

**MINUTES OF THE BOARD MEETING  
RED RIVER GROUNDWATER CONSERVATION DISTRICT**

**THURSDAY, AUGUST 21, 2014**

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

---

Members Present: Mark Patterson, Don Wortham, David Gattis, Mark Gibson, Mark Newhouse, William Purcell

Members Absent: Harold Latham

Staff: Drew Satterwhite, Debi Atkins, Carolyn Bennett, and Carmen Catterson

Visitors: Joey Rickman, City of Honey Grove  
Terri Rountree, Desert WSC

---

1. Call to order, declare meeting open to the public, and take roll.

President Patterson called the meeting to order at 2:00 PM. All members were present except Board Member Latham. The Board introduced themselves and the manner of their appointment.

2. Public Comment.

No comments received.

3. Consider approval of Minutes of July 7, 2014 work session and board meeting

Board Member Gattis motioned to approve the Minutes of the July 7, 2014 work session and board meeting. The motion was seconded by Board Member Gibson and passed unanimously.

4. Review and approval of monthly invoices.

Mr. Satterwhite reviewed the monthly invoices.

Board Member Gattis motioned to approve the monthly invoices for a total of \$17,139.22. The motion was seconded by Secretary/Treasurer Wortham and passed unanimously.

5. Receive Monthly Financial Information

Mr. Satterwhite reviewed the monthly financial information. President Patterson explained that many groundwater districts are receiving low amounts of revenue due to the excess amount of rain

received. However, the City of Sherman used a higher than normal amount of groundwater while the pump station was out of service. This should cause the Red River GCD to receive approximately the amount of revenue expected.

Mr. Satterwhite provided the aging report. Only two organizations are behind on payments. One was due to a multiplier that was reported incorrectly. This situation was discussed with the company and the owner has agreed to make payment as soon as possible. The other appears to be a clerical error on behalf of the well owner and should be corrected shortly.

6. Consider and act upon budget and establish production rates for FY 2015

Most water suppliers operate on an October-September fiscal year and request that the District establish rates as early as possible. The budget committee met earlier this month and the staff reviewed the proposed budget and rates. The committee recommended a \$0.01 increase in production rates to \$0.07 per 1,000 gallons. Mr. Satterwhite did express that the District is among the lowest in the State, and compared other regional GCDs that were formed around the same time with North Texas GCD charging \$0.10 per 1,000 and Upper Trinity GCD charging \$0.22 per 1,000.

The proposed budget includes the \$0.01 increase in production fees. The administrative cost, and the hydrogeologist line item have been left the same. The GAM run line item for \$20,000 is an estimate for 5 additional GAM runs in connection with 5 other groundwater districts. This is an estimated cost based on the assumption that 5 groundwater districts can work together to share 5 runs. The field technician cost is the same, but the shared field services with the North Texas GCD will most likely end in 2015. This will result in the need to hire an additional field technician to train at the end of 2015. Legal expenses were increased to \$25,000 because they will most likely need to attend meetings to help the District comply with Chapter 36 with regard to DFC development. Most districts also pay for consulting and legislative tracking, which is in addition to the regular legal line item. The North Texas GCD has a legal line item of \$50,000 plus \$10,000 for legislative tracking.

The Board discussed the possibility of setting the same rate as 2014. President Patterson explained that the budget could be trimmed to allow the rate to stay the same, but there would be no room for unexpected expenses. Mr. Satterwhite explained that allowing a fund balance to be generated would allow rate increases to be smaller in the future when work increases due to DFC development. He also recommended that if a truck is needed for the field technician, the fund balance could be used. President Patterson felt that the increase would be money well spent to be able to support the groundwater users' interests. Board Member Gattis commented that the District needs to be very cautious with the utilization of legal services and make certain that all legal expenses are needed.

Board Member Purcell asked if the increase could be justified to the groundwater producers. Mr. Satterwhite explained that the District shares staff and legal costs with the North Texas GCD, expenses have been kept very low for several years and the budget is very conservative.

Board Member Purcell motioned to adopt the FY 2015 budget as presented and to establish production rates of \$0.07 per 1,000 gallons for non-exempt use and \$0 per acre-foot for agriculture use. The motion was seconded by Board Member Gibson and passed unanimously.

7. Consider and act upon a Resolution adopting Code of Ethics, Professional Services, and Management Information Policies for the District

In April, the District was selected by the State Auditor's Office to be audited. The report identified that the District did not have policies for Code of Ethics, Professional Services, and Management Information. Legal counsel drafted the policies, which are very boilerplate, but comply with Chapter 36. The professional services policy applies to all professional services.

Board Member Gattis motioned to approve execution of a Resolution adopting Code of Ethics, Professional Services, and Management Information Policies for the District. The motion was seconded by Board Member Newhouse and passed unanimously.

8. Receive and Evaluate District Rules Regarding Waste of Groundwater

The District's Management Plan requires that the Board annually review the Rules regarding waste of groundwater. This should have been done when the Rules were reviewed and amended earlier in 2014. The staff has no recommendations to adjust the Rules.

The Board discussed the definition of waste and whether water leaks could qualify as waste. President Patterson stated that if leaks are constantly occurring, it could be defined as waste. President Patterson recommended the staff begin to collect water loss data to develop a report to show the relative amount water lost among public water suppliers. Mr. Satterwhite agreed to begin collecting the information.

9. Receive Quarterly Management Report

Mrs. Bennett reviewed the quarterly drought and rainfall information. Maps of rainfall received, and reservoir conditions were provided.

10. Receive update on GMA 8 activities and development of Desired Future Conditions (DFCs)

The last GMA 8 meeting included adoption of new administrative procedures to lay out the process for establishing DFCs. Next year GMA 8 is expected to meet bi-monthly and possibly monthly toward the end of the year. The updated groundwater availability model has been submitted to the Texas Water Development Board and is expected to be adopted by the end of the year.

11. Consider and act upon establishing a Desired Future Condition Committee

President Patterson reported that the staff recommended appointing a committee of Board Members Gattis, Latham and Patterson. Mr. Satterwhite explained that Board Members Gattis and Latham typically attend GMA 8 meetings. The committee may need to meet more frequently than the Board and to meet with other groundwater districts to negotiate groundwater model runs for the Board to consider.

Board Member Newhouse motioned to establish a DFC committee and appoint Board Members Gattis, Latham and Patterson. The motion was seconded by Secretary/Treasurer Wortham and passed unanimously.



12. General Manager's Report

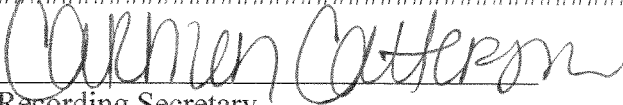
Mr. Satterwhite reported the total number of wells registered since June 2014. Mrs. Atkins reported that she has spoken with banks, TxPOOL, and TxSTAR. The highest rate she found was 0.2% for a 90-day or 0.4% for a one year Certificate of Deposit. She found an interest bearing account, but it only allows for 6 transactions per month. She stated the District could move a portion of the fund balance to either a Certificate of Deposit or an interest bearing account. However, the bank charges a 0.1% analysis charge on expenses paid from the account. By maintaining a balance above \$175,000, the balance exceeds the charges enough that there have been no analysis charges. The analysis charges if funds were moved to interest bearing accounts would result in minor interest being earned. The Board discussed the possibility of changing banks.

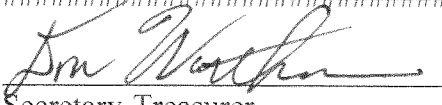
13. Open forum / discussion of new business for future meeting agendas

The next meeting was tentatively scheduled for October 16, 2014 at 2:00 PM.

14. Adjourn

The Board adjourned at approximately 3:03 PM.

#####  
  
Recording Secretary

  
Secretary-Treasurer