

**RED RIVER
GROUNDWATER
CONSERVATION
DISTRICT**

**PUBLIC HEARING, PERMIT HEARING, AND
BOARD MEETING**

Greater Texoma Utility Authority Board Room
5100 Airport Drive
Denison, Texas 75020

**THURSDAY
OCTOBER 19, 2023
10:00 AM**

NOTICE OF PUBLIC MEETING
OF THE
BOARD OF DIRECTORS OF THE

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Thursday, October 19, 2023, at 10:00 a.m.

MEETING LOCATION:
Greater Texoma Utility Authority Board Room
5100 Airport Drive
Denison, Texas 75020

Public Hearing to Adopt Amendments to District Rules for Water Wells in Fannin and Grayson Counties, Texas

The Public Hearing will begin at 10:00 a.m.

Notice is hereby given that the Board of Directors of the Red River Groundwater Conservation District (“District”) will hold a public hearing, accept public comment, and may discuss and consider adoption of amendments to the District’s Rules for Water Wells in Fannin and Grayson Counties, Texas.

Agenda

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.
2. Review of Rules for Water Wells applicable to the District.
3. Public Comment on District’s Rules for Water Wells (verbal comments limited to three (3) minutes each).
4. Consider and act upon adoption of the Rules for Water Wells applicable to the District.

Permit Hearing

The Permit Hearing will begin upon completion of the Public Hearing.

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 Application:

Agenda:

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

2. Review the Production Permit Application of:

Permit Amendments

- a. **Applicant:** GlobalWafers America LLC; 200 FM 1417 West, Sherman, TX 75092
Location of Well (Well W-1): 3200 Northgate Drive, Sherman, TX 75092; Latitude: 33.593758°N Longitude: 96.620444°W; about 675 feet north of FM 1417 and 4,665 feet west of US 75 in Grayson County.
Purpose of Use: Industrial/Manufacturing
Requested Amount of Use: 95,040,000 gallons per year
Production Capacity of Well: 200 gallons per minute
Aquifer: Woodbine
Amendment: Changes to Special Condition only
- b. **Applicant:** GlobalWafers America LLC; 200 FM 1417 West, Sherman, TX 75092
Location of Well (Well A-1): 3200 Northgate Drive, Sherman, TX 75092; Latitude: 33.593728°N Longitude: 96.620264°W; about 645 feet north of FM 1417 and 4,615 feet west of US 75 in Grayson County.
Purpose of Use: Industrial/Manufacturing
Requested Amount of Use: 332,640,000 gallons per year
Production Capacity of Well: 700 gallons per minute
Aquifer: Trinity (Antlers)
Amendment: Changes to Special Condition only

New Production Permit

- a. **Applicant:** Bel Air Village SFR LLC; 520 Central Pkwy E, Suite 104, Plano, TX 75074
Location of Well: US Hwy 75/FM 1417, Sherman, TX 75090; Latitude: 33.591498°N Longitude: 96.596653°W; about 2,425 feet east of US Hwy 75 and about 2,020 feet south of FM 1417 in Grayson County
Purpose of Use: Irrigation, Filling a Pond/Other Surface Impoundment
Requested Amount of Use: 19,569,902 gallons per year
Production Capacity of Well: 199 gallons per minute
Aquifer: Woodbine

3. Public Comment on the Production Permit Application (verbal comments limited to three (3) minutes each).
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.
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. Pledge of Allegiance and Invocation.
2. Call to order, establish quorum; declare meeting open to the public.
3. Consider and act upon election of Officers.
4. Public Comment.
5. Consider and act upon approval of Minutes of September 21, 2023, Board Meeting.
6. Budget and Finance.
 - a. Review and approval of monthly invoices.
 - b. Receive monthly financial information.
 - c. Receive Quarterly Investment Report.
7. Receive Quarterly Report on Management Plan.
8. Consider and act upon updating the Investment Policy.
9. Consider and act upon Engagement Letter for Audit Services for Fiscal Year Ending December 31, 2023.
10. Discussion and possible action regarding issuing request for qualifications for database management and development service.
11. Update and possible action regarding the process for the development of Desired Future Conditions (DFC).
12. Consider and act upon compliance and enforcement activities for violations of District Rules.
13. General Manager’s report: The General Manager will update the Board on operational, educational and other activities of the District.
 - a. Well Registration Summary
 - b. Update on Injection/Disposal Well Monitoring Program
 - c. Update of Historic Use Permits
14. Open forum / discussion of new business for future meeting agendas.

15. Adjourn.

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

²*At 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.*

³*Persons 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.*

⁴*For 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 5

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

Thursday, September 21, 2023

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

Members Present: Chuck Dodd, David Gattis, Harold Latham, Mark Patterson, Mark Gibson, and Billy Stephens.

Members Absent: Mark Newhouse

Staff: Paul Sigle, Nichole Murphy, Wayne Parkman, Stacy Patrick, and Velma Starks

Visitors: Kristen Fancher, Fancher Legal
Gary Coder, retired citizen interested in water sustainability

Board Member Qualification for Office

1. Administer Oath of Office to new and reappointed Board Members.

Velma Starks, Notary Public, administered the Oath of Office to Mark Patterson, Harold Latham and Mark Gibson.

2. Receive signatures on Oath of Office and Statement of Appointed Officer forms

Permit Hearing

Agenda:

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

Board President Mark Patterson called the Permit Hearing to order at 10:01 a.m., established quorum declared hearing open to the public and introduced the Board.

2. Review the Production Permit Application of:

New Production Permit

- a. **Applicant:** Mustang Special Utility District, 7985 FM 2931, Aubrey, TX 76227
Location of Well: 108 Pike Rd, Gunter, TX 75058; Latitude: 33.459481°N, Longitude: 96.716618°W; about 845 feet east of Pike Rd and 186 feet north of Kerfoot Rd in Grayson County.

Purpose of Use: Public Water Supply
Requested Amount of Use: 350,998,550 gallons per year
Production Capacity of Well: 750 gallons per minute
Aquifer: Trinity (Antlers)

General Manager Paul Sigle reviewed the permit with the Board. Discussion was held. Board Member David Gattis made the motion to approve the permit. Board Member Harold Latham seconded the motion. Motion passed unanimously

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

No public comments.

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.

Permit was voted upon previously after being reviewed.

5. Adjourn or continue permit hearing

Board President Mark Patterson adjourned the permit hearing at 10:30 a.m.

Board Meeting

1. Pledge of Allegiance and Invocation.

Board President Mark Patterson led the group in the Pledge of Allegiance and Board Member Chuck Dodd offered the invocation for the group.

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

Board President Mark Patterson called the meeting to order at 10:30 a.m., established a quorum was present, and declared the meeting open to the public.

3. Public Comment.

Gary Coder, retired citizen, commented that Tiny Homes lawsuit starts next week.

4. Consider and act upon approval of Minutes of August 24, 2023, Board Meeting.

Board Member Chuck Dodd made a motion to approve the minutes of August 24, 2023, meeting. The motion was seconded by Board Member David Gattis. Motion passed unanimously.

5. Budget and Finance.

- a. Review and approval of monthly invoices.

General Manager Paul Sigle reviewed the invoices with the Board. Board Member David Gattis made the motion to approve the monthly invoices. Board Member Billy Stephens seconded the motion. Motion passed unanimously.

b. Receive monthly financial information.

General Manager Paul Sigle reviewed the District's monthly financial information with the Board.

6. Discussion on potential amendments to the District's Rules

General Manager Paul Sigle provided background information for the Board. Kristen Fancher, legal counsel, provided details. The 87th session of the Texas Legislature approved a bill requiring groundwater conservation districts to have a rule for the public to petition for rulemaking. The changes to the District's Rule are to meet those requirements. A public hearing is to be scheduled in October to make mandatory changes prior to December 1 of this year. Discussion was held.

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

General Manager Paul Sigle provided an update on the GAM Update Project.

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

No issues

9. 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 Manager Paul Sigle reviewed the well registration summary with the Board. Five new wells were registered in August.

b. Update on Injection/Disposal Well Monitoring Program

Nothing from last month.

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

Discussion was held on drought and the effects on permitting for other groundwater conservation districts. The Board discussed the District's process on issuing Historic Use Permit.

Next meeting October 19, 2023.

11. Adjourn.

Board President Mark Patterson declared the meeting adjourned at 11:01 a.m.

Recording Secretary

Secretary-Treasurer

ATTACHMENT 6 a.

RESOLUTION NO. 2023-09-01

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

The following liabilities are hereby presented for payment:

	<u>Amount</u>
<u>Administrative Services</u>	
GTUA - Monthly expenses for September 2023	14,306.59
<u>Contract Services</u>	
Advanced Groundwater Solutions - Hydrogeologic consulting for August 2023	8,981.25
Terra Dynamics - August Injection Consulting	720.00
<u>Direct Costs</u>	
NexTraq - GPS tracking for October 2023	40.45
NexTraq - GPS tracking for November 2023	36.95
<u>Dues & Subscriptions</u>	
Texas Alliance Groundwater Districts - Membership renewal for 2024	1,580.00
<u>GMA-8 Fees</u>	
NTGCD - 2023 Intera expenses for Northern Trinity & Woodbine Aquifer GAM Update July 2023	3,607.69
NTGCD - 2023 Intera expenses for Northern Trinity & Woodbine Aquifer GAM Update August 2023	5,016.13
<u>Insurance</u>	
Bayless Hall - Dishonesty Bond 2022-2024	572.00
<u>Legal</u>	
Fancher Law - BOD general legal services through September 2023	4,798.00
GRAND TOTAL:	<u><u>39,659.06</u></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 19th. day of October 2023

by the following vote:

AYE:

NAY:

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

President

ATTEST:

Secretary/Treasurer

RED RIVER
GROUNDWATER
CONSERVATION
DISTRICT

BOARD MEETING

AGENDA
1. Call to Order
2. Approval of Minutes
3. Public Hearing
4. Board Business
5. Adjourn

ATTACHMENT 6 b.

AGENDA
1. Call to Order
2. Approval of Minutes
3. Public Hearing
4. Board Business
5. Adjourn

AGENDA
1. Call to Order
2. Approval of Minutes
3. Public Hearing
4. Board Business
5. Adjourn

AGENDA
1. Call to Order
2. Approval of Minutes
3. Public Hearing
4. Board Business
5. Adjourn

RED RIVER GROUNDWATER

Balance Sheet

As of Septembr 30, 2023

ASSETS

Current Assets

Checking/Savings

10001 CASH-First United	241,319.78
10025 A/R CONSUMPTION	-224.73
10230 A/R Violation Fees	500.00
10101 ALLOWANCE FOR UNCOLLECT	-1,530.00
10010 INVESTMENTS	644,775.68
10230 PP EXPENSES	2,949.75

TOTAL ASSETS	<u>887,790.48</u>
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LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

23100 ACCOUNTS PAYABLE	19,824.59
23150 DRILLERS DEPOSIT LIAB	18,100.00

Total Other Current Liabilities	<u>37,924.59</u>
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Total Current Liabilities	<u>37,924.59</u>
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Total Liabilities	37,924.59
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Equity

35100 RETAINED EARNINGS	849,390.66
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Net Income	<u>475.23</u>
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Total Equity	<u>849,865.89</u>
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TOTAL LIABILITIES & EQUITY	<u>887,790.48</u>
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RED RIVER GROUNDWATER
Profit & Loss Budget vs. Actual
September 30, 2023

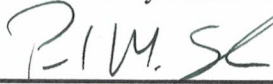
	Current Actual	Current Budget	YTD Actual	Total Budget	% of Budget Remaining
Income					
46002 GW PRODUCTION	0.00	81,750.00	160,974.27	327,000.00	50.77%
46005 LATE FEES	2,314.19	0.00	7,529.62	0.26	0.00%
46006 VIOLATION FEES	0.00	0.00	0.00	0.00	0.00%
46015 REGISTRATION FEES	1,400.00	525.00	13,400.00	6,300.00	-112.70%
46020 PERMITTING FEES	1,100.00	500.00	2,900.00	6,000.00	0.00%
46100 INTEREST INCOME	0.00	666.00	8,278.41	8,000.00	-3.48%
Total Income	4,814.19	83,441.00	193,082.30	347,300.26	44.40%
Gross Profit	4,814.19	83,441.00	193,082.30	347,300.26	
Expense					
77010 ADMINISTRATIVE COST	6,497.25	8,750.00	57,867.74	105,000.00	44.89%
77020 ADVERTISING	0.00	83.00	4.00	1,000.00	99.60%
77027 AUDITING	0.00	0.00	5,400.00	5,300.00	-1.89%
77031 BANKING FEES	27.80	92.00	479.92	1,100.00	56.37%
77032 CONTRACT SERVICES	720.00	3,500.00	15,200.25	42,000.00	63.81%
77035 FIELD TECH	3,833.00	7,916.00	41,934.00	95,000.00	55.86%
77040 DIRECT COST	383.38	400.00	2,568.28	4,800.00	46.49%
77045 FIELD PERMITTING SPECIAL	2,561.50	2,916.00	21,855.00	35,000.00	37.56%
77450 DUES & SUBSCRIPTIONS	1,580.00	333.00	3,580.00	4,000.00	10.50%
77480 EQUIPMENT	0.00	167.00	756.91	2,000.00	62.15%
77500 FEES-GMA8	0.00	83.00	13,007.34	1,000.00	-1200.73%
77810 INSURANCE AND BONDING	327.75	360.00	3,820.25	4,315.00	11.47%
77850 GENERIC SOFTWARE SVC	0.00	208.00	1,037.72	2,500.00	58.49%
77970 LEGAL	4,798.00	2,500.00	15,794.52	30,000.00	47.35%
78010 MEETINGS AND CONFEREN	680.74	433.00	3,681.24	5,200.00	29.21%
78310 RENT	200.00	200.00	1,800.00	2,400.00	25.00%
78600 SOFTWARE MAINTENANCE	0.00	1,250.00	0.00	15,000.00	100.00%
78750 TELEPHONE	206.70	225.00	2,121.19	2,700.00	21.44%
78770 - TRANSPORTATION	95.66	417.00	1,698.71	5,000.00	66.03%
Total Expense	21,911.78	29,833.00	192,607.07	363,315.00	46.99%
Net Income	-17,097.59	53,608.00	475.23	-16,014.74	

ATTACHMENT 6 c

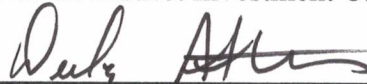
Red River Groundwater Conservation District
Quarterly Investment Report
For the Quarter Ended
September 30, 2023

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:



Paul Sigle
General Manager



Debi Atkins
Finance Officer

Book/Market Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2023			Purchases/ Adjustments	Sales/Adjust/ Call Maturity	September 30, 2023		
			Face Amount/ Par Value		Book/Market Value			Face Amount/ Par Value		Book/Market Value
First United (DDA)	0.00%	4/1/2022		226,967.98	226,967.98	96,571.72	82,219.92	241,319.78	\$	241,319.78
East West (CD)	5.65%	8/26/2024		250,000.00	250,000.00	6,275.68		256,275.68	\$	256,275.68
East West (CD)	5.00%	2/26/2024		250,000.00	250,000.00			250,000.00	\$	250,000.00
OZK (CDARS)	5.45%	6/14/2024		138,500.00	138,500.00			138,500.00	\$	138,500.00
				\$ 865,226.81	\$ 865,226.81	\$ 102,847.40	\$ 82,219.92	\$ 886,095.46	\$	886,095.46

Investment Holdings
9/30/2023

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%	10/1/2023	9/30/2023	\$ 241,319.78	\$ 241,319.78	1.00	\$ 241,319.78	1	0.00%
East West (CD)		5.00%	2/26/2024	2/24/2023	\$ 250,000.00	\$ 250,000.00	1.00	\$ 250,000.00	149	5.13%
EastWest (CD)		5.65%	8/26/2024	8/24/2023	\$ 256,275.68	\$ 256,275.68	1.00	\$ 256,275.68	368	5.65%
OZK (CDARS)		5.45%	6/14/2024	6/14/2023	\$ 138,500.00	\$ 138,500.00	1.00	\$ 138,500.00	366	5.45%
Weighted Ave Maturity in yrs					\$ 886,095.46	\$ 886,095.46		\$ 886,095.46	(1)	0.56

(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 7



RED RIVER

GROUNDWATER CONSERVATION DISTRICT

FANNIN COUNTY AND GRAYSON COUNTY



General Manager's Quarterly Report

Date: September 30, 2023

Red River GCD Management Plan

This quarterly briefing is being provided pursuant to the adopted Management Plan for the quarter ending September 30, 2023.

Well Registration Program:

Current number of wells registered in the District: **1,173**

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

Well Inspection/Audit Program:

2023

Well Inspections

Month	Fannin	Grayson	Total
January	0	18	18
February	9	20	29
March	6	22	28
April	5	7	12
May	0	5	5
June	0	6	6
July	4	3	7
August	5	8	13
September	4	2	6
October			
November			
December			
Total	33	91	124

Number of Exempt wells inspected (as of September 30, 2023)

County	Number of Wells Inspected (2023)	Total Number of Completed Wells*	%
Fannin	12	270	4%
Grayson	38	539	7%
Total	50	809	6%

Number of Non-Exempt wells inspected (as of September 30, 2023)

County	Number of Wells Inspected (2023)	Total Number of Completed Wells*	%
Fannin	15	94	16%
Grayson	52	224	23%
Total	67	318	21%

*Plugged wells have been excluded

*Total number of completed wells is estimated.

- Assumptions
 - Wells that have completion dates are assumed to be complete.
 - Wells with application dates through 6/7/2022 are assumed to be complete.
 - Wells that have been inspected are assumed to be complete.

ATTACHMENT 8

EXHIBIT “A”

RED RIVER GROUNDWATER CONSERVATION DISTRICT

INVESTMENT POLICY

APPROVED: October 28, 2022

PROPOSED: October 19, 2023

Formatted: Justified

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 and Sr Accountant 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 at 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. 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.
- H. 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 by the Federal Deposit Insurance Corporation (FDIC), or its successor; or the National Credit Union Share Insurance Fund (NCUSIF), or its successor, 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 supply the following as appropriate and when requested:
 - 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. A qualified representative of the business organization shall execute a written instrument substantially to the effect that the organization has received and reviewed this policy. The business organization acknowledges the implementation of procedures and controls to preclude imprudent investment activities that are not authorized by the Investment Policy.

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 or NCUSIF insurance. The minimum level of Letters of Credit shall be 100% of principal plus anticipated accrued interest, less the applicable level of FDIC or NCUSIF 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 or NCUSIF 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.
 - c. Letters of Credit issued by a Federal Agency or Instrumentality.
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 may automatically collateral of equal or greater value than the replaced security. The investment officers, or a designee, must provide written notification of the decision to 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 November 19, 2020, supersedes any prior policies adopted by the Board regarding investment or securitization of District funds.

The District, in conjunction with its annual financial audit, shall perform a compliance audit of management controls or investments and adherence to the District's investment policy and strategies.

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On motion of _____ seconded by _____, the foregoing resolution was adopted by the Board of Directors of the Red River Groundwater Conservation District this 19th day of October, 2023, by the following vote:

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Voted "For"

Voted "Against"

Abstained

at a regular meeting of the Board of Directors of the Red River Groundwater District.

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President

ATTEST:

Secretary-Treasurer

Policy source: Board Policy Manual, Section 20.00, Policies on Finance

ATTACHMENT 9

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

GEORGE H. STRUVE, CPA
DEBRA J. WILDER, CPA
TEFFANY A. KAVANAUGH, CPA
APRIL J. HATFIELD, CPA
BRITTANY L. MARTIN, CPA

STEVEN W. MOHUNDRO, CPA,
OF COUNSEL

228 SIXTH STREET S.E.
PARIS, TEXAS 75460
903-784-4316
FAX 903-784-4310

304 WEST CHESTNUT
DENISON, TEXAS 75020
903-465-6070
FAX 903-465-6093

1400 WEST RUSSELL
BONHAM, TEXAS 75418
903-583-5574
FAX 903-583-9453

Bonham, Texas
October 5, 2023

Members of Management and Board
Red River Groundwater Conservation District

We are pleased to confirm our understanding of the services we are to provide Red River Groundwater Conservation District (the District) for the year ended December 31, 2023.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities and each major fund, and the disclosures, which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2023. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditors' Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of Red River Groundwater Conservation District and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. 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. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We have identified the following significant risks of material misstatement as part of our audit planning:

- 1) Management Override of Controls
- 2) Improper Revenue Recognition Due to Fraud

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures – Internal Control

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the District in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

October 5, 2023

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, or grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of McClanahan and Holmes, LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to an oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of McClanahan and Holmes, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

October 5, 2023

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or any additional period requested by regulators. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

April J. Hatfield is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign it. We expect to begin our audit in approximately April 2024 and to issue our reports no later than June 2024, unless extenuating circumstances occur.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs except that we agree that our gross fee, including expenses will not exceed \$7,000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoice for these fees will be rendered upon completion of the audit and is payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to management and those charged with governance of Red River Groundwater Conservation District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to Red River Groundwater Conservation District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

McClanahan and Holmes, LLP

Certified Public Accountants

October 5, 2023

RESPONSE:

This letter correctly sets forth the understanding of Red River Groundwater Conservation District.

Management Signature: _____

Title: General Manager_____

Date: _____

Governance Signature: _____

Title: President_____

Date: _____

Briscoe, Burke & Grigsby LLP
CERTIFIED PUBLIC ACCOUNTANTS

Report on the Firm's System of Quality Control

August 19, 2021

To the Partners of McClanahan and Holmes, LLP
and the Peer Review Committee of the Texas Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of McClanahan and Holmes, LLP (the firm) in effect for the year ended March 31, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards). A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

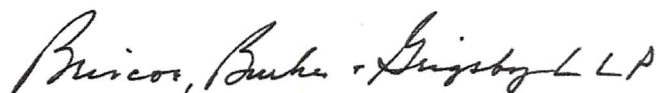
Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of McClanahan and Holmes, LLP in effect for the year ended March 31, 2021, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. McClanahan and Holmes, LLP has received a peer review rating of *pass*.



Certified Public Accountants

ATTACHMENT 10



**Request for Qualifications
for Selection of a Vendor to Provide Consulting Services,
Custom Programming and Integration Services
Related to a Water Well Management System for North Texas Groundwater
Conservation District and Red River Groundwater Conservation District**

Introduction

Pursuant to Chapter 2254 of the Texas Government Code, the purpose of this Request for Qualifications (“RFQ”) is to solicit information that will form the basis for North Texas Groundwater Conservation District’s (“NTGCD”) and Red River Groundwater Conservation District’s (“RRGCD”) (“the Districts”) selection of qualified firms to provide professional services associated with custom programming and integration of services related to a water well management system. Both Districts, through mutual understanding, have agreed to work together to select a vendor that can work with the Districts to maintain and make any necessary improvements to the Districts well management system, DripDrop.

Background

The creation of the RRGCD and NTGCD were authorized in 2009 by the 81st Texas Legislature. The Districts were formed to protect the groundwater resources for the citizens within the District boundaries. Beyond their enabling legislation, the Districts are governed primarily by the provisions of Chapter 36 of The Texas Water Code. The Woodbine and Trinity aquifer formations are the largest aquifers which fall within the jurisdiction of both Districts. The Districts are also both fee based and have similar operational attributes.

The Districts agree these similarities will facilitate the creation of a standard GIS database structure that both Districts can begin with and then add customized features depending on individual district needs. By using this process, each district strives to achieve cost savings, allowing each district to upgrade their well management systems. The purpose of the well management system will be to assist each District in accomplishing their mission, as well as assist in documenting and achieving the requirements of their management plan. In 2016, the Districts begin the process of creating a joint well management system through a Request for Qualifications. DripDrop, the Districts well management system, was launched in 2020.

Scope of Services

The Districts are soliciting qualifications in response to selecting a vendor to provide consulting services, software, custom programming and integration services related to DripDrop. The services of the consultants in response to this RFQ shall include:

- 1) Maintaining and making general improvements as needed.
- 2) Development of a permitting module that includes but not limited to:
 - a) Tracking production vs permitted amount.
 - b) Provides updates of remaining amount after reporting production each quarter.
 - c) Create quarterly production reports for the Districts.
- 3) Improvements to the billing process to minimize staff time.
- 4) Make other improvements as requested by the Districts.

RFQ Approach

The Districts, which are political subdivisions of the State, follow the State of Texas' Procurement Procedures for Professional Services under Chapter 791 of the Texas Local Government Code. Responses to this RFQ will be collected and evaluated in accordance with the criteria specified. After final selection, the Districts' will negotiate with the firms to define the cost schedules, terms, and conditions that will apply to the contract work. Once an agreement is reached, the contract may be executed. Firms under contract will not be guaranteed any specific amount of work.

Once qualifications have been evaluated by the Districts, proposers may be asked to submit and/or present an example of their system functionality to determine system capabilities prior to vendor selection.

Requested Information

In order to evaluate your qualifications please address the following information.

1. General description of company:

Firm Name, address, phone number, fax, number, branch, subsidiary, type of ownership, year firm established, firm principals (including names, titles, address, and phone no.)

Former company name(s) and address

Name of Parent Company, address

Type of Entity

Local Office Descriptions anticipated to actively support the project

- Location
- Services Offered
- Area of Expertise
- Title of staff anticipated to actively support the Water Well Management project.

2. Project descriptions performed demonstrating the experience and level of expertise proposed under this solicitation. Provide Project Name and location, project description, firms or subcontractor's role and services provided.

3. Contact information for references of clients for whom the company has provided professional services in the past five (5) years relative to the work scope provided herein, include contact name, job title, and telephone number. Each District reserves the right to pursue other references it deems necessary to make a thorough evaluation.

4. Services proposed for this solicitation.

5. Computer requirements to operate proposed system including mobile applications or any additional software requirements.

Selection

The following is a list of criteria that will be used in evaluating qualifications. Each company will be evaluated on their qualifications. Together the General Managers of each District will review the applications and present a recommendation to each Board of Directors. The General Managers shall be the sole judge of the relative weight of the evaluation criteria. The order of this list in no way represents which criteria are more important.

1. Relevant experience of the firm
2. Relevant experience of the project principal, proposed staff
3. Ability to respond
4. Work plan and project approach
5. Compatibility with current GIS systems and work practices
6. Detail of data backup services available

Submittal Qualifications

Qualified and interested firms with proven and past GIS database experience should submit to contact person a hard copy and an electronic copy of all requested information to the address listed no later than 3:00 PM, Friday, December 15, 2023.

Contact Person

All proposers will direct all questions or concerns regarding this RFQ to the following contact:

Paul Sigle

General Manager

5100 Airport Dr.

Denison, TX 75020

Phone: (855) 426-4433

Email Address: paul@gtua.org

ATTACHMENT 13 a

RED RIVER GROUNDWATER CONSERVATION DISTRICT

Well Registration Summary

(as of 9/30/2023)

Well Type	Fannin	Grayson	Total RRGCD	New Registrations September 2023
Domestic	255	438	693	7
Public Water	60	196	256	0
Livestock	17	32	49	0
Agriculture	24	28	52	0
Commercial	10	19	29	0
Surface Impoundments	13	19	32	1
Oil / Gas	0	18	18	0
Golf Course	0	14	14	0
Irrigation	1	12	13	0
Monitoring	1	8	9	0
Industrial	0	7	7	0
*Other	1	0	1	0

TOTALS	382	791	1173	8
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NOTE: Plugged wells have been excluded

*Construction Water

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