

**RED RIVER  
GROUNDWATER  
CONSERVATION  
DISTRICT**

**PUBLIC HEARINGS AND  
BOARD MEETING**

Join by computer, tablet or smartphone at the following link:  
<https://global.gotomeeting.com/join/694326965>

**or**

Join by phone 872-240-3412 with access code: 694-326-965

**THURSDAY  
NOVEMBER 19, 2020**

NOTICE OF PUBLIC MEETING  
OF THE  
BOARD OF DIRECTORS OF THE  
**RED RIVER GROUNDWATER CONSERVATION DISTRICT**  
Thursday, November 19, 2020 at 10:00 a.m.

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

**REMOTE ACCESS ALSO AVAILABLE AT:**  
Join by computer, tablet or smartphone at the following link:  
<https://global.gotomeeting.com/join/694326965>

**or**

Join by phone 872-240-3412 with access code: 694-326-965

Notice is hereby given that, in accordance with Governor Abbott's March 16, 2020, action to temporarily suspend certain provisions of the Texas Open Meetings Act, a quorum of the Board of Directors of the Red River Groundwater Conservation District ("District") will hold public hearings and a Board meeting in-person and via telephone and video conference call beginning at 10:00 a.m. on Thursday, November 19, 2020. Please note for in-person attendance that the Board meeting location can only accommodate a limited number of attendees in order to comply with the Governor's proclamation related to in-person gatherings, and that remote access may be required in the event the capacity limitations are reached. Public comment can be provided whether participating in-person or remotely

**Public Hearing to Adopt District Management Plan 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 the District's Management Plan 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 Management Plan applicable to the District.
3. Public Comment on District's Management Plan (verbal comments limited to three (3) minutes each).
4. Consider and act upon adoption of the Management Plan applicable to the District.

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

The Public Hearing will begin upon adjournment of the above noticed Public Hearing.

Notice is hereby given that the Board of Directors of the North Texas Groundwater Conservation District ("District") will hold a public hearing, accept public comment, and may discuss and consider adoption of the District's Rules Amendments 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 Amendments for Water Wells applicable to the District.
3. Public Comment on District's Rules Amendments for Water Wells (verbal comments limited to three (3) minutes each).
4. Consider and act upon adoption of the Rules Amendments for Water Wells applicable to the District.

### **Board Meeting**

The regular Board Meeting will begin upon adjournment of the above noticed Public 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 August 20, 2020, Board Meeting.
5. Budget and Finance.
  - a. Review and approval of monthly invoices.
  - b. Receive monthly financial information
6. Consider and act upon Administrative Services Contract with Greater Texoma Utility Authority.

7. Presentation and possible action on the Texas Water Development Board's rulemaking for the Brackish Groundwater Production Zone Rules.
  8. Consider and act upon amendments to the District's Hydrogeological Report Requirements.
  9. Consider and act upon amendments to District Flow Testing Procedure Manual.
  10. Discussion and possible action on who will pay transaction fees for the District's online fee payments software.
  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. Consider and act upon approval of Investment Policy.
  14. General Manager's report: The General Manager will update the Board on operational, educational and other activities of the District.
    - a. Well Registration Summary
    - b. Update on Injection/Disposal Well Monitoring Program
  15. Open forum / discussion of new business for future meeting agendas.
  16. 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.*



# Management Plan Hearing





# RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION

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**DATE:** November 12, 2020

**SUBJECT:** AGENDA ITEM NO. 4

## CONSIDER AND ACT UPON ADOPTION OF THE MANAGEMENT PLAN APPLICABLE TO THE DISTRICT

### ISSUE

The District needs to amend our current Management Plan to include our upcoming rule changes in addition to including the Modeled Available Groundwater numbers from the last round of joint planning.

### BACKGROUND

The District's initial Management Plan became effective on May 17, 2012. The Texas Water Development Board ("TWDB") requires each district's management plans to be renewed every 5 years. The current plan was adopted on March 16, 2017. The current plan was largely developed by WSP prior to the expiration of our previous plan.

The staff has been working on some minor amendments to the plan primarily to include the MAG estimates from the last round of joint planning. There are several other minor changes that have now been discussed at 2 meetings this year.

### CONSIDERATIONS

At the February and July Board Meetings, the Management Plan amendments were discussed. The initial plan in February was to review the Management Plan again at the following meeting, but due to COVID-19 the staff was waiting until an in-person meeting to hold the Public Hearing.

### RECOMMENDATIONS

The Staff recommends adopting the proposed amendments to the District's Management Plan.

### ATTACHMENTS

The proposed amendments are available on the District Website

**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



# Rules Amendments Hearing





# RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION

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**DATE:** November 12, 2020

**SUBJECT:** Public Hearing 4

**CONSIDER AND ACT UPON ADOPTION OF THE RULES AMENDMENTS FOR WATER WELLS APPLICABLE TO THE DISTRICT.**

**ISSUE**

The District needs to amend rules to comply with law adopted at the 2019 State Legislative Session.

**BACKGROUND**

The District first adopted permanent rules in late 2018 which became effective January 1, 2019. Permanent rule adoption was significant because it ushered in the District's permitting program in addition to well spacing.

During the last legislative session, there were changes to Chapter 36 of the Texas Water Code which require the District to make amendments to the rules. In addition, the staff has some items that they would like the Board to consider during the amendment process.

**CONSIDERATIONS**

The staff met with the rules committee on January 28, 2020 to discuss potential amendments. All Committee comments have been included in the proposed redlines. At the February and July Board Meeting, the rule amendments were discussed and a word version of the proposed rules was sent to the Board for further review. The initial plan in February was to review the rules again at the following meeting, but due to COVID-19 the staff was waiting until an in-person meeting to formally adopt.

Since the last meeting these were discussed, the Staff has talked with the Board President and recommended a few additional changes that will be discussed at the meeting.

**RECOMMENDATION**

The Staff recommends the adoption of the proposed rules.

**ATTACHMENTS**

The Proposed Rules are available on the District Website

**PREPARED AND SUBMITTED BY:**

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

Drew Satterwhite, P.E., General Manager



# Board Meeting



ATTACHMENT 4

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

**THURSDAY, AUGUST 20, 2020**

Join by computer, tablet or smartphone at the following link:

<https://global.gotomeeting.com/join/519762869>

**or**

Join by phone 224-501-3412 with access code: 519-762-869

**Thursday, August 20, 2020 – 10:00 a.m.**

Notice is hereby given that, in accordance with Governor Abbott's March 16, 2020, action to temporarily suspend certain provisions of the Texas Open Meetings Act, a quorum of the Board of Directors of the Red River Groundwater Conservation District ("District") will hold a Board meeting via telephone and video conference call beginning at 10:00 a.m. on Thursday, August 20, 2020. Any member of the public who wishes to participate remotely may do so through the remote access options provided above.

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

Members Absent:

Staff: Drew Satterwhite, Allen Burks, Paul Sigle, Nichole Sims, Debi Atkins, Theda Anderson, Carolyn Bennett, and Velma Starks

Visitors: Kristen Fancher, Fancher Legal  
Mike Keester (LRE Water)  
John Keen  
Dave Tomlinson, GTUA  
Tom Pruitt, City of Sherman

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**Permit Hearing**

**Agenda:**

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

General Manager Drew Satterwhite established quorum and called the Permit Hearing to order at 10:03 a.m.

2. Review the Production Permit Applications of:

**Applicant:** Southwest Fannin Special Utility District; 8046 W. State Hwy. 56, Savoy, TX 75479

**Location of Well:** FM 2645 & CR 1255, Savoy, Texas 75479; Latitude: 33.6393°N Longitude: 96.3135°W; about 735 feet south of the County Road 1255 and Farm Market 2645 intersection

**Purpose of Use:** Public Water System

**Requested Amount of Use:** 55,000,000 gallons per year; total production of 73,510,207 gallons per year (Historic Use Permit: 18,510,207 gallons per year; Proposed Production Permit: 55,000,000 gallons per year)

**Production Capacity of Well:** 300 gallons per minute

**Aquifer:** Trinity (Antlers) Aquifer

General Manager Drew Satterwhite reviewed the application with the Board. Discussion was held.

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

There were no public comments.

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

Board Member David Gattis made the motion to approve the Production Permit Application. Board Member Mark Newhouse seconded the motion. The Board was individually polled. Motion passed unanimously.

5. Adjourn or continue permit hearing.

Permit Hearing was adjourned at 10:13 a. m.

### **Board Meeting**

1. Pledge of Allegiance and Invocation.

General Manager Drew Satterwhite led the Pledge of Allegiance and Board Member Board Member Chuck Dodd provided the invocation.

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

General Manager Drew Satterwhite called the meeting to order at 10:14 a.m., established that a quorum was present, and declared the meeting open to the public.

3. Public comment

There were no public comments.

4. Consider and act upon approval of Minutes of June 18, 2020 Board Meeting.

Board Member Chuck Dodd made a motion to approve the minutes of the July 16, 2020 meeting. The motion was seconded by Board Member Billy Stephens. The Board was individually polled. Motion passed unanimously.

5. Budget and Finance.

- a. Review and approval of monthly invoices.



General Manager Drew Satterwhite reviewed monthly invoices with the Board. Board Member Billy Stephens made the motion to approve the monthly invoices. Board Member Mark Newhouse seconded the motion. The Board was individually polled. Motion passed unanimously.

b. Receive monthly financial information.

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

c. Consider and act upon 2021 Operating Budget.

General Manager Drew Satterwhite reviewed the Budget with the Board. The Budget Committee met on July 30, 2020 and approved the Budget that is being presented. The District has the lowest rates in the region. The highlights were reviewed. The Budget Committee recommended reducing production fees to \$0.065 cents from \$0.07 cents. Committee suggested sending letter to nonexempt well owners explaining the temporary reduction. Fund Balance was reviewed. Fund Balance policy to be discussed at a future meeting when we meet in person. Need to discuss the fee schedule before voting on the budget.

d. Consider and act upon 2021 Groundwater Production Fee and Fee Schedule.

General Manager Drew Satterwhite reviewed 2021 Fee Schedule.

Board Member David Gattis made the motion to approve the Budget and the Fee Schedule as presented reducing production fees to \$0.065 cents from \$0.07 cents. Board Member Harold Latham seconded the motion. The Board was individually polled. Motion passed unanimously.

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

General Manager Drew Satterwhite informed the Board that at the August 7, 2020 GMA 8 meeting it was discussed that Run 11 is proposed to be DFC run. James Beach, WSP, is putting together resolution similar to resolution from last time. GMA 8 hopes to adopt the DFC resolution at the next meeting in mid or late October. Not sure if meeting will be held at a location in Cleburne or virtual meeting.

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

a. Porter Green

Kristen Fancher updated board. The pond leakage problem has been going on for over a year. At the last Board meeting, a \$500 major violation fine for noncompliance of the Board's previous order was added. If the fine was not paid and the problem fixed within 30 days, action to file lawsuit was to be taken. On July 21 production report was received. On July 29 the District inspected wells showing that they were running and filling pond in violation of the previous order. Last Friday, a phone call indicated that Mr. Matthews was not being informed by his staff person what was going on. Mr. Matthews intends to comply. A request was made to go into executive session.

Pursuant to the Texas Open Meetings Act, Chapter 551, Government Code, Vernon's Texas Codes, Annotated, §551.071, consultation with attorney, the Red River Groundwater Conservation District

Board adjourned into Executive Session at 10:42 a.m.

Board reconvened into regular session at 10:57 a.m. No action was taken during executive session.

Board Member David Gattis made a motion giving the General Manager, authority to coordinate with Board President, Mark Patterson, and Kristen Fancher, Legal Counsel, to take steps necessary to accomplish what we need to do to get Porter Green in compliance which includes confirmation of compliance consent order and for filing a law suit. Board Member Billy Stephens seconded the motion. The Board was individually polled. Motion passed unanimously.

8. 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 reported 9 wells registered in July.

b. Update on Injection/Disposal Well Monitoring Program

Kristen Fancher, legal counsel reported no update at this time and no activity.

General Manager Drew Satterwhite reported that the Agrilife irrigation and evaporation model is very close to being completed. When it is completed it will be brought to the board and at that time the Board will consider doing a phase 2 expanding the model.

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

General Manager Drew Satterwhite informed Board that if the Board wanted a Public Hearing in September, the deadline for newspaper posting is on Wednesday, August 26th at noon. It was suggested to wait until more information regarding how meetings are to be held is available before planning the Public Hearing. General manager Drew Satterwhite will talk to Board President Mark Patterson 7 to 10 days prior to the meeting regarding the meeting format.

10. Adjourn.

Board Member Billy Stephens made the motion to adjourn. Board Member Mark Newhouse seconded the motion. General Manager Drew Satterwhite declared the meeting adjourned at 11:05 a.m.

#####

\_\_\_\_\_  
Recording Secretary

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

ATTACHMENT 5 a.

RESOLUTION NO. 2020-11-19-01

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

The following liabilities are hereby presented for payment:

<u>Administrative Services</u>	<u>Amount</u>
GTUA - August	17,924.07
GTUA - September	14,211.70
GTUA-October	14,981.80
<u>Contract Services</u>	
WSP - Hydro Geo services through July	3,634.00
WSP - Hydro Geo services through August	1,000.00
WSP - Hydro Geo services through September	240.00
IT Nexus -September well database maintenance	600.00
<u>Drillers Deposit Refund</u>	
Charlene Miller (Orlich)	100.00
Charlene Miller (Agee)	100.00
Charlene Miller (Mejia)	100.00
Charlene Miller (Van Nattan)	100.00
Charlene Miller (Curiel)	100.00
<u>Direct Costs</u>	
NexTraq - Nov GPS Tracking	39.95
NexTraq -Sept and Oct GPS Tracking	79.90
Hillerby Printing (envelopes)	71.64
<u>Dues</u>	
Texas Alliance of GWD	1,440.00
<u>GMA8-Fees</u>	
NTGCD - GMA-8 fees from 4/1/20-8/31/20	160.23
<u>Legal</u>	
Fancher Legal - General Counsel thorough August	4,066.00
Fancher Legal - General Counsel thorough Sept and Oct	5,581.15
<b>GRAND TOTAL:</b>	<b>\$ <u>64,530.44</u></b>

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 November 2020

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 OCTOBER 31, 2020

### ASSETS

#### Current Assets

##### Checking/Savings

10001 CASH-First United	183,764.65
10025 A/R CONSUMPTION	91,817.85
10026 A/R Texas Rain Holding Co	2,600.00
10230 A/R Violation Fees	500.00
10101 ALLOWANCE FOR UNCOLLECT	-1,530.00
10010 INVESTMENTS	260,000.00
10230 PP EXPENSES	2,568.00

**TOTAL ASSETS** 539,720.50

### LIABILITIES & EQUITY

#### Liabilities

##### Current Liabilities

##### Accounts Payable

23100 ACCOUNTS PAYABLE	5,581.15
23150 DRILLERS DEPOSIT LIAB	14,200.00

**Total Other Current Liabilities** 19,781.15

**Total Current Liabilities** 19,781.15

**Total Liabilities** 19,781.15

#### Equity

35100 RETAINED EARNINGS	499,139.29
Net Income	20,800.06

**Total Equity** 519,939.35

**TOTAL LIABILITIES & EQUITY** 539,720.50

**RED RIVER GROUNDWATER**  
**Profit & Loss Budget vs. Actual**  
October 31, 2020

	<u>Current Actual</u>	<u>Current Budget</u>	<u>YTD Actual</u>	<u>Total Budget</u>	<u>% of Budget Remaining</u>
<b>Income</b>					
46002 GW PRODUCTION	0.00	0.00	255,097.15	315,000.00	19.02%
46005 LATE FEES	0.00	0.00	2,119.12	0.00	0.00%
46006 VIOLATION FEES	0.00	0.00	1,900.00	0.00	0.00%
46015 REGISTRATION FEES	1,300.00	667.00	9,700.00	8,000.00	-21.25%
46100 INTEREST INCOME	0.00	0.00	965.80	2,700.00	64.23%
<b>Total Income</b>	<u>1,300.00</u>	<u>667.00</u>	<u>269,782.07</u>	<u>325,700.00</u>	<u>17.17%</u>
<b>Gross Profit</b>	1,300.00	667.00	269,782.07	325,700.00	
<b>Expense</b>					
77010 ADMINISTRATIVE COST	8,176.50	9,166.67	84,484.75	110,000.00	23.20%
77020 ADVERTISING	0.00	700.00	4.00	700.00	99.43%
77027 AUDITING	0.00	0.00	4,850.00	4,893.00	0.88%
77031 BANKING FEES	0.00	0.00	24.00	100.00	76.00%
77032 CONTRACT SERVICES	240.00	2,650.00	29,413.01	31,800.00	7.51%
77035 FIELD TECH	5,362.50	6,666.67	57,547.00	80,000.00	28.07%
77040 DIRECT COST	105.15	500.00	3,285.20	6,000.00	45.25%
77045 FIELD PERMITTING SPECIAL	637.00	2,916.67	23,175.50	35,000.00	33.78%
77450 DUES & SUBSCRIPTIONS	1,440.00	162.50	1,798.00	1,950.00	7.79%
77480 EQUIPMENT	0.00	166.67	940.27	2,000.00	52.99%
77500 FEES-GMA8	0.00	458.34	3,233.99	5,500.00	41.20%
77810 INSURANCE AND BONDING	321.00	302.00	3,418.50	3,624.00	5.67%
77855 INTERNET FEES	0.00	375.00	3,510.76	4,500.00	21.98%
77970 LEGAL	5,581.15	2,916.67	22,973.88	35,000.00	34.36%
78010 MEETINGS AND CONFEREN	75.00	433.34	1,491.46	5,200.00	71.32%
78310 RENT	200.00	200.00	2,000.00	2,400.00	16.67%
78600 SOFTWARE MAINTENANCE	0.00	1,250.00	2,616.20	15,000.00	82.56%
78750 TELEPHONE	412.12	208.34	2,249.50	2,500.00	10.02%
78770 - TRANSPORTATION	53.48	291.67	1,965.99	3,500.00	43.83%
<b>Total Expense</b>	<u>22,603.90</u>	<u>29,364.54</u>	<u>248,982.01</u>	<u>349,667.00</u>	<u>28.79%</u>
<b>Net Income</b>	<u><b>-21,303.90</b></u>	<u><b>-28,697.54</b></u>	<u><b>20,800.06</b></u>	<u><b>-23,967.00</b></u>	



ATTACHMENT 6





**RED RIVER GROUNDWATER  
CONSERVATION DISTRICT  
AGENDA COMMUNICATION**

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**DATE:** November 10, 2020

**SUBJECT:** AGENDA ITEM NO. 6

**CONSIDER AND ACT UPON ADMINISTRATIVE SERVICES CONTRACT WITH GREATER TEXOMA UTILITY  
AUTHORITY**

**ISSUE**

Renewal of contract with Greater Texoma Utility Authority ("GTUA") for 2021 Administrative Services.

**BACKGROUND**

In November 2010, the District and GTUA entered into an agreement for administrative services to be provided by GTUA for the District. The Board of Directors of GTUA has continued to indicate their satisfaction with the outcome of the agreement. This agreement is going to be considered at GTUA's November 16, 2020 Board meeting.

**CONSIDERATIONS**

In conjunction with the Board's prudent management of funds, this relationship has helped the District operate with the lowest production fees in the region.

This scope of services remains the same as the contract executed for 2019. The budgeted amounts identified in the contract are consistent with the 2020 budget adopted by the District.

**STAFF RECOMMENDATIONS**

The staff recommends that the contract between the District and GTUA be approved.

**ATTACHMENTS**

2021 Administrative Services Contract with GTUA.  
2021 Budget

**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



**ADMINISTRATIVE SERVICES AGREEMENT  
BETWEEN THE GREATER TEXOMA UTILITY AUTHORITY AND  
THE RED RIVER GROUNDWATER CONSERVATION DISTRICT**

STATE OF TEXAS	§	STATE OF TEXAS
	§	
GREATER TEXOMA UTILITY AUTHORITY	§	RED RIVER GROUNDWATER
	§	CONSERVATION DISTRICT

This Agreement, made and entered into by and between the Greater Texoma Utility Authority, hereinafter referred to as (“Authority”) and the Red River Groundwater Conservation District in Fannin and Grayson Counties, Texas, hereinafter referred to as (“District”).

WITNESSETH:

WHEREAS, the District is experiencing a need for administrative services in order to achieve the objectives provided in its enabling legislation and Chapter 36 of the Texas Water Code; and

WHEREAS, the Authority has staff experienced in water related activities; and

WHEREAS, the District has determined that it is in the best interest of the District to engage the Authority to assist in providing administrative assistance in establishing the District’s programs and activities; and

WHEREAS, the District has determined that the proposal dated November 19, 2020 from the Authority, as said proposal is modified and supplemented herein, is in the best interest of the District and that the Authority is qualified and capable of providing such services;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and of the terms and conditions hereinafter set forth, the parties agree as follows:

1. The Scope of Services. The term "Scope of Services" as used herein refers to the Scope of Services made and submitted by the Authority to the District dated November 19, 2020, as amended, modified, or supplemented herein. (attached hereto as “Exhibit A”)

The Scope of Services is a general guideline for the commencement of administrative activities and related services. Said Scope of Services is amended and superseded by specific terms of this Agreement, which may be amended in writing from time to time upon agreement of the Authority and the District.

2. Administrative Services. The Authority shall perform administrative services for the District at the direction of the District Board, and the District Board President to the extent that the Board President’s direction does not conflict with any District, State or Federal Laws, or Authority rule, policy, or order of the District or Authority Board. Such directions from the District Board and Board President regarding the performance of administrative services shall supplement any specific services delineated in this Agreement or the attached Scope of Services. Administrative services shall include, but not be limited to recording and communication

services, database collection and well registration services, as well as assistance in developing personnel policies, operating procedures, refining of temporary rules and developing a management plan. Administrative services shall also include performance of the duties of the "General Manager" as set forth in the District's Temporary District Rules, Bylaws, rules and orders, subject to the directions and orders of the District Board and Board President. The Authority shall not retain outside professional services to be reimbursed by the District without prior authorization from the District. The District Board shall retain ultimate authority in decision-making under the District's Rules.

3. Charges and Payment. Monthly payments shall be made by the District to the Authority for actual costs incurred including hourly wages and benefits of the Authority employees, insurance costs, extra travel costs to and from the District, overhead, and other direct costs, including fees for professional services. The Authority shall invoice the District for any such services performed hereunder during the preceding thirty (30) day period, said invoice to be presented by the 25<sup>th</sup> day of the following month. Said invoice shall be itemized in such a manner that the District may determine the reasonableness of the charges submitted. The District shall pay the full amount of invoices received from the Authority by the tenth day of the month following receipt of any such invoice unless notice of protest or disagreement is given to the Authority within seven (7) business days after receipt of said invoice. Failure of the Authority and the District to agree upon payment of such invoice within thirty (30) days of protest shall be grounds for termination under Paragraph 4 unless the parties can otherwise agree in writing to a schedule of payment.

4. Terms of Agreement. The Term of this Agreement shall be for a 12-month period commencing as of the effective date of this Agreement, which shall be the later date that the District or the Authority executes this Agreement. This Agreement may be renewed upon expiration of the 12-month term of this Agreement by written agreement between the parties. Either the District or the Authority may terminate this agreement for any reason at any time upon ninety (90) days written notice of termination to the other party. Should the Authority or the District elect to terminate this Agreement, the District shall remain responsible for its share of any costs for which it is obligated that remain existing and unpaid as of the effective date of termination.

5. Indemnity. Neither the District nor the Authority shall be liable to the other for loss, either direct or consequential. All such claims for any and all loss, however caused, are hereby waived. Said absence of liability shall exist whether or not the damage, destruction, injury, or loss of life is caused by the negligence of either party or of any of their respective agents, servants, or employees. It is contemplated that each party shall look to its respective insurance carriers for reimbursement of any such loss. Neither party shall have any interest or claim in the other's insurance policy or policies, or the proceeds thereof, unless it is specifically covered therein as an additional insured. Nothing contained in this Agreement is intended by either party to create a partnership or joint venture, and any implication to the contrary is hereby expressly disavowed. It is understood and agreed that this Agreement does not create a joint enterprise, nor does it appoint any party as an agent of any other party, for any purpose whatsoever. It is understood and agreed that by execution of this Agreement, no governmental powers or immunities are waived or surrendered by either the District or the Authority.

6. Independent Contractor. The Authority is, and shall perform this agreement as, an independent contractor, and as such, shall have and maintain complete control over all of its employees, subcontractors, agents, and operations. Neither the Authority nor anyone employed by it shall be, represent, act, purport to act or be deemed to be the agent, representative, subcontractor, employee, officer or servant of the District. No employee or agent of the District shall be, represent, act, or purport to act or be deemed to be the agent,

representative, subcontractor, employee, officer, or servant of the Authority.

7. Surety Bond. Any officer, employee, or agent of the Authority who collects, pays, or handles any funds of the District shall furnish good and sufficient bond payable to the District in an amount determined by the District Board to safeguard the District. The bond shall be conditioned on the faithful performance of that person's duties and on accounting for all funds and property of the District. The bond shall be signed or endorsed by a surety company authorized to do business in Texas. The District Board hereby determines that the initial amount of each bond shall be set at \$50,000.00, and may alter the amount pursuant to a minute order or resolution adopted at a properly noticed meeting. The District Board shall provide the Authority with notice of any such alternative amount. The District shall reimburse the Authority for costs incurred in connection with providing administrative services to the District. Any such out-of-pocket costs exceeding \$2,500.00 per year shall require prior approval of the District Board. The Authority shall limit the collection, payment, or handling of District funds only to the officers, employees, and agents of the Authority who have been bonded in accordance with this paragraph.

8. No Third Party Rights. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than the parties hereto, and all duties and responsibilities undertaken pursuant to this Agreement shall be for the sole and exclusive benefit of the parties hereto, and not for the benefit of any other party. There are no third party beneficiaries to this Agreement.

9. Assignment. This Agreement shall not be assignable except at the written consent of the Authority and the District hereto, and if so assigned, shall extend to and be binding upon the successors and assigns of the Authority and the District thereto.

10. Notices. All notices given under this agreement shall be deemed properly served if delivered in writing personally, or sent by certified mail to Mark Patterson, President, Red River Groundwater Conservation District, PO Box 1214, Sherman, TX 75091-1214, and to the Authority addressed to the President, Greater Texoma Utility Authority, 5100 Airport Drive, Denison, TX 75020-8448. Date of service of notice served by mail shall be the date on which such notice is deposited in a post office of the United States Postal Service. Either party may change their respective addresses for notice by providing notice of such address change in the aforesaid manner with specific reference to this Agreement.

11. Authority Financial Obligations. Nothing in this agreement shall be construed to require the Authority to expend funds from any source other than the revenues received hereunder. All costs required by valid rules, regulations, laws, or orders passed or promulgated by the United States of America, the State of Texas, and regulatory or judicial branches thereof having lawful jurisdiction shall be the responsibility of the District.

12. Entire Agreement. This agreement embodies the entire understanding between the Authority and the District hereto relative to the subject matter hereof and shall not be modified, changed or altered in any respect except in writing signed by the Authority and the District.

13. Governing Law and Severability. This agreement shall be governed by the laws of the State of Texas and the venue in Grayson County, Texas. The provisions of this agreement shall be deemed to be severable and the invalidity of or inability to enforce other provisions hereof. In the event of a conflict between the terms of

this Agreement and any exhibit attached hereto, the terms and conditions of this Agreement shall take precedence. Venue shall be in Grayson County, Texas.

14. Interpretation. Although drawn by the Authority, this contract shall, in the event of any dispute over its meaning or application, be interpreted fairly and reasonably, and neither more strongly for or against either party. Captions and headings used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused the signatures of their legally authorized representatives to be affixed hereto, having been duly approved by the respective governing bodies and effective on the last date of execution as set forth below.

GREATER TEXOMA UTILITY AUTHORITY  
5100 AIRPORT DRIVE  
DENISON TX 75020-8448

RED RIVER GCD  
PO BOX 1214  
SHERMAN TX 75091-1214

BY: \_\_\_\_\_  
President

BY: \_\_\_\_\_  
President

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

ATTEST:

ATTEST:

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

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



## Exhibit "A"

### Scope of Services

- I. Recording and Communication Services
  - Act as point of contact for well owners by answering questions regarding rules
  - Provide all postings for meetings
  - Provide notice postings in timely manner
  - Mail notices and rules as needed
  - Prepare agenda after consultation with President
  - Prepare and e-mail draft minutes to Board of Directors
  - Complete minutes after review by Board of Directors
  - Maintain website as needed
  - Establish and maintain paper and electronic filing system
  - Provide written communications to well owners, TWDB and others as needed
  - Draft correspondence for signature by designated persons
- II. Database Collection for Registered and Non-Registered Wells in the District
  - Work with chosen database development firm to create the well registration system for the District
  - Operate and maintain well registration website and map, which will depict wells in each District county
  - Work with well owners to register wells and collect well registration fees
  - Employ field technician to locate and verify wells in each District county
- III. Development of Personnel and Other Policies
  - Prepare and present drafts of personnel policies for review by appropriate committee and Board of Directors
  - Prepare and present drafts of operating procedures for future staff to follow
  - Assist Board of Directors in training personnel for District at appropriate time
- IV. Assistance for Rule Development
  - Assist Board of Directors in development of permanent rules
  - Assist Board of Directors in the development and implementation of a Management Plan
- V. Accounting
  - Provide accounting services including keeping financial records, issuing invoices, paying invoices, etc.
  - Prepare and present monthly financial statements
  - Assist Board of Directors with development of budget
  - Prepare and provide documentation for audit

## Approach to Provision of Services

- Staff is able to work diplomatically with well owners and others
- Use 800 number on all letterhead and other communication for calls to make contact easier for well owners
- Well-acquainted with TWDB staff
- Utilize assistance from Texas Alliance of Groundwater District members
- Coordinate District activities with GMA 8 activities
- Develop records and procedures in a manner that will make for easy transition when desired

## Estimated Cost of Services

The Authority is a public agency. The Board's approach to provision of services has always been to seek reimbursement for the costs of providing the services requested. These costs include:

- The salary and employer personnel costs (social security, worker's compensation insurance, retirement, and accounting, etc.)
- Mileage for travel required at the rate set annually by IRS
- Any direct expenses required to provide the services requested (telephone charges, copies, postage, and similar expenses directly associated with the project)
- The contract for services will not exceed \$110,000 for administration and accounting, \$80,000 for the field technician, and \$35,000 for field permitting specialist without prior authorization from the Board of Directors
- Field personnel costs will be an expense of the District, which will include salary, benefits, transportation and other costs directly associated with verification of well and pumping information
- Billing Rates:
  - General Manager – \$115 per hour
  - Project Coordinator - \$45 per hour
  - Administrative Assistant - \$32 per hour
  - Finance Officer - \$74 per hour
  - Accounting Assistant - \$34 per hour
  - Accounting Assistant (2) - \$30 per hour
  - Office Clerk - \$34 per hour
  - Field Technician - \$49 per hour
  - Field Technician (2) - \$46 per hour
  - Technician Lead - \$38 per hour
  - Operation Supervisor - \$66 per hour

RED RIVER GROUNDWATER CONSERVATION  
DISTRICT  
BUDGET YEAR 2021

	Actual	Approved			Approved
	2019	2020	6/30/2020	EST @ 12-31-20	2021
<b>Income</b>					
46002 GW Production Cost	357,879.11	315,000.00	74,357.69	297,430.76	310,400.00
46007 Registration Fees	2,400.00	8,000.00	6,100.00	12,200.00	10,000.00
46005 Late Fees	1,431.04	-	1,516.78	-	-
46006 Violation Fees	3,600.00	-	1,400.00	-	-
46010 Drillers Dep Forfeit	800.00	-	-	-	-
46100 Interest Inc	4,013.81	2,700.00	965.80	-	1,000.00
<b>Total Income</b>	<b>370,123.96</b>	<b>325,700.00</b>	<b>84,340.27</b>		<b>321,400.00</b>
<b>Gross Profit</b>					
<b>Expense</b>					
77010 ADMINISTRATIVE COST	99,112.75	110,000.00	50,646.75	101,293.50	105,000.00
77033 ADS-LEGAL	255.45	700.00	-	700.00	700.00
77027 AUDITING	4,750.00	4,893.00	4,850.00	4,850.00	4,995.50
77031 BANKING FEES	12.00	100.00	24.00	48.00	100.00
77032 CONTRACT SERVICES					
Web Maintenance	7,200.00	1,800.00	3,600.00	7,200.00	-
Hydro-Geologist	29,627.34	30,000.00	16,977.01	33,954.02	30,000.00
77040 DIRECT COST	4,430.45	6,000.00	2,661.41	5,322.82	5,500.00
77450 DUES & SUBSCRIPTIONS	1,733.00	1,950.00	358.00	1,733.00	1,798.00
77550 EQUIPMENT	968.08	2,000.00	257.86	2,000.00	2,000.00
77555 FEES-GMA8	977.20	5,500.00	3,073.76	6,147.52	3,181.82
77035 FIELD SERVICES	58,151.60	80,000.00	31,552.50	63,105.00	75,000.00
77045 FIELD PERMITTING SPECIALIST	28,681.00	35,000.00	11,513.50	23,027.00	35,000.00
77810 INSURANCE & BONDING	4,346.48	3,624.00	2,134.50	5,162.50	6,371.00
77855 INTERNET SERVICES	2,143.93	4,500.00	4,210.28	4,210.28	4,500.00
77970 LEGAL	26,819.70	35,000.00	11,312.80	22,625.60	35,000.00
78010 MEETINGS AND CONFEREN	4,587.35	5,200.00	1,347.46	2,694.92	5,200.00
78310 RENT	2,400.00	2,400.00	1,200.00	2,400.00	2,400.00
78600 SOFTWARE MAINT (database)	4,514.09	15,000.00	1,672.00	2,867.00	15,000.00
78770 TRANSPORTATION/FUEL/MAINT	2,646.14	3,500.00	1,700.49	3,400.98	3,500.00
78750 TELEPHONE	2,635.90	2,500.00	1,158.67	2,317.34	2,500.00
<b>Total Expense</b>	<b>285,992.46</b>	<b>349,667.00</b>	<b>150,250.99</b>	<b>295,059.48</b>	<b>337,746.32</b>
Contingencies					
<b>Total Expenditures</b>	<b>285,992.46</b>	<b>349,667.00</b>	<b>150,250.99</b>	<b>295,059.48</b>	<b>337,746.32</b>
<b>Net Income</b>	<b>84,131.50</b>	<b>(23,967.00)</b>	<b>(65,910.72)</b>	<b>(295,059.48)</b>	<b>(16,346.32)</b>



ATTACHMENT 9





# RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION

---



**DATE:** November 12, 2020

**SUBJECT:** AGENDA ITEM NO. 9

## CONSIDER AND ACT UPON AMENDMENTS TO DISTRICT FLOW TESTING PROCEDURE MANUAL

### ISSUE

The District staff is recommending revisions to the Flow Testing Procedure.

### BACKGROUND

In conjunction with the adoption of permanent rules that became effective January 1, 2019, the District also adopted a Flow Testing Procedure to lay out the process and requirements for flow tests that are now being performed on every new well. This document was developed in response to comments and conversations with several drillers and pump representatives that operate in the District. The conclusion from these conversations was that it would be exceedingly difficult to meet a desired flow rate on a new well without a margin for error. This document laid out the process and provided for a margin for error in sizing pumps.

### CONSIDERATIONS

Over the last two years the District has been flow testing all new wells. There have been several instances where the District staff has experienced difficulty in scheduling flow tests. The staff believes that this can be rectified by the proposed rule amendments along with an update to the Flow Testing Procedure.

The proposed amendments to the Flow Testing Procedure are intended to lay out requirements for the well owner representatives to make the wells available so that the District can clear them from the inspection queue. In an ideal situation, the Driller or Pump Installer would give the District staff advance notice of when they anticipate developing the well when they are completing a job. However, we understand that this will not always work for schedules, so we have outlined a process for providing us with at least 3 dates that would work for our staff to meet with them. Our goal is to get the flow test and inspections completed following the completion of a well as soon as possible.

### STAFF RECOMMENDATIONS

The staff recommends that the Board review and consider adopting amendments to the Flow Testing Procedure.

### ATTACHMENTS

Redlined Flow Testing Procedure

**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

## District Flow Testing Procedure

The purpose of this document is to provide the District staff and water well contractors with guidance as to how the District will test the flow rates of new wells following the adoption of permanent rules. It is understood that spacing requirements will take effect upon adoption of permanent rules and that the new wells will be spaced from existing wells using a formula based upon the maximum flow rate of the new well. Furthermore, the District recognizes the difficulty in selecting a pump that will pump exactly what is desired by the well owner or contractor. This document explains the process the District will go through to determine the flow rate of a well and the acceptable margin for error allowed for pump selection.

Upon completion (pump installed) of the well, the well owner representative shall provide the District with at least 3 dates (Monday-Friday) and times (between 8 am and 4 pm) within the 60 days following completion to meet for the purposes of conducting the flow test. If given advance notice, the District will strive to meet the well driller or pump installer at the site during the final stages of the well development.

### Process

- Check for the presence of flow restricting devices and ensure pump is running at 100% speed if equipped with VFD.
  - If VFD speed is not readily available, it is up to the well owner representative to demonstrate/prove the VFD is set to 100% speed.
- The well owner representative is responsible for having the well configured ahead of time so that the District staff can test the well by either of 2 methods described below:
  1. At the well head before the well is tied into the system that it will ultimately serve; or
  2. Through a bypass installed immediately downstream of the meter, but located within 50 feet downstream of the well head.
    - A “bypass” for these purposes means an installation downstream of the meter that is of equal size to the discharge pipe so that there is unobstructed flow for purposes of measuring the maximum flow capacity from a well.
- After District staff arrives on site and has flow metering equipment in place to record a reading, the well owner representative may run the pump for up to 15 minutes continuously prior to taking final flow reading.
  - The well owner representative can run the well ahead of the site visit in order to further stabilize water levels if desired, but District staff should not wait longer than 15 minutes for flow and water levels in well to stabilize once District staff has the metering equipment in place to record a flow reading.
- At the point where the flow has stabilized or the 15 minutes of run-time has concluded, whichever occurs first, the District staff will document the maximum flow rate.
  - The maximum flow rate will be allowed up to a 10% or up to 25 gpm margin for error, whichever is less.
    - Example 1: 17.36 gpm well must read < 19.1 gpm
    - Example 2: 500 gpm must read < 525gpm
- If a re-test is requested by the well owner representative, the District will re-visit the site one (1) additional time for the purposes of testing the flow.



ATTACHMENT 10



# RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION

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**DATE:** November 13, 2020

**SUBJECT:** AGENDA ITEM NO. 10

**DISCUSSION AND POSSIBLE ACTION ON WHO WILL PAY TRANSACTION FEES FOR THE DISTRICT'S ONLINE FEE PAYMENTS SOFTWARE.**

**ISSUE**

Discussion and possible action on who will pay transaction fees for the District's online fee payments software.

**BACKGROUND**

Next month, December 2020, the District expects to roll out our new database that will include switching our accounting/billing software to QuickBooks. Unlike our current software, QuickBooks will allow for constituents to pay their fees by credit card. The issue is that credit card and ACH transactions will be charged fees after the transition.

The ACH fees are small (\$3.00 per transaction), but the credit card fees are 3.5% + \$0.30 per transaction.

**CONSIDERATIONS**

The staff is requesting direction from the Board as to how to handle these fees. The options are 1) require that constituent pay the fees on each transaction, 2) the District pays the fees, 3) a hybrid of the previous 2 options.

The District staff is unsure of how many will elect to use the credit card option due to the fact that it is not currently possible with our existing accounting software.

It is also important to note, that the constituents will still be able to pay with a check and avoid transaction fees.

**STAFF RECOMMENDATIONS**

The staff requests direction from the Board of Directors on this matter.

**ATTACHMENTS**

Fee Schedule

**PREPARED AND SUBMITTED BY:**

Drew Satterwhite, P.E., General Manager



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<input type="radio"/> Card - Invoiced	3.5% + 30c	3.3% + 30c
<input type="radio"/> Card - Keyed	3.5% + 30c	3.3% + 30c

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ATTACHMENT 13





# RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION

---



**DATE:** November 13, 2020

**SUBJECT:** AGENDA ITEM NO. 13

## 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. However, after consultation with a certified Financial Advisor the staff is recommending some minor redlined cleanup type changes.

### OPTIONS/ALTERNATIVES

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

### CONSIDERATIONS

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

### STAFF RECOMMENDATIONS

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

**ATTACHMENTS**

Redlined 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: November 19, 2020**

## EXHIBIT "A"

### 1.01 PURPOSE

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

### 1.02 POLICY OF INVESTMENT

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

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

### 1.03 DELEGATION OF INVESTMENT AUTHORITY

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



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

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

#### 1.04 PRUDENT PERSON RULE

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

#### 1.05 INVESTMENT STRATEGY BY FUND

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

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

#### 1.06 AUTHORIZED INVESTMENTS

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

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

#### 1.07 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

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

#### 1.08 SAFEKEEPING AND COLLATERALIZATION

- A. Safekeeping of District Owned Securities.
1. All purchased securities shall be cleared to safekeeping on a delivery versus payment basis and held in safekeeping by an independent third party financial institution, or the District's banking services depository.
  2. All safekeeping arrangements shall be approved by the Investment Officer and an agreement of the terms executed in writing. The independent third party custodian shall be required to issue safekeeping receipts to the District listing each specific security, rate, description, maturity, cusip number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is being held for the District or pledged to the District.
- B. Securities Pledged as Collateral
1. All securities pledged to the District for all bank time or demand deposits shall be held by an independent third party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank from which securities are pledged.
  2. Collateralization is required on all time and demand deposits over the FDIC insurance coverage.
    - a. In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level will be 102% of the deposit amount plus accrued interest on the deposit, less the applicable level of FDIC insurance.
    - b. Collateral will be held by an independent third party custodian. The custodian shall provide a written monthly report directly to the District listing all pledged collateral by description and par at a minimum. The investment officers will monitor adequacy of collateralization levels to verify market values and total collateral positions.
    - c. If the collateral pledged for a deposit falls below the deposit value of the deposit, plus accrued interest, less FDIC insurance, the institution holding the deposit will be notified by the investment officers and will be required to pledge additional collateral no later than the end of the next succeeding business day.
- C. Authorized Collateral
1. The only types of collateral authorized by the District are:
    - a. Obligations of the U. S. Government, its agencies and instrumentalities including mortgage-backed securities which pass the bank test.
    - b. Obligations of a state or subdivision, city, county, school district of any state which is rated A or better by two nationally recognized rating agencies.
    - ~~b-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 ~~requesting may automatically substitution must contact the investment officers for approval and settlement. The substituted security's value will be calculated and substitution approved, if its value is collateral of equal to or greater~~ value than the ~~required security level~~ replaced security. The investment



officers, or a designee, must provide written notification of the decision to the ~~bank or the~~ custodian/safekeeping agent holding the security prior to any security release. Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative problems and transfer expense. The investment officers may limit substitution and assess appropriate fees if substitution becomes excessive or abusive.

#### 1.09 INVESTMENT TRAINING

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

#### 1.10 REPORTING AND PERFORMANCE EVALUATION

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

#### 1.11 MISCELLANEOUS

- A. The District, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the District's established investment policies to review investment performance and to ensure investment security. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions.
  
- B. The District shall review this policy at least annually and adopt a resolution confirming the continuance of the policy without amendment or adopt an amended investment policy.
  
- C. This investment policy adopted on ~~December 19, 2017~~[November 19, 2020](#), supersedes any prior policies adopted by the Board regarding investment or securitization of District funds.

RESOLUTION NO. 2020-11-19-02

**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 19th day of November, 2020 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 14 a

## Red River Groundwater Conservation District

### Well Registration Summary

As of August 31, 2020

Well Type	Total Registered Fannin County	Total Registered Grayson County	Total RRGCD	New Registrations
Domestic	195	327	522	17
Agriculture	16	25	41	4
Oil/Gas	0	21	21	0
Surface Impoundments	6	14	20	0
Commercial	12	18	30	0
Golf Course	0	15	15	0
Livestock	17	25	42	0
Irrigation	0	10	7	0
Public Water	60	215	275	0
Monitoring	12	5	17	0
<b>Total</b>	<b>318</b>	<b>675</b>	<b>990</b>	<b>21</b>

## Red River Groundwater Conservation District

### Well Registration Summary As of September 30, 2020

Well Type	Total Registered Fannin County	Total Registered Grayson County	Total RRGCD	New Registrations
Domestic	199	331	530	8
Agriculture	16	25	41	0
Oil/Gas	0	21	21	0
Surface Impoundments	6	14	20	0
Commercial	12	16	28	0
Golf Course	0	15	15	0
Livestock	17	25	42	0
Irrigation	0	10	7	0
Public Water	60	215	275	0
Monitoring	12	5	17	0
<b>Total</b>	<b>322</b>	<b>677</b>	<b>996</b>	<b>8</b>



## Red River Groundwater Conservation District

### Well Registration Summary As of October 31, 2020

Well Type	Total Registered Fannin County	Total Registered Grayson County	Total RRGCD	New Registrations
Domestic	200	333	533	3
Agriculture	16	25	41	0
Oil/Gas	0	21	21	0
Surface Impoundments	6	14	20	0
Commercial	12	17	29	1
Golf Course	0	15	15	0
Livestock	17	25	42	0
Irrigation	0	10	7	0
Public Water	60	215	275	0
Monitoring	12	5	17	0
<b>Total</b>	<b>323</b>	<b>680</b>	<b>1000</b>	<b>4</b>

ADJOURN