

**RED RIVER  
GROUNDWATER  
CONSERVATION  
DISTRICT**

**SHOW CAUSE HEARING, PERMIT HEARING,  
AND BOARD MEETING**

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

**THURSDAY  
OCTOBER 28, 2021**

NOTICE OF PUBLIC MEETING  
OF THE  
BOARD OF DIRECTORS OF THE  
**RED RIVER GROUNDWATER CONSERVATION DISTRICT**  
**Thursday, October 28, 2021 at 10:00 a.m.**

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

**Show Cause Hearing**

**The Show Cause 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 show cause hearing and may discuss, consider, and take all necessary action regarding the subject matter of the hearing.**

**Agenda:**

1. Call to Order, declare hearing open to the public, and take roll.
2. Conduct Show Cause Hearing under District Rule 11.6 on the following for alleged violations of District Rules; discuss, consider, receive testimony, and take appropriate action, including without limitation authorizing the District to initiate a civil lawsuit to enforce compliance with the District Rules, including recovery of civil penalties, costs, and attorney's fees, and all other appropriate legal and equitable relief:

A. Sam Swope and Constance Biesinger, P.O. Box 404, Denison, TX 75021

3. Adjourn or continue show cause hearing.

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**Permit Hearing**

The Permit Hearing will begin upon adjournment of the above noticed Show Cause 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:

### **New Production Permits**

- a. **Applicant:** North Texas Municipal Water District, P.O. Box Wylie, TX 75098  
**Location of Well:** 1133 CR 4965, Leonard, TX 75452; Latitude: 33.390556°N Longitude: 96.284722°W; About 3,700 feet south of the County Road 4965 and US Highway 69 intersection and about 2,500 feet west of County Road 4965.  
**Purpose of Use:** Construction Water  
**Requested Amount of Use:** 53,000,000 gallons through 2023 or the completion of the construction project  
**Production Capacity of Well:** 500 gallons per minute  
**Aquifer:** Woodbine Aquifer
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. Public Comment.
4. Consider and act upon approval of Minutes of September 16, 2021, Board Meeting.
5. Budget and Finance.
  - a. Review and approval of monthly invoices.
  - b. Receive monthly financial information.
  - c. Consider and act upon approval of Investment Policy.
6. Receive Quarterly Investment Report.

7. Receive Quarterly Report on Management Plan.
  8. Discuss the District's Proposed Management Plan.
  9. Update and possible action regarding the process for the development of Desired Future Conditions (DFC).
  10. Consider and act upon compliance and enforcement activities for violations of District Rules.
  11. Discussion and possible action regarding Water Loss Data within the District.
  12. 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. Legislative Update
  13. Open forum / discussion of new business for future meeting agendas.
  14. Adjourn.
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<sup>1</sup>*The Board may vote and/or act upon each of the items listed in this agenda.*

<sup>2</sup>*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.*

<sup>3</sup>*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.*

<sup>4</sup>*For questions regarding this notice, please contact Velma Starks at (800) 256-0935, at [rrgcd@redrivergcd.org](mailto:rrgcd@redrivergcd.org) or at 5100 Airport Drive, Denison, TX 75020.*



ATTACHMENT 4

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

**Thursday, September 16, 2021**

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

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

Members Absent:

Staff: Drew Satterwhite, Paul Sigle, Nichole Sims, Wayne Parkman, Theda Anderson, Debi Atkins, and Velma Starks

Visitors: Kristen Fancher, Fancher Legal

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**Board Member Qualification for Office**

Board Member qualification of office will begin at 10:00 a.m.

Board moved on to the Permit Hearing while waiting for Billy Stephens.

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

The Oath of Office was administered to Billy Stephens, Chuck Dodd and David Gattis by Velma Starks after the Permit Hearing.

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

Sworn in Board of Director members Billy Stephens, Chuck Dodd and David Gattis signed forms.

**Permit Hearing**

The Permit Hearing will begin upon completion of the Board Member qualification for office.

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.

Board President Mark Patterson called the Permit Hearing meeting to order at 10:01 a.m.

2. Review the Production Permit Application of:

**New Production Permit**

- a. **Applicant:** Meadowbrook Ranch LLC; P.O. Box 25, Ivanhoe, TX 75447  
**Location of Well:** 1901 W FM 1396, Ravenna, TX 75476; Latitude: 33.696567°N Longitude: 96.156947°W; About 3,000 feet west of the FM 273 and FM 1396 intersection and about 140 feet north of FM 1396.  
**Purpose of Use:** Irrigation water for hay production  
**Requested Amount of Use:** 20,000,000 gallons per year  
**Production Capacity of Well:** 120 gallons per minute  
**Aquifer:** Woodbine Aquifer

General Manager Drew Satterwhite reviewed the Permit Application with the Board.

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

No Public Comment.

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 David Gattis made the motion to approve the permit. Board Member Harold Latham seconded the motion. Motion passed unanimously.

5. Adjourn or continue permit hearing.

Board President Mark Patterson adjourned the Permit Hearing at 10:04 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 10:06 a.m., established a quorum was present, and declared the meeting open to the public.

3. Consider and act upon election of Officers.

Nominating Committee (David Gattis, Mark Newhouse and Mark Patterson) suggested that the officers remain the same for the next two years. The officers nominated were Mark Patterson as President, Harold Latham as Vice President, and Mark Gibson as Secretary/Treasurer. Board Member Chuck Dodd made the motion to appoint officers as recommended by the committee. Board Member Billy Stephens seconded the motion. Motion passed unanimously.

4. Public Comment.

Sam Swope, land owner, made a public comment regarding enforcement.

5. Consider and act upon approval of Minutes of August 19, 2021, Board Meeting.

Board Member David Gattis made a motion to approve the minutes of the August 19, 2021 meeting. The motion was seconded by Board Member Chuck Dodd. The motion passed unanimously.

6. Budget and Finance.

a. Review and approval of monthly invoices.

General Manager Drew Satterwhite reviewed the invoices with the Board. Brief discussion was held. Board Member David Gattis made the motion to approve the August invoices. Board Member Mark Gibson seconded the motion. Motion passed unanimously.

b. Receive monthly financial information.

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

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

General Manager Drew Satterwhite informed the board that we have the draft Explanatory Report. General discussion was held.

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

Board convened into Executive Session at 10:21 a.m. and reconvened into regular session at 10:37 a.m. No action was taken in Executive Session.

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 Drew Satterwhite reviewed the well registration summary with the Board.



b. Update on Injection/Disposal Well Monitoring Program

No activity

c. Legislative Update

Kristen Fancher, legal counsel, informed the Board that the TAGD Amicus Brief case was dropped and no fees that RRGCD had made a contribution to were used.

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

General Manager Drew Satterwhite informed the Board that he will be doing a presentation for Paragon Realtors.

Paul Sigle is working on the Management Plan. It will be brought to the Board in October and then sent to TWDB.

Detailed questions regarding backup for database have been sent to INTERA.

The October Board Meeting has been moved to Thursday, Oct. 28, 2021

12. Adjourn.

Board President Mark Patterson declared the meeting adjourned at 10:46 p.m.

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Recording Secretary

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Secretary-Treasurer

ATTACHMENT 5 a.

RESOLUTION NO. 2021-10-28-01

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>Administrative Services</u>                                 | <u>Amount</u> |
|----------------------------------------------------------------|---------------|
| GTUA - September                                               | 18,017.77     |
| <u>Dues &amp; Subscriptions</u>                                |               |
| Texas Alliance of Groundwater Districts - 2022 membership dues | 1,580.00      |
| <u>Auditing</u>                                                |               |
| McClanahan & Holmes - Dec 2020 Audit                           | 4,950.00      |
| <u>Direct Costs</u>                                            |               |
| NexTraq - GPS tracking for October                             | 39.95         |
| <u>GMA8-Fees</u>                                               |               |
| NTGCD - GMA-8 fees September                                   | 1,608.94      |
| <u>Legal</u>                                                   |               |
| Fancher Law - BOD general legal services for June              | 2,548.00      |

**GRAND TOTAL:** \$ 28,744.66

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 28th. day of October 2021

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

ATTACHMENT 5 b.



**RED RIVER GROUNDWATER****Balance Sheet****As of September 30, 2021****ASSETS****Current Assets****Checking/Savings**

|                                 |            |
|---------------------------------|------------|
| 10001 CASH-First United         | 156,061.43 |
| 10025 A/R CONSUMPTION           | -9,166.28  |
| 10026 A/R Texas Rain Holding Co | 2,600.00   |
| 10101 ALLOWANCE FOR UNCOLLECT   | -1,530.00  |
| 10010 INVESTMENTS               | 400,000.00 |
| 10230 PP EXPENSES               | 2,855.98   |

|                     |                          |
|---------------------|--------------------------|
| <b>TOTAL ASSETS</b> | <b><u>550,821.13</u></b> |
|---------------------|--------------------------|

**LIABILITIES & EQUITY****Liabilities****Current Liabilities****Accounts Payable**

|                             |           |
|-----------------------------|-----------|
| 23100 ACCOUNTS PAYABLE      | 2,548.00  |
| 23150 DRILLERS DEPOSIT LIAB | 13,800.00 |

|                                        |                         |
|----------------------------------------|-------------------------|
| <b>Total Other Current Liabilities</b> | <b><u>16,348.00</u></b> |
|----------------------------------------|-------------------------|

|                                  |                         |
|----------------------------------|-------------------------|
| <b>Total Current Liabilities</b> | <b><u>16,348.00</u></b> |
|----------------------------------|-------------------------|

|                          |                  |
|--------------------------|------------------|
| <b>Total Liabilities</b> | <b>16,348.00</b> |
|--------------------------|------------------|

**Equity**

|                         |            |
|-------------------------|------------|
| 35100 RETAINED EARNINGS | 559,335.39 |
|-------------------------|------------|

|            |            |
|------------|------------|
| Net Income | -24,862.26 |
|------------|------------|

|                     |                          |
|---------------------|--------------------------|
| <b>Total Equity</b> | <b><u>534,473.13</u></b> |
|---------------------|--------------------------|

|                                       |                          |
|---------------------------------------|--------------------------|
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b><u>550,821.13</u></b> |
|---------------------------------------|--------------------------|



**RED RIVER GROUNDWATER**  
**Profit & Loss Budget vs. Actual**  
**SEPTEMBER 30, 2021**

|                                | <u>Current<br/>Actual</u> | <u>Current<br/>Budget</u> | <u>YTD Actual</u>        | <u>Total Budget</u>      | <u>% of Budget<br/>Remaining</u> |
|--------------------------------|---------------------------|---------------------------|--------------------------|--------------------------|----------------------------------|
| <b>Income</b>                  |                           |                           |                          |                          |                                  |
| 46002 GW PRODUCTION            | 0.00                      | 0.00                      | 152,493.22               | 310,400.00               | 50.87%                           |
| 46005 LATE FEES                | 0.00                      | 0.00                      | 6,957.07                 | 0.00                     | 0.00%                            |
| 46006 VIOLATION FEES           | 0.00                      | 0.00                      | 0.00                     | 0.00                     | 0.00%                            |
| 46015 REGISTRATION FEES        | 800.00                    | 833.00                    | 5,800.00                 | 10,000.00                | 42.00%                           |
| 46020 PERMITTING FEES          | 1,700.00                  | 0.00                      | 2,900.00                 | 0.00                     | 0.00%                            |
| 46100 INTEREST INCOME          | 0.00                      | 0.00                      | 569.81                   | 1,000.00                 | 43.02%                           |
| <b>Total Income</b>            | <u>2,500.00</u>           | <u>833.00</u>             | <u>168,720.10</u>        | <u>321,400.00</u>        | <u>47.50%</u>                    |
| <b>Gross Profit</b>            | 2,500.00                  | 833.00                    | 168,720.10               | 321,400.00               |                                  |
| <b>Expense</b>                 |                           |                           |                          |                          |                                  |
| 77010 ADMINISTRATIVE COST      | 8,856.50                  | 8,750.00                  | 70,113.25                | 105,000.00               | 33.23%                           |
| 77020 ADVERTISING              | 0.00                      | 60.00                     | 2,222.89                 | 700.00                   | -217.56%                         |
| 77027 AUDITING                 | 0.00                      | 0.00                      | 4,950.00                 | 4,995.50                 | 0.91%                            |
| 77031 BANKING FEES             | 60.37                     | 0.00                      | 171.44                   | 100.00                   | -71.44%                          |
| 77032 CONTRACT SERVICES        | 0.00                      | 2,500.00                  | 1,300.00                 | 30,000.00                | 95.67%                           |
| 77035 FIELD TECH               | 4,874.00                  | 6,250.00                  | 50,059.50                | 75,000.00                | 33.25%                           |
| 77040 DIRECT COST              | 307.50                    | 460.00                    | 3,691.17                 | 5,500.00                 | 32.89%                           |
| 77045 FIELD PERMITTING SPECIAL | 2,756.00                  | 2,900.00                  | 19,084.00                | 35,000.00                | 45.47%                           |
| 77450 DUES & SUBSCRIPTIONS     | 0.00                      | 150.00                    | 0.00                     | 1,798.00                 | 100.00%                          |
| 77480 EQUIPMENT                | 0.00                      | 170.00                    | 1,668.47                 | 2,000.00                 | 16.58%                           |
| 77500 FEES-GMA8                | 1,608.94                  | 0.00                      | 1,870.66                 | 3,181.82                 | 41.21%                           |
| 77810 INSURANCE AND BONDING    | 317.34                    | 820.00                    | 3,479.02                 | 6,371.00                 | 45.39%                           |
| 77855 INTERNET FEES            | 0.00                      | 375.00                    | 2,338.81                 | 4,500.00                 | 48.03%                           |
| 77970 LEGAL                    | 2,548.00                  | 2,900.00                  | 20,066.90                | 35,000.00                | 42.67%                           |
| 78010 MEETINGS AND CONFEREN    | 781.89                    | 433.00                    | 2,892.41                 | 5,200.00                 | 44.38%                           |
| 78310 RENT                     | 200.00                    | 200.00                    | 1,800.00                 | 2,400.00                 | 25.00%                           |
| 78600 SOFTWARE MAINTENANCE     | 0.00                      | 1,250.00                  | 4,498.45                 | 15,000.00                | 70.01%                           |
| 78750 TELEPHONE                | 37.50                     | 208.00                    | 2,027.04                 | 2,500.00                 | 18.92%                           |
| 78770 - TRANSPORTATION         | 244.33                    | 292.00                    | 1,348.35                 | 3,500.00                 | 61.48%                           |
| <b>Total Expense</b>           | <u>22,592.37</u>          | <u>27,718.00</u>          | <u>193,582.36</u>        | <u>337,746.32</u>        | <u>42.68%</u>                    |
| <b>Net Income</b>              | <u><u>-20,092.37</u></u>  | <u><u>-26,885.00</u></u>  | <u><u>-24,862.26</u></u> | <u><u>-16,346.32</u></u> |                                  |

ATTACHMENT 5 c.



# RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION

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**DATE:** October 15, 2021

**SUBJECT:** AGENDA ITEM NO. 5 c.

## 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:**

A handwritten signature in black ink, appearing to read 'D. Satterwhite', written over a horizontal line.

Drew Satterwhite, P.E., General Manager

# **EXHIBIT “A”**

## **RED RIVER GROUNDWATER CONSERVATION DISTRICT**

### **INVESTMENT POLICY**

**REVIEWED AND APPROVED: October 28, 2021**



## 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.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.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 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 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.
  - 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.

RESOLUTION NO. 2021-10-28-02

**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 81<sup>st</sup> 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 28th day of October, 2021 by the following vote:

AYE:

NAY:

ABSTAIN:

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

\_\_\_\_\_  
President

ATTEST:

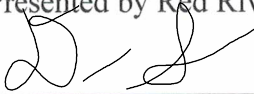
\_\_\_\_\_  
Secretary-Treasurer

ATTACHMENT 6

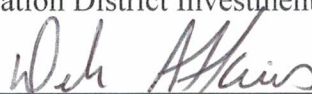
Red River Groundwater Conservation District  
Quarterly Investment Report  
For the Quarter Ended  
September 30, 2021

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/<br>Discount | Maturity<br>Date | June 30, 2021             |                      |                           | September 30, 2021             |                           |                      |
|--------------------|---------------------|------------------|---------------------------|----------------------|---------------------------|--------------------------------|---------------------------|----------------------|
|                    |                     |                  | Face Amount/<br>Par Value | Book/Market<br>Value | Purchases/<br>Adjustments | Sales/Adjust/<br>Call Maturity | Face Amount/<br>Par Value | Book/Market<br>Value |
| First United (DDA) | 0.00%               | 10/1/2021        | \$ 338,691.45             | \$ 338,691.45        | 82,037.66                 | 264,667.68                     | 156,061.43                | \$ 156,061.43        |
| OZK                | 0.18%               | 1/28/2022        | 200,000.00                | 200,000.00           |                           |                                | 200,000.00                | 200,000.00           |
| OZK                | 0.15%               | 8/5/2022         | -                         | -                    | 200,000.00                |                                | 200,000.00                | 200,000.00           |
|                    |                     |                  | \$ 539,391.45             | \$ 539,391.45        | \$ 282,037.66             | \$ 264,667.68                  | \$ 556,061.43             | \$ 556,061.43        |



Investment Holdings  
9/30/2021

| Description        | Ratings | Coupon/<br>Discount | Maturity Date | Settlement Date | Face Amount/Par<br>Value | Book Value           | Market<br>Price | Market Value         | Life (Day) | Yield |
|--------------------|---------|---------------------|---------------|-----------------|--------------------------|----------------------|-----------------|----------------------|------------|-------|
| First United (DDA) |         | 0.00%               | 10/1/2021     | 9/30/2021       | \$ 156,061.43            | \$ 156,061.43        | 1.00            | \$ 156,061.43        | 1          | 0.00% |
| Bank of OZK        |         | 0.15%               | 8/5/2021      | 8/5/2021        | \$ 200,000.00            | \$ 200,000.00        | 1.00            | \$ 200,000.00        | -56.00     | 0.15% |
| Bank of OZK        |         | 0.18%               | 1/28/2022     | 4/30/2021       | \$ 200,000.00            | \$ 200,000.00        | 1.00            | \$ 200,000.00        | 120.00     | 0.18% |
|                    |         |                     |               |                 | <u>\$ 156,061.43</u>     | <u>\$ 156,061.43</u> |                 | <u>\$ 156,061.43</u> | <u>83</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 7



# RED RIVER

## GROUNDWATER CONSERVATION DISTRICT

FANNIN COUNTY AND GRAYSON COUNTY



### General Manager's Quarterly Report

**Date: September 30, 2021**

### Red River GCD Management Plan

This quarterly briefing is being provided pursuant to the adopted Management Plan for the quarter ending September 30, 2021.

#### Well Registration Program:

Current number of wells registered in the District: 986

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

#### Well Inspection/Audit Program:

#### 2021 Well Inspections

| Month     | Fannin | Grayson | Total |
|-----------|--------|---------|-------|
| January   | 0      | 5       | 5     |
| February  | 10     | 5       | 15    |
| March     | 2      | 25      | 27    |
| April     | 0      | 8       | 8     |
| May       | 0      | 3       | 3     |
| June      | 1      | 4       | 5     |
| July      | 2      | 8       | 10    |
| August    | 3      | 4       | 7     |
| September | 1      | 6       | 7     |
| October   |        |         |       |
| November  |        |         |       |
| December  |        |         |       |
| Total     | 19     | 68      | 87    |



ATTACHMENT 8



# RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION

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**DATE:** October 15, 2021

**SUBJECT:** AGENDA ITEM NO. 8

## DISCUSS THE DISTRICTS PROPOSED MANAGEMENT PLAN

### ISSUE

The District needs to adopt a new Management Plan to include as our current plan is expiring on May 12, 2022. The District's management plan must be adopted at least 90 days before the existing plan expires and be submitted to the TWDB for approval review at least 60 days before the existing plan expires, or by February 12, 2022, and March 12, 2022, respectively.

### BACKGROUND

The District's current Management Plan became effective on November 19, 2020. This plan was an amendment to the March 16, 2017 management plan in order to include the Modeled Available Groundwater tables from the last round of joint planning. The Texas Water Development Board ("TWDB") requires each district's management plans to be renewed every 5 years. The current plan was largely developed by LBG Guyton.

As we prepare for a public hearing in January of 2022, the staff wanted to provide the Board with an opportunity to review and provide input on the proposed management plan prior to that hearing. Paul Sigle has taken the lead on updating our management plan.

### CONSIDERATIONS

The staff will plan to display the proposed amendments on the projector at the meeting to go through these items line-by-line with the Board. The staff is not asking the Board to adopt any changes at this meeting. Following discussions with the Board a public hearing will be scheduled to consider adopting amendments to the management plan.

**PREPARED AND SUBMITTED BY:**

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

Drew Satterwhite, P.E., General Manager



ATTACHMENT 12 a



# RED RIVER GROUNDWATER CONSERVATION DISTRICT

## Well Registration Summary

(as of 9/30/2021)

| Well Type            | Fannin     | Grayson    | Total<br>RRGCD | New Registrations<br>September 2021 |
|----------------------|------------|------------|----------------|-------------------------------------|
| Domestic             | 192        | 350        | 542            | 11                                  |
| Public Water         | 58         | 193        | 251            | 0                                   |
| Livestock            | 17         | 28         | 45             | 1                                   |
| Agriculture          | 17         | 23         | 40             | 1                                   |
| Commercial           | 13         | 17         | 30             | 0                                   |
| Surface Impoundments | 8          | 14         | 22             | 0                                   |
| Oil / Gas            | 0          | 20         | 20             | 0                                   |
| Golf Course          | 0          | 15         | 15             | 0                                   |
| Irrigation           | 0          | 10         | 10             | 0                                   |
| Monitoring           | 2          | 6          | 8              | 0                                   |
| Industrial           | 0          | 2          | 2              | 0                                   |
| Other                | 1          | 0          | 1              | 1                                   |
| <b>TOTALS</b>        | <b>308</b> | <b>678</b> | <b>986</b>     | <b>14</b>                           |

NOTE: Plugged wells have been excluded

ADJOURN