

**RED RIVER
GROUNDWATER
CONSERVATION
DISTRICT**

PERMIT HEARING AND BOARD MEETING

**BOARD ROOM
GREATER TEXOMA UTILITY AUTHORITY
5100 AIRPORT DRIVE
DENISON, TEXAS 75020**

**THURSDAY
OCTOBER 24, 2019**

AGENDA
RED RIVER GROUNDWATER CONSERVATION DISTRICT
BOARD OF DIRECTORS BOARD MEETING
GREATER TEXOMA UTILITY AUTHORITY BOARD ROOM
5100 AIRPORT DRIVE
DENISON, TEXAS 75020
THURSDAY, OCTOBER 24, 2019

Permit Hearing

The Permit Hearing will be at 10:00 a.m.

Notice is hereby given that the Board of Directors of the Red River Groundwater Conservation District ("District") will conduct a permit hearing on the following Production Permit Applications:

Agenda:

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.

2. Review the Production Permit Applications of:

Applicant: Ameritex Pipe & Products, LLC

Location of Well: 27679 FM 121, Tioga, TX 76271; Latitude: 33.459576°N Longitude: 96.858189°W;
Located about 550 feet north of the Buck Creek Road and FM 121 intersection

Purpose of Use: Manufacturing/Dust Control

Requested Amount of Use: 7,500,000 gallons

Production Capacity of Well: 125 gallons per minute

Aquifer: Antlers (Trinity) Aquifer

Applicant: Ameritex Pipe & Products, LLC

Location of Well: 27679 FM 121, Tioga, TX 76271; Latitude: 33.459028°N Longitude: 96.857583°W;
Located about 550 feet north of the Buck Creek Road and FM 121 intersection

Purpose of Use: Manufacturing/Dust Control

Requested Amount of Use: 8,751,600 gallons

Production Capacity of Well: 125 gallons per minute

Aquifer: Antlers (Trinity) Aquifer

3. Public Comment on the Production Permit Applications (verbal comments limited to three (3) minutes each).

4. Consider and act upon the Production Permit Applications, including designation of parties and/or granting or denying the Production Permit Application in whole or in part, as applicable.

5. Adjourn or continue permit hearing.

Board Meeting

The regular Board Meeting will begin upon adjournment of the above noticed Permit Hearing.

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

Agenda:

1. Call to order, establish quorum; declare meeting open to the public.
2. Public Comment.
3. Consider and act upon State 4H Water Ambassador request for assistance to purchase a monitor kit from the Texas Stream Team.
4. Consider and act upon approval of Minutes of September 19, 2019, Board Meeting.
5. Review and approval of monthly invoices.
6. Receive monthly financial information.
7. Receive Quarterly Report on Management Plan.
8. Receive Quarterly Investment Report.
9. Review and approval of Investment Policy.
10. Discussion and possible action regarding which existing well systems require a Hydrogeological Report when adding a new well, including possible approval of any related amendments to District Hydrogeological Report Guidelines.
11. Request for extension for Well #5 owned by the City of Tioga.
12. Update and possible action regarding the process for the development of Desired Future Conditions (DFC).
 - a. Discussion of Environmental Impacts, Subsidence Impacts and Hydrological Conditions
13. Consider and act upon compliance and enforcement activities for violations of District Rules.
 - a. JT Rivers, LLC
14. General Manager's report: The General Manager will update the Board on operational, educational and other activities of the District.
 - a. Well Registration Summary
15. Open forum / discussion of new business for future meeting agendas.

16. Adjourn.

¹The Board may vote and/or act upon each of the items listed in this agenda.

²At any time during the meeting or work session and in compliance with the Texas Open Meetings Act, Chapter 551, Government Code, Vernon's Texas Codes, Annotated, the Red River Groundwater Conservation District Board may meet in executive session on any of the above agenda items or other lawful items for consultation concerning attorney-client matters (§551.071); deliberation regarding real property (§551.072); deliberation regarding prospective gifts (§551.073); personnel matters (§551.074); and deliberation regarding security devices (§551.076). Any subject discussed in executive session may be subject to action during an open meeting.

³Persons with disabilities who plan to attend this meeting, and who may need assistance, are requested to contact Velma Starks at (800) 256-0935 two (2) working days prior to the meeting, so that appropriate arrangements can be made.

⁴For questions regarding this notice, please contact Velma Starks at (800) 256-0935, at rrgcd@redrivergcd.org or at 5100 Airport Drive, Denison, TX 75020.

ATTACHMENT 4

**MINUTES OF THE BOARD OF DIRECTORS' BOARD MEETING AND PERMIT HEARING
RED RIVER GROUNDWATER CONSERVATION DISTRICT**

THURSDAY, SEPTEMBER 19 2019

**GREATER TEXOMA UTILITY AUTHORITY
BOARD ROOM
5100 AIRPORT DRIVE
DENISON TX 75020**

Members Present: Chuck Dodd, David Gattis (arrived 10:05), Harold Latham, Mark Patterson, Mark Gibson, Mark Newhouse, and Billy Stephens

Members Absent:

Staff: Drew Satterwhite, Wayne Parkman, Allen Burks, Paul Sigle Theda Anderson, Carolyn Bennett, Nicole Sims, and Velma Starks

Visitors: Kristen Fancher, Fancher Legal
Marshall Tolleson, Extension Agent

Permit Hearing

Agenda:

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.

Board President Mark Patterson called the hearing to order at 10:00 a.m., established that a quorum was present; declared hearing open to the public; and introduction of Board.

2. Review the Production Permit Application of:

Applicant: City of Gunter, P.O. Box 349, Gunter, TX 75058

Location of Well: FM 121, Gunter, TX 75058; Latitude: 33.43763°N Longitude: 96.7070 °W; on the north side of FM 121 approximately 0.5 miles east of the FM 121 and Jc Maples Road Intersection

Purpose of Use: Public Water System

Requested Amount of Use: 96,084,106 gallons

Production Capacity of Well: 400 gallons per minute

Aquifer: Trinity (Antlers)

General Manager Drew Satterwhite reviewed the Production Permit Application with the Board. Discussion by the Board was held.

3. Public Comment on the Production Permit Application (verbal comments limited to three (3) minutes each).

There were no public comments on the Production Permit Application.

4. Consider and act upon the Production Permit Application, including designation of parties and/or granting or denying the Production Permit Application in whole or in part, as applicable.

Board Member Mark Newhouse made the motion to grant the Production Permit Application. Board Member Chuck Dodd seconded the motion. Board Members Mark Patterson and David Gattis abstained from voting. Motion passed with a vote of 5 ayes and 2 abstained.

5. Adjourn or continue permit hearing.

Board President Mark Patterson adjourned the permit hearing at 10:25 a.m.

Board Meeting

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

Board President Mark Patterson called the meeting to order at 10:25 a.m., established a quorum was present, and declared the meeting open to the public.

2. Public comment

No public comments.

3. Administer Oath of Office.

Reappointed Board Members Mark Patterson, Mark Gibson, and Harold Latham were sworn in by Velma Starks, Notary Public.

4. Consider and act upon approval of Minutes of July 25, 2019, Board Meeting.

Board Member David Gattis made a motion to approve the minutes of the July 25, 2019 meeting. The motion was seconded by Board Member Mark Gibson. The motion passed unanimously.

5. Review and approval of monthly invoices.

General Manager Satterwhite reviewed the monthly invoices with the Board of Directors. Board Member David Gattis made a motion to approve Resolution 2019-09-19-01. Board Member Chuck Dodd seconded the motion. Motion passed unanimously.

Meeting was briefly adjourned at 10:30 a.m. and reconvened at 10:37 a.m.

6. Receive monthly financial information.

General Manager Drew Satterwhite reviewed the monthly financial information with the Board.

7. Consider and act upon amendment to the District's Bylaws.

General Manager Drew Satterwhite provided background information to the Board. In April 2017 the Board approved several amendments to the Bylaws in order to provide more clarity to the Director process. The current bylaws read: *"Each odd-numbered year at its regular August meeting, or at its next regular meeting if there is no August meeting, the Board shall meet and elect three Directors to serve as officers, whose titles shall be President, Vice-President, and Secretary/Treasurer. Officers shall be elected for terms of one year. Officers may serve multiple consecutive terms."* There are two issues, the first issue is that the Board Member terms expire on August 31 of each odd-numbered year and we believe it would make more sense for the appointments to occur at the September meeting after the new Board is in place. The second issue is that it calls for elections each odd-numbered year and then goes on to say that the terms are for one year. In order to provide clarity, we would like for the paragraph to read that Officers are appointed each year or that the terms are two years. After a brief discussion the Board decided to amend the Bylaws to read:

Each odd-numbered year at its regular September meeting, or at its next regular meeting if there is no September meeting, the Board shall meet and elect three Directors to serve as officers, whose titles shall be President, Vice-President, and Secretary/Treasurer. Officers shall be elected for terms of two years. Officers may serve multiple consecutive terms. Board Member Chuck Dodd made the motion to amend the Bylaws. Board Member Mark Newhouse seconded the motion. Motion passed unanimously.

8. Consider and act upon election of Officers.

The Nominating Committee (Harold Latham, Mark Newhouse and David Gattis) nominated the current slate of officers (President, Mark Patterson; Vice President, Harold Latham and Secretary/Treasurer, Mark Gibson). Board Member David Gattis made the motion to accept the nominations. Board Member Billy Stephens seconded the motion. Motion passed unanimously.

9. Receive Quarterly Report on Management Plan.

General Manager Drew Satterwhite presented the Quarterly Report to the Board.

10. Consider and act upon Engagement Letter for Audit Services for Fiscal Year Ending December 31, 2019.

General Manager Drew Satterwhite provided background information for the Board. In 2013 proposals for audit services for a period up to five years were solicited. The Board accepted McClanahan and Holmes at their March 2014 meeting. At the May 2018 meeting, the Board directed the Staff to request another 5-year term with McClanahan and Holmes. The Board also requested that the lead auditor be changed. McClanahan and Holmes provided a proposal letter that indicated their willingness to switch lead auditors. This letter also laid out their proposed fee increases each year at between 2% and 3%. The fees for the 2019 audit services will be \$4,850. Board Member David Gattis made the motion to authorize an engagement letter with McClanahan and Holmes, LLP of Bonham, Texas for the 2019 audit. Board Member Chuck Dodd seconded the motion. Motion passed unanimously.

11. Consider and act upon authorizing WSP to develop a sample Hydrogeological Report.

General Manager Drew Satterwhite provided background information for the Board. The District's Permanent Rules require a hydrogeological report to be submitted as part of the application process

for wells capable of producing 200 gallons per minute or more. This is a new requirement for applicants, drillers and engineers in our region and there has been some confusion as to exactly what is required by the District. The staff believes that it would be beneficial to have an example or sample report to provide to applicants so that they can more quickly understand what is being requested. We believe this will reduce the number times the applicants have to amend their reports prior to being declared administratively complete. The District staff requested that the Board discuss and consider authorizing WSP to perform the work necessary to develop a sample/example hydrogeological report. James Beach with WSP believes a report could be developed for each District at a cost of \$5,000 per District if costs are shared. Funds are available within the existing budget for Contract Services which is generally allocated to WSP's services to the District. A discussion was held by the Board. Board Member David Gattis made the motion to authorize WSP to develop a sample Hydrogeological Report. Board Member Mark Newhouse seconded the motion. Motion passed unanimously.

12. Update and possible action regarding the process for the development of Desired Future Conditions (DFC).

a. Discussion and Possible action on revised Modeled Available Groundwater for the current planning cycle

General Manager Drew Satterwhite had met with the DFC Committee (Mark Patterson, David Gattis, and Harold Latham). Mr. Satterwhite explained the DFC process which takes place every five years. Paul Sigle, Groundwater Technical Lead, presented a presentation showing how data was and is used in determining the DFCs. A detailed discussion was held by the Board. The Board decided to use the same numbers for the model run as previously used. Board Member David Gattis made the motion to use the same numbers as previously used. Board Member Mark Newhouse seconded the motion. Motion passed unanimously.

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

a. JT Rivers, LLC update

General Manager Drew Satterwhite informed the Board of information that was obtained after last month's Board Meeting. The Board discussed the situation and decided to gather more information and bring it before the Board at the next meeting. Board Member Chuck Dodd made the motion to defer previous violation. Board Member Mark Gibson seconded the motion. Board Member Mark Newhouse voted nay. Motion passed.

14. General Manager's Report: The General Manager will update the Board on operational, educational and other activities of the District.

a. Well Registration Summary

General Manger Drew Satterwhite reported that there are 5 new well registrations and a total of 911 registered wells in the district.

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

The next meeting is scheduled for Thursday, October 24, 2019 at 10 a.m.

16. Adjourn.

President Patterson declared the meeting adjourned at 12:10 a.m.

#####

Recording Secretary

Secretary-Treasurer

ATTACHMENT 5

RESOLUTION NO. 2019-10-24-01

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE RED RIVER GROUNDWATER
CONSERVATION DISTRICT AUTHORIZING PAYMENT OF ACCRUED LIABILITIES FOR THE
MONTHS OF SEPTEMBER

The following liabilities are hereby presented for payment:

<u>Administrative Services</u>	
GTUA - September	<u>Amount</u> 19,791.19
<u>Contract Services</u>	
WSP - Hydro Geo services through August	7,315.50
IT Nexus - October 2019 well database maintenance	600.00
IT Nexus - November 2019 well database maintenance	600.00
<u>Direct Costs</u>	
NexTraQ - GPS Tracking - August	39.95
NexTraQ - GPS Tracking - September	39.95
North Texas Tollway - 8/7/19-9/6/19	9.19
<u>Dues</u>	
Texas Alliance of Groundwater Districts - 2019/2020 membership renewal	1,375.00
<u>Legal</u>	
Fancher Legal - September - General Council	3,032.00
<u>Software Maintenance</u>	
USTI - 6 month renewal for Asyst accounting program 9/1/19-2/29/2020	278.24
GRAND TOTAL:	\$ <u>33,081.02</u>

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RED RIVER
GROUNDWATER CONSERVATION DISTRICT THAT the Secretary-Treasurer is hereby authorized
to make payments in the amounts listed above.

On motion of _____ and seconded by:

_____, the foregoing Resolution was passed and approved on this, the 24th. day of October 2019

by the following vote:

AYE:

NAY:

At a meeting of the Board of Directors of the Red River Groundwater Conservation District.

ATTEST:

President

Secretary/Treasurer

ATTACHMENT 6

RED RIVER GROUNDWATER
Balance Sheet

As of September 30, 2019

Sep 30, 19

ASSETS

Current Assets

Checking/Savings

10001 CASH-First United	168,981.14
10025 A/R CONSUMPTION	16,467.69
10026 A/R Texas Rain Holding Co	2,600.00
10101 ALLOWANCE FOR UNCOLLECT	-1,530.00
10200 AR DRILLERS DEP	-3,000.00
10010 INVESTMENTS	200,000.00
10230 PP EXPENSES	2,718.00
Undeposited Funds	100.00

TOTAL ASSETS	<u>386,336.83</u>
---------------------	--------------------------

LIABILITIES & EQUITY

Liabilities

Current Liabilities

23100 ACCOUNTS PAYABLE	2,942.00
23150 DRILLERS DEPOSIT LIAB	8,800.00

Total Current Liabilities	<u>11,742.00</u>
----------------------------------	-------------------------

Total Liabilities	<u>11,742.00</u>
--------------------------	-------------------------

Equity

35100 RETAINED EARNINGS	217,860.40
Opening Balance Equity	202,157.93
Net Income	-45,423.50

Total Equity	<u>374,594.83</u>
---------------------	--------------------------

TOTAL LIABILITIES & EQUITY	<u>386,336.83</u>
---------------------------------------	--------------------------

RED RIVER GROUNDWATER
Profit & Loss Budget vs. Actual
January through September 2019

	Current Actual	Current Budget	YTD Actual	Total Budget	Remaining Budget
Income					
46002 GW PRODUCTION	1,308.61	78,750.00	159,801.41	236,250.00	32.36%
46005 LATE FEES	301.72		1,301.72		
46006 VIOLATION FEES	0.00		3,600.00		
46015 REGISTRATION FEES	400.00	625.00	4,200.00	5,625.00	25.33%
46100 INTEREST INCOME	0.00	167.11	962.07	1,503.99	36.03%
Uncategorized Income	0.00		0.00		
Total Income	2,010.33	79,542.11	169,865.20	243,378.99	30.21%
Expense					
77010 ADMINISTRATIVE COST	7,673.50	9,166.67	78,005.50	82,500.03	5.45%
77020 ADVERTISING	0.00	375.00	247.45	1,125.00	78.0%
77027 AUDITING	0.00	0.00	4,750.00	4,750.00	0.0%
77032 CONTRACT SERVICES	7,915.50	3,416.67	19,866.26	30,750.03	35.39%
77035 FIELD TECH	5,952.50	6,666.67	44,781.10	60,000.03	25.36%
77040 DIRECT COST	269.35	500.00	3,077.45	4,500.00	31.61%
77045 FIELD PERMITTING SPECIAL	4,140.00	2,500.00	23,529.00	22,500.00	-4.57%
77450 DUES & SUBSCRIPTIONS	0.00	141.67	358.00	1,275.03	71.92%
77480 EQUIPMENT	0.00	166.67	968.08	1,500.03	35.46%
77500 FEES-GMA8	468.55	166.67	977.20	1,500.03	34.85%
77610 FUEL	98.20	291.67	2,062.78	2,625.03	21.42%
77810 INSURANCE AND BONDING	302.00	372.34	3,154.48	3,351.06	5.87%
77855 INTERNET FEES	0.00	83.34	2,143.93	750.06	-185.83%
77970 LEGAL	3,628.00	2,916.67	20,303.20	26,250.03	22.65%
78010 MEETINGS AND CONFEREN	745.00	433.34	3,729.62	3,900.06	4.37%
78310 RENT	200.00	200.00	1,800.00	1,800.00	0.0%
78600 SOFTWARE MAINTENANCE	863.20	1,166.67	3,655.85	10,500.03	65.18%
78750 TELEPHONE	228.77	208.34	1,899.99	1,875.06	-1.33%
Total Expense	32,484.57	28,772.39	213,587.17	261,451.51	18.31%
Net Income	-32,484.57	-28,772.39	-213,587.17	-261,451.51	18.31%

ATTACHMENT 7



RED RIVER
GROUNDWATER CONSERVATION DISTRICT

FANNIN COUNTY AND GRAYSON COUNTY



General Manager's Quarterly Report
Date: September 30, 2019
Red River GCD Management Plan

This quarterly briefing is being provided pursuant to the adopted Management Plan for the quarter ending September 30, 2019.

Well Registration Program:

Current number of wells registered in the District: 918

Aquifers in which the wells have been completed: Trinity and Woodbine

Well Inspection/Audit Program:

2019
Well Inspections

Month	Fannin	Grayson	Total
January	7	5	12
February	1	7	8
March	5	4	9
April	3	6	9
May	1	5	6
June	4	4	8
July	11	4	15
August	3	3	6
September	0	11	11
October			
November			
December			
Total	35	49	84

ATTACHMENT 8

Red River Groundwater Conservation District
Quarterly Investment Report
For the Quarter Ended
September 30, 2019

The investment portfolio of the Red River Groundwater Conservation District is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

Presented by Red River Groundwater Conservation District Investment Officers:



Drew Satterwhite
General Manager



Debi Atkins
Finance Officer

Book/Market Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2019		Sales/Adjust/ Call Maturity	September 30, 2019	
			Face Amount/ Par Value	Book/Market Value		Face Amount/ Par Value	Book/Market Value
First United (DDA)	0.00%	1/1/2019	\$ 251,886.32	\$ 251,886.32	172,427.96	\$ 168,981.14	\$ 168,981.14
East West	2.72%	12/31/2019	100,000.00	100,000.00		100,000.00	100,000.00
East West	1.98%	6/24/2020				100,000.00	100,000.00
			<u>\$ 356,636.32</u>	<u>\$ 356,636.32</u>	<u>\$ 172,427.96</u>	<u>\$ 368,981.14</u>	<u>\$ 368,981.14</u>

Investment Holdings
9/30/2019

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
First United (DDA)		0.00%	7/1/2019	9/30/2019	\$ 168,981.14	\$ 168,981.14	1.00	\$ 168,981.14	1	0.00%
East West		1.98%	6/24/2020	9/24/2019	\$ 100,000.00	\$ 100,000.00	100.00	\$ 100,000.00	268	2.00%
East West		2.72%	12/31/2019	1/31/2019	100,000.00	100,000.00	100.00	100,000.00	92	2.76%
					<u>\$ 368,981.14</u>	<u>\$ 368,981.14</u>		<u>\$ 368,981.14</u>	<u>98</u>	
									(1)	

(1) Weighted average life - For purposes of calculating weighted average life, bank accounts, pools and money market funds are assumed to have an one day maturity.

ATTACHMENT 9



RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION



DATE: October 1, 2019

SUBJECT: AGENDA ITEM NO. 9

CONSIDER AND ACT UPON APPROVAL OF INVESTMENT POLICY

ISSUE

Consider and act upon approval of the Investment Policy as required by the Public Funds Investment Act ("PFIA").

BACKGROUND

The Red River Groundwater Conservation District initially adopted an Investment Policy in 2012. This policy is required to be reviewed annually in order to comply with Public Funds Investment Act. During this last legislative session, nothing changed in regards to the PFIA act that would necessitate any amendments to our current policy.

The policy states that the Board of Directors will approve broker/dealers and PFIA training sources on an annual basis. Below, is a list of the broker/dealers and PFIA training sources:

Independent training sources:

- Association of Water Board Directors
- Texas Rural Water Association
- Texas Water Utilities Association
- Government Finance Officers' Association
- Government Finance Officers' Association of Texas
- Government Treasurers' Organization of Texas
- Council of Governments
- University of North Texas Center for Public Management
- American Institute of Certified Public Accountants
- Association of Governmental Accountants

Broker/Dealer List:

- BOKF Financial
- FTN Financial
- Raymond James

OPTIONS/ALTERNATIVES

The Board could adopt the attached policy, modify the policy, or defer to committee for review.

CONSIDERATIONS

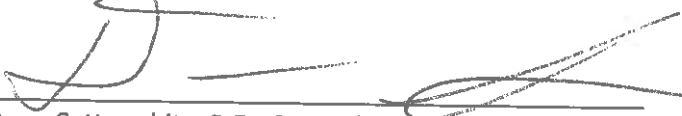
The approval of this policy will be evidence that the Board is responsible in its use of public funds.

STAFF RECOMMENDATIONS

The staff recommends approving the Investment Policy as well as the broker/dealers and PFIA training sources.

ATTACHMENTS
Investment Policy
Resolution

PREPARED AND SUBMITTED BY:



Drew Satterwhite, P.E., General Manager

EXHIBIT "A"

RED RIVER GROUNDWATER CONSERVATION DISTRICT

INVESTMENT POLICY

REVIEWED AND APPROVED: October 24, 2019

EXHIBIT "A"

1.01 PURPOSE

This policy with respect to district investments has been adopted by the Board of Directors (the "Board") of Red River Groundwater Conservation District (the "District") to establish the principles and criteria by which the funds of the District should be invested and secured (a) to preserve the principal, (b) to earn interest, (c) to address investment diversification, yield, and maturity, (d) to fulfill the duties of the designated Investment Officer of the District, (e) to comply with the types of authorized investments and to specify the maximum allowable stated maturity of the District's investments, and (f) to comply with the provisions of Texas law related to the investment and security of funds applicable to groundwater conservation districts ("Investment Laws"). The provisions of Chapter 36 of the Texas Water Code relating to investments and securities, the Public Funds Investment Act (the "Act") as amended in Chapter 2256 of the Texas Government Code, and other appropriate statutes are applicable to the investment of the District's funds.

1.02 POLICY OF INVESTMENT

- A. The preservation of principal shall be the primary concern of the District and the District Investment Officer. To the extent that the principal is protected, District funds shall be invested to yield the highest possible rate of return to meet the current and future financial needs of the District and to maintain liquidity, all while taking into consideration the strength of the financial institution, and complying with any Internal Revenue Code laws or regulations and procedures set forth in any bond resolutions or orders, adopted from time to time by the Board. Funds of the District shall be invested by the District's staff in accordance with the policy. Any resolution or order adopted by the Board relating to investment policies or procedures shall be in writing and shall be made available to requesting members of the public.
- B. Investment of funds shall be governed by the following investment objectives, in order of priority:
 - 1. Understanding suitability of investments to the District's requirements,
 - 2. Preservation and safety of principal,
 - a. Credit risk - the District will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment
 - b. Interest rate risk - the District will minimize the risk that the interest earnings and the market value of investments in the portfolio will fall due to changes in general interest rates
 - 3. Liquidity,
 - 4. Marketability prior to maturity of each investment,
 - 5. Diversification, and
 - 6. Yield.
- C. The investment of the District's funds should be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of

securities. Diversification strategies shall be established and periodically reviewed. The Investment Officer, to the extent possible, will attempt to match investments with anticipated cash flow requirements. Matching securities with cash flow dates will normally increase yield, will lock in higher yields, and reduce the need to sell securities prior to maturity, thus reducing market risk.

1.03 DELEGATION OF INVESTMENT AUTHORITY

- A. The Board shall designate by resolution one or more officers and/or General Manager and Finance Officer of the District to be responsible for the investment of its funds and be the District's Investment Officer(s). The Board resolution shall also authorize the Investment Officer to engage in investment transactions, deposit, withdraw, wire funds for investments, transfer and manage funds on behalf of the District. However, there shall be no transfer, expenditure, or appropriation of District funds, other than a transfer of the funds from one District account to another account of the District as stated above, unless by check or draft signed by two (2) members of the Board or authorized by separate order or resolution of the Board.
- B. The Investment Officer is responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. The Board retains ultimate fiduciary responsibility.
- C. The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy. Procedures will include reference to safekeeping, wire transfer agreements, banking services contracts, and other investment related activities.
- D. All participants in the investment process shall seek to act responsibly as custodians of the public trust. No officer or designee may engage in an investment transaction except as provided under the terms of this Policy and the procedures established.
- E. The Investment Officer's authority is effective until the District rescinds the authority or until: (1) termination of employment with the District for an Investment Officer who is an employee of the District; or (2) vacating the office of director for an Investment Officer who is a director of the Board.
- F. An officer or employee of a regional planning commission, council of governments or similar regional planning agency created under Chapter 391, Local Government Code, is ineligible to be designated as an investment officer under this policy.
- G. Should total District funds exceed \$50,000, there is hereby established an investment committee, composed of the Investment Officer, and at least two directors. The investment committee shall meet annually or as needed to monitor and review the investments and collateral pledge agreements of the District. The Investment Officer shall be the chairman of the committee. The committee shall report concerning the District's investments transaction for the preceding year describing the investment portion of the District at the end of each fiscal year. The report shall be written and signed by members of the

committee. The committee also shall report to the Board on its review the month following each quarterly meeting.

- H. No person may deposit, withdraw, invest, transfer, or manage in any other manner funds of the District without the express written authority of the Investment Officer.
- I. Obtain and review competitive rates from qualified investment providers, financial institutions and broker/dealers.

1.04 PRUDENT PERSON RULE

- A. The actions of the Investment Officer in the performance of his or her duties as manager of the District's funds shall be evaluated using the "prudent person" standard. Investments shall be made with judgment and care under prevailing circumstances which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived.
- B. The Investment Officer acting in accordance with written procedures exercising due diligence shall be relieved by personal responsibility for an individual security's performance provided that deviations from expectations are reported in a timely fashion to the governing body and appropriate action is taken to control adverse developments.

1.05 INVESTMENT STRATEGY BY FUND

Funds in the District accounts shall be invested by the Investment Officer as follows:

- a. Capital Projects Account: The District may choose to have a Capital Projects Account from time to time, and, if so, shall maintain as its primary objective to maximize the suitability of the investment in such funds to the financial requirements of the District while preserving the safety of principal with regard to monies collected or allocated for such fund.
- b. Operating Account: Funds in this account shall be invested to meet the operating requirements of the District as determined by the annual operating budget of the District, or by resolution of the Board.
- c. Debt Service Account: Funds in this account shall be invested to meet the debt service requirements of the District. In order to accomplish this, the District will invest such funds in amounts and maturity dates that most likely match the debt service requirements of the District.

1.06 AUTHORIZED INVESTMENTS

- A. Acceptable investments under this Policy shall be limited to the instruments listed below and as further described by the Act. If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by the District until this Policy has been amended and the amended version is adopted by the Board:

1. Obligations of the United States Government, its agencies and instrumentalities, including the Federal Home Loan Banks, but excluding principal-only and interest-only mortgage backed securities, collateralized mortgage obligations, and real estate mortgage investment conduits; not to exceed two years to stated maturity;
 2. Fully insured or collateralized certificates of deposit and other forms of deposit placed in compliance with the Act from any bank doing business in the State of Texas and under the terms of a written depository agreement with that bank, not to exceed one year to stated maturity, to include certificates of deposit purchased through the CDARS program with a Texas bank; and
 3. AAA-rated, constant dollar Texas Local Government Investment Pools as defined by the Act.
- B. Bids for investments, including certificates of deposit, may be solicited:
1. Orally;
 2. In writing;
 3. Electronically; or
 4. In any combination of those methods.
- C. All purchases of securities shall be made on a delivery versus payment basis assuring that no District funds are released before the security is received by the custodian.

1.07 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

- A. All investments made by the District will be made through either the District's banking services bank or an approved broker/dealer. The Board will review the list of broker/dealers annually. A list of at least three broker/dealers will be maintained of approved investment broker/dealers. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 153C-1 (uniform net capital rule).
- B. Securities broker/dealers must meet certain criteria as determined by the Investment Officer. The following criteria must be met by those firms on the list:
1. Proof of certification by the Financial Industry Regulatory Authority (FINRA) and provision of FINRA CRD number,
 2. Audited financial statements, and
 3. Proof of current registration with the Texas State Securities Board.
- C. Every broker/dealer and bank with which the District transacts business will be provided a copy of this Investment Policy for review to assure that they are familiar with the goals and objectives of the investment program.

1.08 SAFEKEEPING AND COLLATERALIZATION

- A. Safekeeping of District Owned Securities.
1. All purchased securities shall be cleared to safekeeping on a delivery versus payment basis and held in safekeeping by an independent third party financial institution, or the District's banking services depository.

2. All safekeeping arrangements shall be approved by the Investment Officer and an agreement of the terms executed in writing. The independent third party custodian shall be required to issue safekeeping receipts to the District listing each specific security, rate, description, maturity, cusip number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is being held for the District or pledged to the District.

B. Securities Pledged as Collateral

1. All securities pledged to the District for all bank time or demand deposits shall be held by an independent third party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank from which securities are pledged.
2. Collateralization is required on all time and demand deposits over the FDIC insurance coverage.
 - a. In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level will be 102% of the deposit amount plus accrued interest on the deposit, less the applicable level of FDIC insurance.
 - b. Collateral will be held by an independent third party custodian. The custodian shall provide a written monthly report directly to the District listing all pledged collateral by description and par at a minimum. The investment officers will monitor adequacy of collateralization levels to verify market values and total collateral positions.
 - c. If the collateral pledged for a deposit falls below the deposit value of the deposit, plus accrued interest, less FDIC insurance, the institution holding the deposit will be notified by the investment officers and will be required to pledge additional collateral no later than the end of the next succeeding business day.

C. Authorized Collateral

1. The only types of collateral authorized by the District are:
 - a. Obligations of the U. S. Government, its agencies and instrumentalities including mortgage-backed securities which pass the bank test.
 - b. Obligations of a state or subdivision, city, county, school district of any state which is rated A or better by two nationally recognized rating agencies.
2. If the depository proposes a collateral pooling program, the Investment Officer will review and evaluate the program's risk and cost to the District for presentation to the Board. The pooling of collateral allows a bank to create a pool of securities for collateral purposes for multiple governments and will not result in securities pledged directly/specifically to each government.
3. Collateralized deposits often require release or substitution of collateral. Any broker/, dealer, or financial institution requesting substitution must contact the investment officers for approval and settlement. The substituted security's value will be calculated and substitution approved, if its value is equal to or greater than the required security level. The investment officers, or a designee, must provide written notification of the decision to the bank or the custodian/safekeeping agent holding the security prior to any security release. Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative problems and transfer expense. The investment officers may limit substitution and assess appropriate fees if substitution becomes excessive or abusive.

1.09 INVESTMENT TRAINING

- A. The Investment Officer shall attend training as required by Water Code 36.151 from an independent source approved by the Board involving at least six (6) hours of instruction. The initial training shall occur within 12 months after the Investment Officer takes office or assumes his or her duty. The Investment Officer shall attend an investment training session not less than once in a two-year period and receive not less than four (4) hours of instruction related to the duties and investment responsibilities under Subchapter 2256 of the Act from an independent source approved by the Board.
- B. Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act.

1.10 REPORTING AND PERFORMANCE EVALUATION

- A. The Investment Officer shall submit a monthly report to the District Manager.
- B. Not less than quarterly, the Investment Officer shall prepare and submit to the Board a written report of investment transactions for all funds subject to this policy for the preceding reporting period. The report must:
 - 1. Describe in detail the District's investment position on the date of the report;
 - 2. Be prepared by the Investment Officer;
 - 3. Be signed by the Investment Officer;
 - 4. State the maturity date of each separately invested asset that has a maturity date;
 - 5. State the book value and the market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested; and
 - 6. State the compliance of the investment portfolio of the District with:
 - a. The investment strategy expressed in the District's Investment Policy; and
 - b. Relevant provisions of the Act.
- C. Market prices for market evaluations will be obtained from an independent source.
- D. In addition, the report shall explain the quarter's total investment return and compare the return with budgetary expectations.
- E. All reports shall be in compliance with the Act.

1.11 MISCELLANEOUS

- A. The District, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the District's established investment policies to review investment performance and to ensure investment security. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions.

- B. The District shall review this policy at least annually and adopt a resolution confirming the continuance of the policy without amendment or adopt an amended investment policy.
- C. This investment policy adopted on October 24, 2019, supersedes any prior policies adopted by the Board regarding investment or securitization of District funds.

RESOLUTION NO. 2019-10-24-02

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE RED RIVER GROUNDWATER CONSERVATION DISTRICT RELATING TO AN INVESTMENT POLICY

WHEREAS, the Red River Groundwater Conservation District ("District") was created by an act of the 81st Legislature in 2009; and

WHEREAS, the District has a responsibility of approving investments for the resources in its care and custody; and

WHEREAS, the District has appointed an Investment Committee of its membership to compose an Investment Policy; and

WHEREAS, that Committee prepared a document attached hereto as Exhibit "A" ; and

WHEREAS, the Board has reviewed this document and believes it to be in conformance with the State statutes regarding the investment of public funds;

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RED RIVER GROUNDWATER CONSERVATION DISTRICT AS FOLLOWS:

1. The Investment Policy attached as Exhibit "A" is hereby adopted by this resolution and shall be in full force until further change by Board action.

2. The District's Investment officers are designated by this resolution to be the Secretary of the Board of Directors, the General Manager and the Finance Officer.

Upon motion by _____, seconded by _____, the foregoing Resolution was passed and approved on this 24th day of October, 2019 by the following vote:

AYE:

NAY:

ABSTAIN:

At a meeting of the Board of Directors of the Red River Groundwater Conservation District.

President

ATTEST:

Secretary-Treasurer

ATTACHMENT 10



**RED RIVER GROUNDWATER CONSERVATION
DISTRICT
AGENDA COMMUNICATION**



DATE: **October 1, 2019**

SUBJECT: **AGENDA ITEM NO. 10**

**DISCUSSION AND POSSIBLE ACTION REGARDING WHICH WELL SYSTEMS REQUIRE A HYDROGEOLOGICAL
REPORT WHEN ADDING A NEW WELL, INCLUDING POSSIBLE APPROVAL OF ANY RELATED AMENDMENTS
TO DISTRICT HYDROGEOLOGICAL REPORT GUIDELINES.**

ISSUE

The District Staff would like clarification from the Board of Directors as to which well systems were intended to be required to produce a Hydrogeological Report.

BACKGROUND

The Red River Groundwater Conservation District ("District") permanent rules became effective January 1, 2019. One requirement in the new rules is for new wells or well systems that are capable of producing more than 200 gpm, a Hydrogeological Report must be submitted as a supplement to the permit application. The Hydrogeological Requirements document states:

Hydrogeological Reports that meet the criteria in these guidelines must be included with administratively complete applications for any of the following:

1. requests to drill and operate a proposed new well or well system with a proposed aggregate production capacity of 200 gallons per minute or more;
2. requests to modify or increase an existing well or well system that would result in the existing well(s) being equipped to produce 200 gallons per minute or more; and/or
3. exception to spacing requirements for wells covered by (1) or (2) above.

CONSIDERATIONS

The way the document reads, if a 150 gpm is being added to a system already over 200 gpm, then the application for that well will require a Hydrogeological Report for the system. This point was brought up at a recent Board Meeting and the staff felt that this subject needed further discussion with the Board.

STAFF RECOMMENDATIONS

The staff will be prepared to discuss this item in detail and will request direction from the Board.

ATTACHMENTS

Hydrogeological Report Guidelines

PREPARED AND SUBMITTED BY:

A handwritten signature in dark ink, appearing to read "Drew Satterwhite", is written over a horizontal line.

Drew Satterwhite, P.E., General Manager

RED RIVER

GROUNDWATER CONSERVATION DISTRICT

HYDROGEOLOGICAL REPORT GUIDELINES

Adopted pursuant to District Rules 3.10(a)(13), 3.10(b) and 3.15(b)

I. Introduction

- A. Hydrogeological Reports that meet the criteria in these guidelines must be included with administratively complete applications for any of the following:
 - 1. requests to drill and operate a proposed new well or well system with a proposed aggregate production capacity of 200 gallons per minute or more;
 - 2. requests to modify or increase an existing well or well system that would result in the existing well(s) being equipped to produce 200 gallons per minute or more; and/or
 - 3. exception to spacing requirements for wells covered by (1) or (2) above.
- B. Purpose of the Hydrogeological Report is to provide the District with hydrogeological information addressing the impacts of the proposed well on existing wells and in relation to the Desired Future Condition (DFC) for the applicable aquifer, as required by Sections 36.113(d) and 36.1132 of the Texas Water Code.
- C. Reports submitted pursuant to District Rules 3.10(a)(13), 3.10(b) and 3.15(b) and these guidelines are required to be sealed by a Professional Geoscientist or Professional Engineer licensed in the State of Texas.
- D. Hydrogeological Reports submitted to the District should follow the chronological order of the criteria set forth in Section II.

II. Required Content of Hydrogeological Reports

- A. Well construction specifics must include the following:
 - 1. Details on all aspects of well.
 - 2. Schematic well construction diagram.
 - 3. Lithologic description of geology encountered during well drilling.
 - 4. Identify specific location through maps:
 - a. Maps showing location of property relative to county level, location of well relative to property boundaries, and other relevant features
- B. Discussion of hydrogeologic setting must include the following:
 - 1. Identification of the aquifer.
 - 2. Discussion of surface and subsurface geology at well site.

- a. Include whether there is any occurrence of any significant groundwater recharge features such as outcrop, surface water bodies, caves, sinkholes, faults or other geologic features.
 3. Include depth interval of proposed water bearing zone and identify target production zone.
 4. Provide anticipated thickness of water bearing zone.
 5. Identify whether the target production zone is anticipated to be confined or unconfined.
 6. Provide estimates of thickness of confining layer at well site location.
 7. Provide specific aquifer parameters at the well site, including transmissivity, hydraulic conductivity and storativity based on the Texas Water Development Board (TWDB) approved Groundwater Availability Model for the aquifer.
 - a. Provide a discussion of the variability of wells in the area, if applicable.
 8. Identify all registered wells within a 1-mile radius of the proposed well using publicly-available District well database.
 - a. In the event the 1-mile radius does not include any registered wells, the radius will be extended to a 2-mile radius in order to address impacts under Section II(D)(3) of these guidelines.
 9. Include identification of streams or springs within 1-mile radius of the proposed well.
- C. Water quality analysis must include the following:
1. Include discussion of known quality in the area based on literature and well reports.
- D. Interference analysis must include the following:
1. Provide quantitative analysis that shows the projected impacts from 1) the proposed production from the well or well system (if applicable) and 2) the well or well system (if applicable) running 100% of the simulation periods.
NOTE: Applicant is advised to work with District Staff to settle on proposed production volume prior to performing the analysis.
 - a. Simulation results must be included showing drawdown at 24 hours, 30 days, and 1 year (contoured with the smallest contour equal to 1-foot water level decline).
 - i. Include discussion of the methodology used for estimating drawdown, including software that was used, the assumptions and/or solution method employed.
 - ii. Include illustration and/or maps showing the estimated cone of depression. If there is more than one well in the group, two maps should be included demonstrating:

- (1) contours for impacts from pumping the proposed well only;
and
 - (2) contours for impacts from all wells in the system.
- 2. For well systems, include a discussion of the amount or degree of interference that each of the system wells may exert on other same system wells.
- 3. Include a discussion of the estimated impacts on existing registered wells identified under Section II(B)(8) of these guidelines.
- E. Desired Future Condition (DFC) and Modeled Available Groundwater (MAG) Analysis
 - 1. Discussion of the proposed pumping amount in relation to the MAG, as well as the impact of the proposed pumping on the adopted DFC.
- F. Copies of the modeling files must be submitted with the report.

III. Post-Drilling Requirements

A. Mandatory requirements:

- 1. Geophysical logs required to be submitted upon completion of the well.
 - a. Geophysical logs must consist of a resistivity or induction curve and a spontaneous potential or gamma ray curve at a minimum.
 - b. Geophysical logs performed in the initial open-borehole are required and will consist of resistivity (self potential and gamma ray at a minimum).
 - c. Wells cased with PVC require induction and gamma ray logs.
 - d. All digital log files to be submitted in LAS format as well as printed.
- 2. All public water supply sampling completed in accordance with TCEQ/EPA requirements must be submitted to the District.

B. Must provide if available:

- a. Digital or tabulated data of water levels measured during drawdown, specific capacity, or pumping test;
- b. field parameters of specific conductivity, temperature and pH of measurements made during the drawdown or pumping test; and/or
- c. Any laboratory analysis completed on samples collected from the well after construction and development.

IV. Additional Construction Requirements

- A. Measuring tube at least one inch in diameter to be installed from the well head to the bottom most screen interval in all new wells with a capacity to produce 200 gpm or more.

1. The measuring tube shall be a separate PVC pipe on the outside of casing.

ATTACHMENT 14

Red River Groundwater Conservation District

Well Registration Summary As of September 30, 2019

Well Type	Total		Total RRGCD	New Registrations
	Total Registered Fannin County	Total Registered Grayson County		
Domestic	163	291	454	3
Agriculture	19	26	45	-1
Oil/Gas	0	21	21	0
Surface Impoundments	6	14	20	1
Commercial	10	14	24	0
Golf Course	0	15	15	0
Livestock	17	25	42	0
Irrigation	0	7	7	0
Public Water	59	216	275	1
Monitoring	12	3	15	0
Total	286	632	918	4

ADJOURN