start the web programming in June with Audion, LLC and complete the project before the end of the calendar year. Estimates for the website development portion of the project range from \$4,000 to \$6,000.

Our original grant application included a request for \$5,000 and 3 months to collect and analyze the data, and \$5,000 and 4-6 months to build the necessary website platform and graphics. Last month, we received a partial grant from the Dixon Water Foundation for \$3,000.

TAGD is currently seeking matching funds to fund the website development part of the project. Any funds remaining after the website development is complete will go toward staff time to update and maintain the site, as well as any follow-up web developer expenses. GCDs who participate will be included in a banner at the top of the database page, with a clickable logo that sends visitors to the GCDs website.