

**RED RIVER
GROUNDWATER
CONSERVATION
DISTRICT**

BOARD MEETING

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

**TUESDAY
JULY 31, 2018**

AGENDA
RED RIVER GROUNDWATER CONSERVATION DISTRICT
BOARD OF DIRECTORS BOARD MEETING
GREATER TEXOMA UTILITY AUTHORITY BOARD ROOM
5100 AIRPORT DRIVE
DENISON, TEXAS 75020
TUESDAY, JULY 31, 2018

Board Meeting

The regular Board Meeting will begin at 9:00 a.m.

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

Agenda:

1. Call to order, establish quorum; declare meeting open to the public.
2. Public Comment.
3. Receive presentation regarding permanent rules development.
 - a. Consider and act upon action items for rules development
4. Consider and act upon approval of Minutes of May 17, 2018, Board Meeting.
5. Review and approval of monthly invoices.
6. Receive monthly financial information.
7. Budget and Finance
 - a. Consider and act upon 2019 Operating Budget
 - b. Consider and act upon 2019 Groundwater Production Fee and Fee Schedule
 - c. Discussion and possible action on District's Fund Balance Policy
 - d. Receive Quarterly Investment Report
8. Receive Quarterly Report on Management Plan.
9. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs).
10. Consider and act upon compliance and enforcement activities for violations of District Rules.
 - a. Texas Rain Holding Co. lawsuit
 - b. Buena Vista Turf Farm, LLC

11. General Manager's report: The General Manager will update the Board on operational, educational and other activities of the District.
 - a. Discussion and possible action on a potential sampling program
 - b. Discussion and possible action on a potential award program
 12. Open forum / discussion of new business for future meeting agendas.
 13. Adjourn.
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¹*The Board may vote and/or act upon each of the items listed in this agenda.*

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

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

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

ATTACHMENT 4

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

THURSDAY, MAY 17, 2018

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

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

Members Absent: Chuck Dodd

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

Visitors: James Beach, WSP
Kristen Fancher, Fancher Legal
John Faulkner, Faulkner & Son

Board Meeting

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

President Patterson called the meeting to order at 10:07 a.m., established a quorum was present, and declared the meeting open to the public.

2. Public comment

John Faulkner, Faulkner & Son requested for the Board to consider a new exemption threshold of 30,000 gallons per day (20.8 gpm) instead of 25,000 gallons per day (17.36gpm).

3. Consider and act upon approval of Minutes of March 15, 2018, Board Meeting.

Board Member Gattis made a motion to approve the minutes of the March 15, 2018 meeting. The motion was seconded by Board Member Stephens. The motion passed.

4. Review and approval of monthly invoices.

General Manager Satterwhite reviewed the monthly invoices with the Board of Directors. Board Member Gattis made a motion to approve Resolution 2018-05-01. Board Member Gibson seconded the motion. Motion passed unanimously.

5. Receive monthly financial information.

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

6. Receive Quarterly Investment Report.

General Manager Satterwhite presented the Quarterly Investment Report to the Board. After a brief discussion the Board suggested that the staff search for interest bearing accounts and report back to the board. The Budget Committee is to present a budget in July.

7. Receive Quarterly Report.

General Manager Satterwhite reviewed the Quarterly Report with the Board. He informed the Board that there are 788 registered wells in the district. The number had been adjusted by removing wells from the database that had not been drilled. A total of 84 well inspections have been made as of March 31, 2018.

8. Consider and act upon authorization to solicit proposals for 2018 audit services.

General Manager Satterwhite informed the Board that the auditor was concluding their 5th year with the 2017 fiscal year. Some entities consider it a best practice to rotate auditors and/or audit firms every 5 years. The staff is requesting direction if the current auditors should be included in solicitation for an auditor. After a discussion of the difficulty in finding auditors in the current market and since the District is not required to change firms, the Board decided to keep the same firm and request that the lead auditor be switched. Board Member Gibson made the motion to keep McClanahan and Holmes and request that the lead auditor be changed. Board Member Newhouse seconded the motion. Motion passed unanimously.

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

Kristen Fancher, Legal Counsel reported that the deadline for DFCs protests passed without any protests. GMA-8 did not receive any protests. General Manager informed the Board that the GMA-8 meeting will be on June 27 at 10 a.m. in Cleburne. There are several administrative items that will need to be addressed.

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

a. Texas Rain Holding Co. lawsuit

Kristen Fancher reported that all necessary documentation has been filed giving Texas Rain Holding Co. 90 days to respond. She will update after 90 days have passed.

b. Buena Vista Turf Farm, LLC

General Manager Satterwhite informed the Board that Buena Vista Turf Farm had been purchased and needed to complete a transfer of ownership and send meter readings. Failure to send in meter readings is \$500.00 fine and failure to send transfer of ownership form is \$100 fine. The total fine is \$600.00. Board Member Gattis made the motion to fine Buena Vista Turf Farm, LLC the total of \$600 for failure to send the meter readings and transfer of ownership form. Board Member Gibson seconded the motion. Motion passed unanimously.

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

a. Discuss potential sampling program

General Manager Satterwhite discussed potential sampling programs with the Board

including E.coli and radionuclides. The Board discussed various options and decided that General Manager Satterwhite should contact other the Upper Trinity GCD and find out how they are going about it.

General Manager Satterwhite informed the Board that they needed to appoint a Budget Committee. Board President Patterson appointed Mark Newhouse, Mark Gibson and Mark Patterson. The Budget Committee will present a proposed budget to the board.

12. Receive presentation regarding permanent rules development.

a. Consider and act upon action items for rules development

Kristen Fancher, Legal Counsel and James Beach, Hydrogeologist Consultant provided a presentation for rules development. The Board discussed the following and requested legal counsel and staff to create a draft for their review:

Historic Usage – use meter reading data through 2018. For wells drilled more recently, give them a full year of historic usage which would end no later than December 31, 2019.

Drought Buffer –rules program final stage drought, usage over permit usage to be capped at 15%.

Permit to use Perpetual Term – subject to review at any time. At 5 years, see what production rate is.

Replacement Well – to be drilled within 50 ft. of the original well. If circumstances do not allow, a variance may be considered. Much discussion was held over what conditions apply to a replacement well.

Management Zone – general language was to be used with authorization to update rules within certain areas.

The Board adjourned for lunch at 12:10 p.m. The Board reconvened the meeting at 12:41 p.m.

James Beach, Hydrogeologist Consultant reviewed a draft outline of hydrogeological report guidelines with the Board. The Board requested James Beach to draw up a sample report for the Board to review.

Sand mining concerns related to groundwater quality and quantity have been brought to the attention of Staff and Board members. General Manager Satterwhite informed the Board that TCEQ and our local state rep. have been contacted in an attempt to determine what, if any, regulatory jurisdiction the District has in the matter. After discussing the issue, Board advised Staff to get more information and update Board when information becomes available.

13. Open Quorum/discussion of future agenda items.

The next meeting is scheduled for July 31 at 10 a.m. with lunch provided.

Items to be discussed at the next meeting are:

Spacing beyond 200 GPM

Next step public hearing for rules

Budget Committee – Proposed Budget

14. Adjourn.

President Patterson declared the meeting adjourned at 1:30 p.m.

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Recording Secretary

Secretary-Treasurer

ATTACHMENT 5

RESOLUTION NO. 2018-07-31-01

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE RED RIVER GROUNDWATER CONSERVATION DISTRICT AUTHORIZING PAYMENT OF ACCRUED LIABILITIES FOR THE MONTH OF JULY 2018

The following liabilities are hereby presented for payment:

<u>Administrative Services</u>	<u>Amount</u>
GTUA - May 2018	17,395.46
GTUA - June 2018	13,725.03
<u>Auditing</u>	
McClanahan & Homes-Audit ending December 31, 2017	4,650.00
<u>Contract Services</u>	
IT Nexus - July 2018	600.00
IT Nexus - August 2018	600.00
WSP - Professional Services Through April 2018	843.50
WSP - Professional Services through May 2018	2,835.00
WSP - Professional Services Through June 2018	1,304.87
<u>Direct Costs</u>	
NTGCD-Reimbursement for TCEQ Public Information Request	34.20
NexTraq - April 2018	39.95
NexTraq - May 2018	39.95
NexTraq - June 2018	39.95
<u>Equipment</u>	
<u>Insurance</u>	
TWCA-policy renewal 7/1/18-7/1/19	5,367.00
<u>Legal</u>	
Law Offices of Kristen Fancher - May 2018	3,726.00
Law Offices of Kristen Fancher - June 2018	3,038.00
<u>Software Maintenance</u>	
Intera - Developing well management system phase 2	43,544.53
GRAND TOTAL:	<u>\$ 97,783.44</u>

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

On motion of _____ and seconded by _____, the foregoing Resolution was passed and approved on this, the 31st day of July, 2018 by the following vote:

AYE:
NAY:

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

President

ATTEST:

Secretary/Treasurer

ATTACHMENT 6

Red River Groundwater Conservation District**Balance Sheet**

For General Fund (00)

June 30, 2018

Assets

00-01-10001	Checking Account	69,575.38
00-01-10010	Investments-CD	200,000.00
00-01-10025	Accounts Receivable	54,499.52
00-01-10026	A/R Texas Rain Holding Co	2,600.00
00-01-10031	A/R Buena Vista Turf Farms	600.00
00-01-10101	Allowance for Uncollectible Accounts	(1,530.00)
00-01-10200	PP Expense	3,866.98
	Total	<u>329,611.88</u>
	Total Assets	<u>\$ 329,611.88</u>

Liabilities and Fund Balance

00-01-23100	Accounts Payable	2,867.50
00-01-23150	Deposits to be Refunded	8,100.00
	Total	<u>10,967.50</u>
	Total Liabilities	<u>10,967.50</u>
00-01-35100	Fund Balance	73,069.05
00-01-35120	Current Year Excess of Revenue over Expenses	368,341.26
	Total	<u>441,410.31</u>
	Excess of Revenue Over Expenditures	(122,765.93)
	Total Fund Balances	<u>318,644.38</u>
	Total Liabilities and Fund Balances	<u>\$ 329,611.88</u>

Red River Groundwater Conservation District
Statement of Revenue and Expenditures

Revised Budget
 For General Fund (00)
 For the Fiscal Period 2018-6 Ending June 30, 2018

Account Number	Current Budget	Current Actual	Annual Budget	YTD Actual	Remaining Budget %
Revenues					
00-01-46002 GW Production Cost	\$ 81,250.00	\$ 0.00	\$ 325,000.00	\$ 78,560.77	75.83%
00-01-46005 Late Fees	0.00	0.00	0.00	394.21	0.00%
00-01-46006 Violation Fees	0.00	0.00	0.00	600.00	0.00%
00-01-46007 Registration Fees	458.33	900.00	5,500.00	3,400.00	38.18%
00-01-46010 Well Drillers Deposit	0.00	0.00	0.00	(100.00)	0.00%
00-01-46100 Interest Income	208.33	0.00	2,500.00	249.64	90.01%
Total General Fund Revenues	\$ 81,916.66	\$ 900.00	\$ 333,000.00	\$ 83,104.62	75.04%

Expenditures

00-01-77010 Administrative Cost	\$ 9,166.67	\$ 5,526.50	\$ 110,000.00	\$ 50,449.90	54.14%
00-01-77020 Advertising	500.00	0.00	1,000.00	0.00	100.00%
00-01-77027 Auditing	0.00	0.00	4,750.00	4,650.00	2.11%
00-01-77031 Banking Fees	25.00	0.00	100.00	0.00	100.00%
00-01-77032 Contract Services	5,683.33	(1,213.89)	68,200.00	22,491.20	67.02%
00-01-77035 Field Technician	6,666.67	4,847.00	80,000.00	34,576.00	56.78%
00-01-77040 Direct Cost	333.33	54.55	4,000.00	2,817.59	29.56%
00-01-77045 Field Permitting Specialist	2,500.00	1,776.00	30,000.00	18,344.00	38.85%
00-01-77450 Dues & Subscription	141.67	0.00	1,700.00	358.00	78.94%
00-01-77480 Equipment	500.00	0.00	2,000.00	0.00	100.00%
00-01-77500 Fees- GMA8	500.00	0.00	1,000.00	0.00	100.00%
00-01-77610 Fuel	0.00	51.58	0.00	87.39	0.00%
00-01-77810 Insurance	375.00	(4,646.16)	4,500.00	977.52	78.28%
00-01-77855 Internet Fees	541.67	2,518.76	6,500.00	3,182.14	51.04%
00-01-77970 Legal	2,916.67	3,038.00	35,000.00	23,811.83	31.97%
00-01-78010 Meetings and Conferences	250.00	1,002.07	3,000.00	2,570.56	14.31%
00-01-78030 Office Supplies	0.00	0.00	0.00	13.74	0.00%
00-01-78310 Rent	200.00	400.00	2,400.00	1,200.00	50.00%
** 00-01-78600 Software Maintenance	166.67	43,344.53	2,000.00	45,182.99	(2159.15%)
00-01-78750 Telephone	175.00	187.84	2,100.00	1,229.74	41.44%
00-01-78770 Transportation-Mileage	416.67	119.44	5,000.00	1,006.59	79.87%
Total General Fund Expenditures	\$ 31,058.35	\$ 57,006.22	\$ 363,250.00	\$ 212,949.19	41.38%

General Fund Excess of Revenues Over Expenditures \$ 50,858.31 \$ (56,106.22) \$ (30,250.00) \$ (129,844.57)

** This line item will be taken from Fund Balance

ATTACHMENT 7 a & b



RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION



DATE: July 26, 2018

SUBJECT: AGENDA ITEM NO. 7 a & b

CONSIDER AND ACT UPON 2019 OPERATING BUDGET AND ADOPT RATE SCHEDULE

ISSUE

2019 operating budget and rate schedule

BACKGROUND

In the past, the Board of Directors of the Red River Groundwater Conservation District ("District") has established the practice of trying to adopt a budget and rate schedule as early as possible. The District's fiscal year is based on a calendar year from January 1st through December 31st, while many of the groundwater producers who pay production fees operate on fiscal years that begin October 1st through September 30th. For this reason, the Board has attempted to establish production fees as early as possible in the budget planning process.

A draft 2019 budget has been prepared and has been reviewed with the District's Budget Committee. All of the Committees comments have been incorporated into the attached draft budget.

OPTIONS/ALTERNATIVES

The Board has the option to review this information and not take action at the July meeting. However, this would provide a short period of time for all non-exempt producers that operate on a fiscal year beginning October 1, 2018. At a minimum, the staff recommends the Board adopt the fee schedule in order to provide this information to the non-exempt producers.

The staff is available to meet with the Budget Committee again or the staff is prepared to move forward with the draft and rate schedule.

CONSIDERATIONS

The Board should feel an additional level of confidence in the District's budget and rate schedule being that the District's rates are 30% lower than the next the lowest District in the region.

STAFF RECOMMENDATIONS

The staff requests direction from the Board on the budget and rate schedule.

ATTACHMENTS

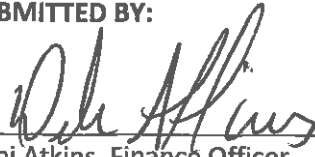
2019 Draft Budget
2019 Draft Fee Schedule
Fund Balance History
Resolutions

PREPARED AND SUBMITTED BY:



Drew Satterwhite, P.E., General Manager

SUBMITTED BY:



Debi Atkins, Finance Officer

**RED RIVER GROUNDWATER CONSERVATION DIS
BUDGET YEAR 2019**

	2018			Proposed 2019
	Actual 2017	Approved 2018	As of 6/30/2018	
Income				
46002 GW Production Cost	\$ 302,897.59	\$ 325,000.00	77,570.54	310,282.16
46007 Registration Fees	9,000.00	5,500.00	3,400.00	6,800.00
46005 Late Fees	805.63		394.21	
46006 Violation Fees	3,100.00		600.00	
46010 Drillers Dep Forfeit	3,200.00			
46100 Interest Inc	3,247.82	2,500.00	249.64	2,459.64
Total Income	<u>\$ 327,251.04</u>	<u>\$ 333,000.00</u>	<u>\$ 82,214.39</u>	<u>\$ 320,536.01</u>
Gross Profit				<u>2,005.24</u>
				<u>324,505.24</u>
Expense				
77010 ADMINISTRATIVE COST	102,109.20			
77033 ADS-LEGAL	475.09		50,449.90	100,899.80
77027 AUDITING	4,500.00	4,750.00	4,650.00	1,000.00
77031 BANKING FEES	36.00	100.00		4,650.00
77032 CONTRACT SERVICES				100.00
Web Maintenance	7,200.00	7,200.00	3,600.00	7,200.00
Hydro-Geologist	68,515.03	61,000.00	19,491.20	38,982.40
GAM Runs				
77040 DIRECT COST	4,271.44	4,000.00	2,817.59	5,635.18
77450 DUFS & SUBSCRIPTIONS	1,483.00	1,700.00	358.00	1,700.00
77550 EQUIPMENT	1,495.71	2,000.00		2,000.00
77555 FEES-GMA8	184.87	1,000.00		100.00
77035 FIELD SERVICES	72,932.50	80,000.00	34,576.00	69,152.00
77045 FIELD PERMITTING SPECIALIST		30,000.00	18,344.00	36,686.00
77810 INSURANCE & BONDING	4,345.23	4,500.00	977.52	4,468.00
77855 INTERNET SERVICES	4,260.06	6,500.00	3,182.14	3,783.00
77970 LEGAL	39,825.86	35,000.00	17,047.83	34,095.66
78010 MEETINGS AND CONFEREN	2,472.03	3,000.00	2,570.56	5,141.12
78310 RENT	2,400.00	2,400.00	1,200.00	2,400.00
78600 SOFTWARE MAINT	33,041.62	2,000.00	45,182.99	53,562.08
78770 TRANSPORTATION/FUEL/MAINT	2,374.73	5,000.00	1,093.98	2,187.96
78750 TELEPHONE	2,286.42	2,100.00	1,229.74	2,459.48
Total Expense	<u>354,208.79</u>	<u>363,250.00</u>	<u>206,771.45</u>	<u>376,204.68</u>
Contingencies				
Total Expenditures	\$354,208.79	363,250.00		
Net Income	<u>(31,957.75)</u>	<u>(30,250.00)</u>		<u>(55,668.67)</u>
				<u>(22,612.76)</u>

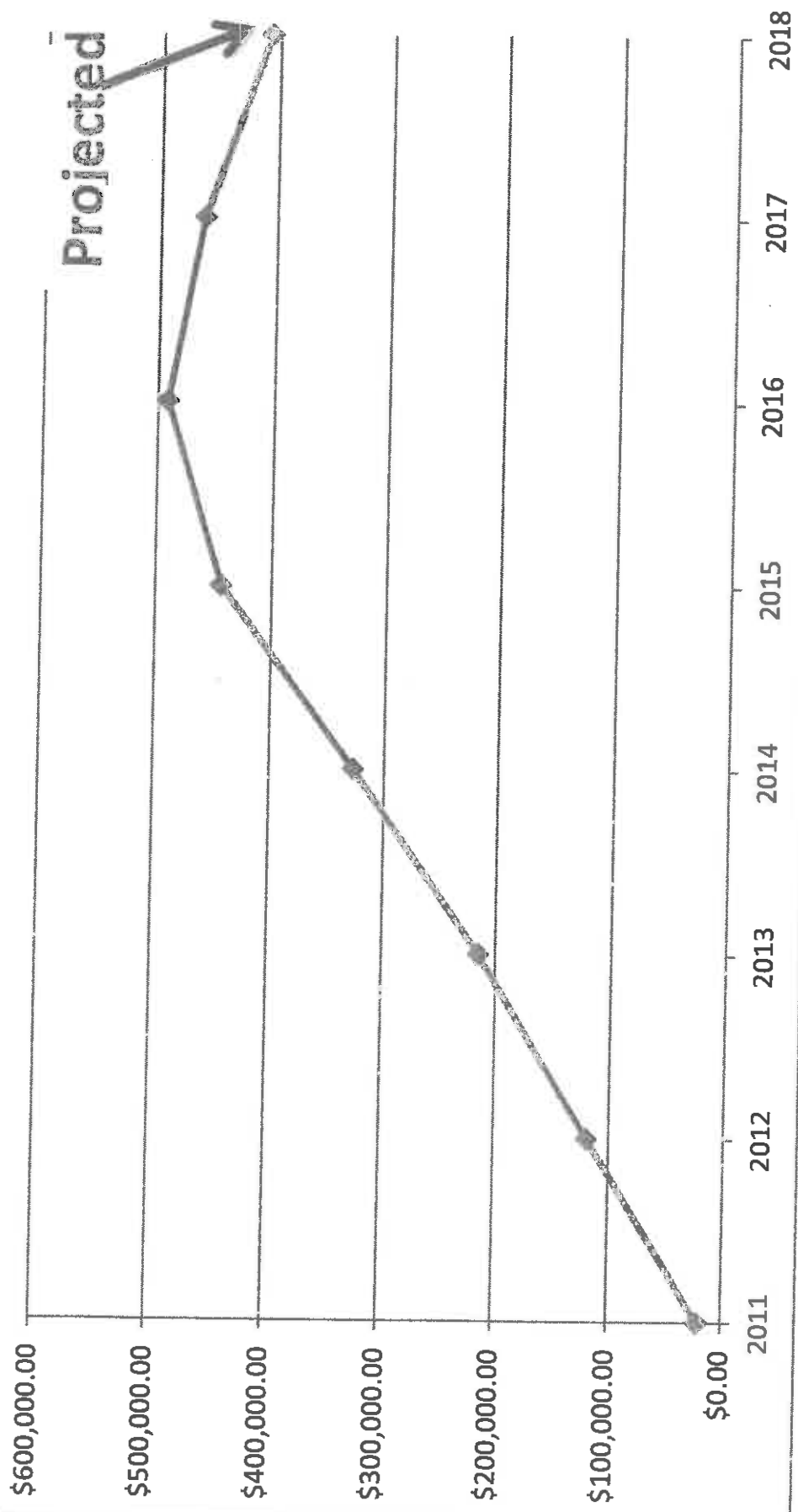
Red River Groundwater Conservation District

Draft 2019 Fee Schedule

Well Registration Fee	\$100
Well Driller Report Deposit Fee	\$100 refundable
Agricultural Water Use Fee	\$0
Non-Exempt Water Use Fee	\$0.07 per 1,000 gallons
Meter seal replacement fee	\$100*
Failure to Report Meter Readings within 30-days	Major violation – See Appendix A of the Temporary Rules for Schedule of Violations
Failure to Pay Water Use Fee within 30-days	15%
Failure to Pay Use Fee within 60-days	Major Violation – See Appendix A of the Temporary Rules for Schedule of Violations

* For replacing seals for reasons other than well or meter failure

Fund Balance Sum



RESOLUTION NO. 2018-07-31-02

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE RED RIVER
GROUNDWATER CONSERVATION DISTRICT RELATING TO THE ADOPTION
OF A 2019 BUDGET FOR THE DISTRICT**

WHEREAS, the Red River Groundwater Conservation District (the "District") is a political subdivision of the State of Texas organized and existing under and by virtue of Article XVI, Section 59, of the Texas Constitution as a groundwater conservation district, acting pursuant to and in conformity with Chapter 36, Texas Water Code and Act of May 25, 2009, 81st Leg., R.S., ch. 884, 2009 Tex. Gen. Laws 2313 codified at Chapter 8859 of the Texas Special District Local Laws Code (the "District Act");

WHEREAS, the District Board of Directors (the "Board") Budget & Finance Committee has worked diligently to identify all reasonably anticipated District revenues, expenses, and activities for the January 1, 2019 – December 31, 2019 budget cycle and, after giving much consideration to these important factors, has developed a proposed 2019 budget for the Board's consideration and deliberation (the "2019 Budget"); and

WHEREAS, the Board has reviewed and considered the 2019 Budget; and

WHEREAS, pursuant to Section 36.154 of the Texas Water Code, the District has prepared a budget that contains a complete financial statement, including a statement of the outstanding obligations of the District, the amount of cash on hand to the credit of each fund of the District, the amount of money received by the District from all sources during the previous year, the amount of money available to the District from all sources during the ensuing year, the amount of the balances expected at the end of the year in which the budget is being prepared, the estimated amount of revenues and balances available to cover the proposed budget, and the estimated fee revenues that will be required; and

WHEREAS, the Board finds that the adoption of the 2019 Budget, attached hereto as Attachment A and incorporated herein by this reference for all purposes, is merited to support the District's activities and related expenses from January 1, 2019, through December 31, 2019, and that the attached budget will allow the District to carry out the District's objectives and responsibilities as prescribed by the District Act and Chapter 36 of the Texas Water Code.

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

- (1) The above recitals are true and correct.
- (2) The Board of Directors of the Red River Groundwater Conservation District hereby adopts an operating budget for January 1, 2019, to December 31, 2019, as provided in

the budget appended hereto as "Attachment A," which is incorporated herein by this reference and is hereby approved and adopted.

- (3) The Board of Directors, its officers, and the District employees are further authorized to take any and all actions necessary to implement this resolution.

AND IT IS SO ORDERED.

Upon motion by _____ seconded by _____, the foregoing Resolution was passed and approved on this 31st day of July, 2018, 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

RESOLUTION NO. 2018-07-31-03

**RESOLUTION TO ESTABLISH 2019 WATER USE FEE RATES
FOR THE RED RIVER GROUNDWATER CONSERVATION DISTRICT**

THE STATE OF TEXAS

§
§
§

RED RIVER GROUNDWATER CONSERVATION DISTRICT

WHEREAS, the Red River Groundwater Conservation District (the "District") is a political subdivision of the State of Texas organized and existing under and by virtue of Article XVI, Section 59, of the Texas Constitution as a groundwater conservation district, acting pursuant to and in conformity with Chapter 36, Texas Water Code and Act of May 25, 2009, 81st Leg., R.S., ch. 884, 2009 Tex. Gen. Laws 2313 codified at Chapter 8859 of the Texas Special District Local Laws Code (the "District Act");

WHEREAS, the District is a governmental agency and a body politic and corporate that is statutorily charged under Chapter 36 of the Texas Water Code and the District Act with protecting the quantity and the quality of groundwater within Grayson County and Fannin County;

WHEREAS, the District by rule, resolution, or order may establish, amend, pledge, encumber, and spend the proceeds from, and assess to any person production fees, based on the amount of groundwater authorized by permit to be withdrawn from a well or on the amount of water actually withdrawn, to enable the District to fulfill its purposes and regulatory functions as provided by the District Act;

WHEREAS, the District may assess a production fee for groundwater produced from a well or class of wells exempt from permitting under Section 36.117 of the Texas Water Code, except for a well exempt from permitting under Section 36.117(b)(1), which must be based on the amount of groundwater actually withdrawn from the well and may not exceed the amount established by the District for uses recognized as non-exempt pursuant to Chapter 36 of the Texas Water Code, the District Act, and rules promulgated by the District pursuant to the authority delegated therefrom;

WHEREAS, despite having authority to assess a production fee not to exceed 30 cents per each one thousand gallons of groundwater used annually for nonagricultural purposes, the Board determines that a production fee of seven (7) cents per each one thousand gallons of groundwater used annually for nonagricultural purposes represents an appropriate, fiscally conservative fee that adequately addresses anticipated budgeting and revenue considerations for the District;

WHEREAS, the District may adopt a different fee for groundwater used for agricultural purposes not to exceed \$1.00 per acre-foot used annually, and the Board determines it necessary and appropriate to keep the production fee of zero (0) dollars per acre-foot of groundwater used annually for agricultural purposes the same as that set by the Board in previous years;

WHEREAS, the Board recognizes that the assessment of such fees serves a legitimate regulatory purpose;

WHEREAS, the Board finds that the notice and hearing requirements for the meeting of the Board, held this day, to take up and consider adoption of this resolution have been, and are, satisfied; and

WHEREAS, the Board finds that the proposed resolution is merited and necessary to support the District's efforts in managing the groundwater resources within the boundaries of the District in a manner consistent with the requirements of Chapter 36, Water Code, and the District Act, and that it is supportable under the laws of the State of Texas.

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

- (1) Each of the above recitals are true and correct.
- (2) The Board of Directors of the Red River Groundwater Conservation District hereby sets a water use fee rate for groundwater production for calendar year 2019 of seven cents per each one thousand gallons (\$.07 / 1,000 gallons) of groundwater produced annually for nonagricultural purposes, which includes all commercial, municipal, industrial, manufacturing, public water supply, oil and gas, and other nonagricultural users within the District that are not exempt from the water use fee payment requirements set forth in the temporary rules adopted by the District. Such rate will be effective and assessed to groundwater production that occurs during 2019 (January 1, 2019 through December 31, 2019).
- (3) The Board of Directors of the Red River Groundwater Conservation District hereby sets a water use fee rate for groundwater production for calendar year 2019 of zero dollars per acre-foot (\$.00 / acre-foot) of groundwater used annually for agricultural purposes. Such rate will be effective during 2019 (January 1, 2019 through December 31, 2019).
- (4) The Board of Directors, its officers, and the District staff are further authorized to take any and all actions necessary to implement this resolution.

AND IT IS SO ORDERED.

PASSED AND ADOPTED on this 31st day of July, 2018 .

RED RIVER GROUNDWATER CONSERVATION DISTRICT

By: _____
Board President

ATTEST:

Board Secretary-Treasurer

ATTACHMENT 7 c



RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION



DATE: JULY 27, 2018

SUBJECT: AGENDA ITEM NO. 7 c

CONSIDER AND ACT UPON THE DISTRICT'S FUND BALANCE POLICY

ISSUE

The District Board initially adopted the fund balance policy on July 25, 2012.

BACKGROUND

The District Board initially adopted the fund balance policy on July 25, 2012. The Board last reviewed the fund balance policy at the August 2016 meeting.

OPTIONS/ALTERNATIVES

The Board has the option to review this information and not take action. However, having an updated policy in place may help the District moving forward with setting rates.

CONSIDERATIONS

If the Board provides direction to the staff in regards to how the fund balance policy should be modified, the staff can prepare a draft policy for adoption at a future meeting.

The staff will provide a list of items that the Board may want to consider for future uses of fund balance.

STAFF RECOMMENDATIONS

The staff requests direction from the Board on the fund balance policy.

ATTACHMENTS

District's Current Fund Balance Policy
Fund Balance History

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

SUBMITTED BY:

Debi Atkins, Finance Officer

RED RIVER GROUNDWATER CONSERVATION DISTRICT

GOVERNING POLICY—FUND BALANCE

The Board of Directors of the Red River Groundwater Conservation District (RRGCD) sets guidelines for fund balances. The fund balance addressed in this policy only applies to unrestricted fund balance. The policy establishes the appropriate size of fund balance, replenishing or setting aside resources for fund balance, and the methods for utilizing fund balance. This fund balance policy, as presented to the Board of Directors, was proposed by the staff of the RRGCD to maintain a sound financial position, mitigate current and future risks against revenue shortfalls or unanticipated expenditures and to ensure stable water production fee rates.

Classifications of Fund Balance

A fund's equity - commonly referred to as 'fund balance' - is generally the difference between its assets and its liabilities. Fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors, bond covenants) through constitutional provisions or by enabling legislation.
- **Committed fund balance** – amounts constrained to specific purposes by the RRGCD itself. This requires a formal action by the Board of Directors. Commitments may be changed or lifted only by the Board of Directors taking the same formal action that imposed the constraint originally.
- **Assigned fund balance** – amounts *intended* to be used by the Board of Directors for specific purposes. Intent can be expressed by the Board of Directors. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned fund balance** – amounts available for any purpose. These amounts are only shown in the general fund except in cases of negative fund balances in other governmental funds.

Classifying Residual Fund Balance

When both restricted and unrestricted funds are available for expenditure, restricted funds are used first. Within unrestricted funds, assume committed resources are used first, then assigned, then unassigned.

Appropriate Size of Fund Balance

The Board of Directors has set a minimum fund balance equal to twenty-five percent (25%) of the total general fund expenditures. It also permits other reservations of the fund balances as seem prudent in the judgment of the General Manager and the Board of Directors. This policy sets ninety (90) days of expenditures as a minimum amount of fund balance for the General Fund.

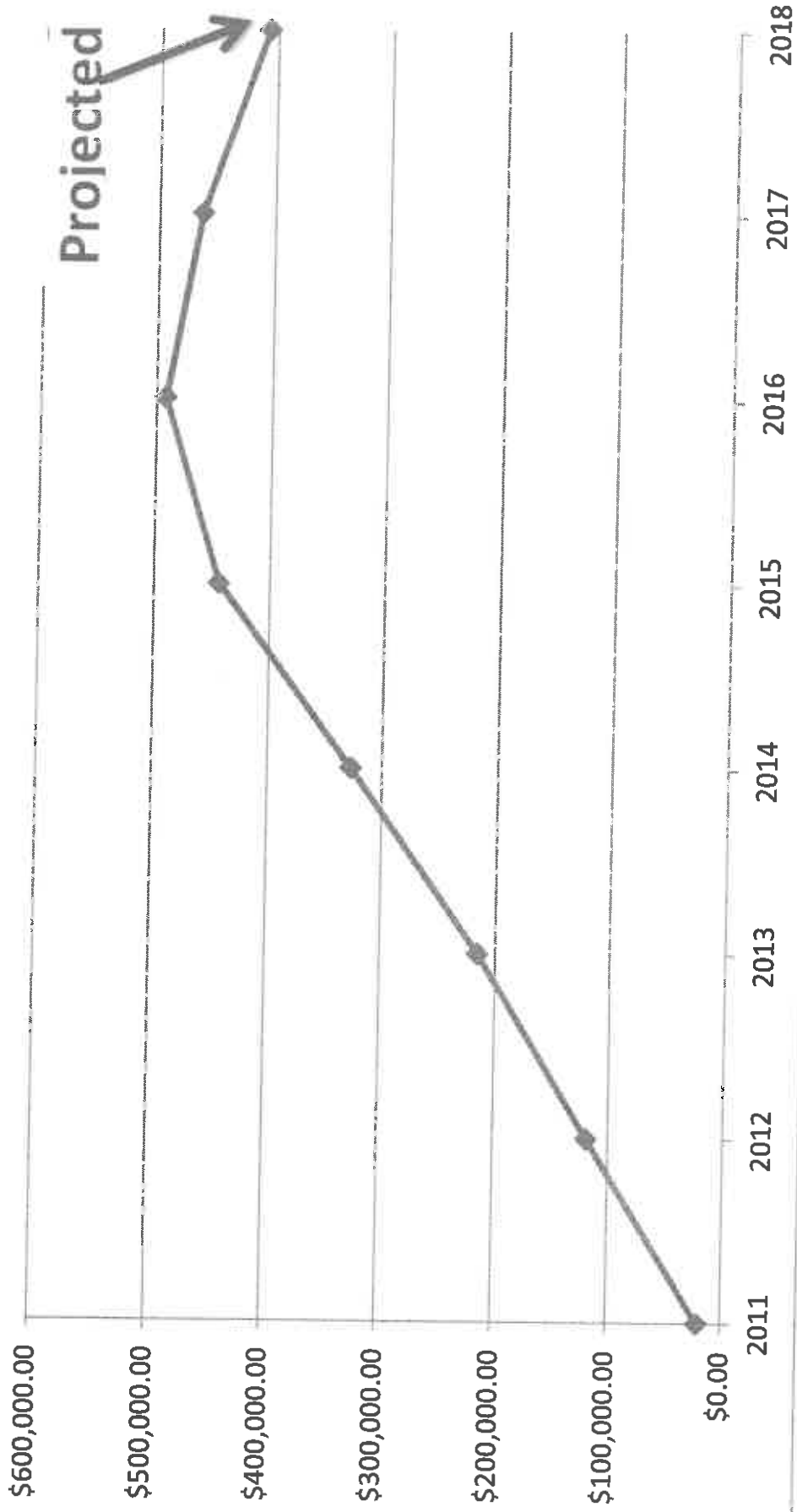
Replenishing Fund Balance

When fund balance falls below the minimum level, the Board of Directors will implement a plan to replenish the fund within one year or as soon as economic and budgetary conditions allow. Fund balance may be replenished by using all or a portion of an operating surplus from itself or another fund. Revenues from a dedicated stream (e.g. 2% of water production fees received over amount budgeted) may also be used to build fund balance. Alternatively, an amount determined in the budget process either using a percent of operating expenditures or a fixed amount may be used.

Utilizing Unassigned Fund Balance

Fund balances may be used to meet capital needs, offset difficult economic times, stabilize fluctuations in cash flow requirements, and provide funding for emergency situations. Fund balance may be used for contingencies until the balance is nearing its minimum level. The RRGCD will also adjust its expenditure level to match any new economic reality that is behind the use of fund balance as a financing bridge. Authorization for utilizing fund balances is made by the Board of Directors during the annual budget process

Fund Balance Sum



ATTACHMENT 7 d

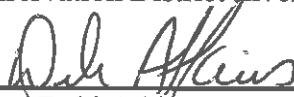
Red River Groundwater Conservation District
Quarterly Investment Report
For the Quarter Ended
June 30, 2018

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



Debi Atkins

Investment Holdings
6/30/18

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
First United (DDA)		0.00%	7/1/2018	6/30/2018	\$ 69,575.38	\$ 69,575.38	1.00	\$ 69,575.38	1	0.00%
Landmark Bank		1.80%	12/5/2018	3/5/2018	100,000.00	100,000.00	100.00	100,000.00	158	1.80%
Landmark Bank		1.72%	9/5/2018	3/5/2018	100,000.00	100,000.00	100.00	100,000.00	67	1.72%
					<u>\$ 269,575.38</u>	<u>\$ 269,575.38</u>		<u>\$ 269,575.38</u>	<u>84</u>	
									<u>(1)</u>	

(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.

Book/Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2018		Purchases/ Adjustments	Sales/Adjust/ Call Maturity	December 31, 2017	
			Face Amount/ Par Value	Book/Market Value			Face Amount/ Par Value	Book/Market Value
First United (DDA)	0.00%	7/1/2018	\$ 155,741.19	\$ 155,741.19	52,254.90	138,420.71	\$ 69,575.38	\$ 69,575.38
Landmark Bank	1.72%	9/5/2018	100,000.00	100,000.00			100,000.00	100,000.00
Landmark Bank	1.80%	12/5/2018	100,000.00	100,000.00			100,000.00	100,000.00
			<u>\$ 255,741.19</u>	<u>\$ 255,741.19</u>	<u>\$ 52,254.90</u>	<u>\$ 138,420.71</u>	<u>\$ 269,575.38</u>	<u>\$ 269,575.38</u>

ATTACHMENT 8



RED RIVER
GROUNDWATER CONSERVATION DISTRICT
FANNIN COUNTY AND GRAYSON COUNTY



General Manager's Quarterly Report
Date: July 2, 2018
Red River GCD Management Plan

This quarterly briefing is being provided pursuant to the adopted Management Plan for the quarter ending June 30, 2018.

Well Registration Program:

Current number of wells registered in the District: 810

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

Well Inspection/Audit Program:

2018
Well Inspections

Month	Fannin	Grayson	Total
January	2	36	38
February	5	10	15
March	0	31	31
April	0	7	7
May	9	19	28
June	1	11	12
July			
August			
September			
October			
November			
December			
Total	17	114	131

ATTACHMENT 11

Red River Groundwater Conservation District

Well Registration Summary As of May 31, 2018

Well Type	Total Registered		Total RRGCD		New Registrations
	Fannin County	Grayson County	Fannin County	Grayson County	
Domestic	130	253	383	4	
Agriculture	15	26	41	0	
Oil/Gas	0	21	21	0	
Surface Impoundments	5	13	18	0	
Commercial	6	7	13	0	
Golf Course	0	15	15	0	
Livestock	12	25	37	0	
Irrigation	0	6	6	0	
Public Water	55	215	270	0	
Monitoring	0	1	1	0	
Total	223	582	805	4	

Red River Groundwater Conservation District

Well Registration Summary As of June 30, 2018

Well Type	Total Registered		Total RRGCD	New Registrations
	Fannin County	Grayson County		
Domestic	131	256	387	4
Agriculture	15	26	41	0
Oil/Gas	0	21	21	0
Surface Impoundments	6	14	20	2
Commercial	6	7	13	0
Golf Course	0	15	15	0
Livestock	12	25	37	0
Irrigation	0	6	6	0
Public Water	55	214	269	0
Monitoring	0	2	1	0
Total	225	586	810	6

ADJOURN