

**RED RIVER
GROUNDWATER
CONSERVATION
DISTRICT**

BOARD MEETING

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

**THURSDAY
MARCH 20, 2014**

AGENDA

AGENDA
RED RIVER GROUNDWATER CONSERVATION DISTRICT
BOARD OF DIRECTORS MEETING
GREATER TEXOMA UTILITY AUTHORITY BOARD ROOM
5100 AIRPORT DRIVE
DENISON, TEXAS 75020
THURSDAY, MARCH 20, 2014

Notice is hereby given that a meeting of the Board of Directors of the Red River Groundwater Conservation District will be held on the 20th day of March, 2014 at 2:00 pm in the Greater Texoma Utility Authority Board Room, 5100 Airport Drive, Denison TX, 75020, at which time the following items may be discussed, considered, and acted upon, including the expenditure of funds:

Agenda:

1. Call to order, declare meeting open to the public, and take roll.
2. Public Comment
3. Consider approval of Minutes of January 15, 2014, Board Meeting
4. Review and approval of monthly invoices.
5. Receive monthly financial information
6. Receive 2013 4th Quarter Report and 2013 Annual Report
7. Consider and act upon confirming execution of engagement letter for auditor services for fiscal year ending December 31, 2013
8. Consider and act upon authorizing services of a groundwater hydrogeologist to assist the District with the development of Defined Future Conditions (DFCs)
9. Update and possible action on the Northern Trinity/Woodbine Aquifer GAM overhaul project and the development of proposed Desired Future Conditions (DFCs)
10. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs) including the consideration and possible approval of consulting services
11. Consider and discuss amending Temporary Rules
12. General Manager's report: The General Manager will update the Board on operational, educational and other activities of the District

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

14. Adjourn

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

²At 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.

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

ATTACHMENT 3

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

THURSDAY, JANUARY 15, 2014

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

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

Members Absent: None

Staff: Jerry Chapman, Drew Satterwhite, Carolyn Bennett and Carmen Catterson

Visitors: Frank Baker, City of Van Alstyne
Alex Moser, Moser Drilling
Joey Rickman, City of Honey Grove

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

President Patterson called the meeting to order at 2:05 PM. The Board members introduced themselves and the manner of their appointment to the public. All members were present.

2. Public Comment.

No comments received.

3. Consider approval of Minutes of November 21, 2013 board meeting

Board Member Purcell requested that a reference to where the voting requirements could be located in the policies or legislation.

Board Member Gattis motioned to approve the Minutes of the November 21, 2013 board meeting with the requested amendment. The motion was seconded by Vice President Latham and passed unanimously.

4. Review and approval of monthly invoices.

Mr. Chapman briefly reviewed the monthly invoices. The Lloyd Gosselink legal bill included charges for questions posed by the staff on the District's authority to regulate pumping for oil and gas use, and enforcement activities. Mr. Brian Sledge has since left the Lloyd Gosselink firm. The contract with Mr. Sledge's new firm was approved at the November meeting.

Board Member Gattis motioned to approve the monthly invoices for a total of \$29,979.31. The motion was seconded by Board Member Newhouse and passed unanimously.

5. Receive Monthly Financial Information

Mr. Satterwhite reviewed the monthly financial information with the Board. The District has approximately \$100,000 between the checking and savings account. The staff expects the production fees to exceed the projected \$250,000. An aging report was provided as requested by the Board. Issues with receiving payment from the City of Sherman have been resolved and future payments should be made on time. The City of Tom Bean paid, but overpaid by approximately \$2,000. The City requested the check be returned and a new check was issued on Monday. The Bridges at Preston golf course has changed ownership and legal counsel will most likely be needed to collect fees.

Board Member Purcell requested the aging report be modified to show a 30-60-90 day report. Mr. Chapman responded that he would discuss the report with Debi Atkins, the District's Finance Officer to see how it could be modified. Board Member Purcell stressed that he would like to see the report show up to 180 days past due to provide additional accountability.

6. Consider and act upon selection of independent auditors for 2013 fiscal activities

The Board has previously selected an auditor each year. The previous auditor was Rutherford Taylor & Co. from Greenville, Texas. Proposals have been received and are due by January 31st. The Board only meets every other month and the auditor will need to be selected by the end of February and an engagement letter signed to make sure that the auditor can complete the audit in time for it to be presented at the June meeting. Mr. Chapman recommended that the Board either meet in February or appoint a committee to select an auditor to be confirmed at the March meeting. President Patterson requested volunteers and confirmed a committee of Vice President Latham and Board Member Purcell. Board Member Purcell asked Mrs. Atkins to provide the request for proposals.

Board Member Gattis motioned to appoint a committee of Mr. Latham and Mr. Purcell and provide them with the authority to execute an engagement letter with an auditing firm to be confirmed at the next meeting. The motion was seconded by Board Member Gibson and passed unanimously.

7. Consider and act upon authorizing services of a groundwater hydrologist to assist the District with the development of Defined Future Conditions (DFCs)

President Patterson reported that he was tasked with contacting Mr. Eddy Daniel to discuss engaging LBG Guyton, but was unable to make contact. Mr. Chapman spoke with Mr. Daniel at the North Texas GCD board meeting on January 14th. Mr. Daniel apologized for not returning phone calls, but stated he had no objection to Red River GCD cooperating with the North Texas GCD but could not speak for the southern districts working with LBG Guyton. Mr. Chapman agreed with comments made at the previous meeting that LBG Guyton has more experience working with the updated model.

Mr. Chapman also recommended the Board consider hiring a separate consultant to represent the Red River GCD. He expressed that the Red River GCD should have a representative who solely represents the District and will help to defend DFCs. Most other groundwater districts will be hiring individual consultants. Mr. Bill Hutchison, a hydrogeologist that has worked with the Red River GCD previously has expressed willingness to represent the District individually for the DFC process.

The Groundwater Management Area 8 (GMA 8) group will meet on January 21st in Cleburne, Texas. The meeting is open to the public and the Texas Water Development Board (TWDB) encourages the public to attend. The meeting has two items on the agenda from two different groundwater districts who are planning to state their positions regarding DFCs. The process will be very challenging due to the differing opinions of how much water should remain in 50 years. Mr. Chapman cited the situation where T. Boone Pickens had purchased a large amount of water rights and intended to pump as much as was possible. Luckily, the water rights were purchased by a public water agency, which stopped the pending lawsuits. However, this was not an isolated event and similar events are happening statewide.

Board Member Gattis asked how the drawdown would be defined. Mr. Chapman and Mr. Satterwhite responded that the number would be varying per county and per groundwater district, but must be approved by the entire GMA 8. Board Member Gattis asked what LBG Guyton's role would be for the District. Mr. Chapman explained that the saw LBG Guyton's role as to provide advice on the model and the scenarios provided by the model. However, Mr. Chapman expressed that the District should have someone representing their interests to determine the DFCs from the scenarios provided by the model.

The North Texas GCD engaged LBG Guyton at a rate of approximately \$18,000 per year to provide assistance with the model. Mr. Chapman stated that he had not seen any information on the rate expected to be paid by the other districts working with LBG Guyton.

President Patterson suggested hiring LBG Guyton to guide the District through the modeling process and then hiring Mr. Hutchison. Mr. Hutchison is a registered professional engineer and a registered geologist and worked for the TWDB and LBG Guyton before leaving to work on his own. Mr. Hutchison's rates are still \$150 per hour plus travel at the IRS rate. Board Member Gattis recommended pursuing a contract with LBG Guyton and to work with Mr. Hutchison at the same time to make sure

Board Member Gattis motioned to pursue working with LBG Guyton and to hire Mr. Hutchison to provide representation for the Red River GCD at the GMA 8 meetings. The motion was seconded by Secretary/Treasurer Wortham and passed unanimously.

8. Consider and discuss amending Temporary Rules

This was discussed at the meeting last month with a request from the Board for the staff to incorporate the recommended changes. The staff will also need to utilize legal counsel to incorporate the changes to the rules. Board Member Newhouse expressed concern with the District providing payment to plug wells. The well owners should be required to plug the wells at their cost.

Board Member Gattis motioned to table the item until the next meeting. The motion was seconded by Board Member Purcell and passed unanimously.

9. General Manager's Report

Mr. Satterwhite explained that the staff is working to develop a request for proposals to modify the website to remove all propriety software and reduce maintenance costs. Mrs. Catterson explained that she is working to develop the request for proposals, but has not had time to complete the form.

Board Member Purcell asked about tracking resolutions and following up on actions taken at meetings. Mr. Chapman explained that most resolutions are self-limiting, such as invoices and some are polices adopted until they are incorporated into the Temporary Rules. Policies help the staff prove authority to enforce decisions made by the Board until they are incorporated into the Rules.

Board Member Purcell expressed dissatisfaction with the method of approving the Sledge Fancher, PLLC contract. He stated that the contract was pre-approved pending attorney approval. Mr. Chapman and Mr. Satterwhite explained that the comments received from Board Member Purcell were the only ones received and GTUA's attorney incorporated all changes to the contract.

President Patterson commented that the Temporary Rules will be greatly changed after the DFCs are approved in May 2016, if the DFCs provide major changes to the method of the District's operations and permitting process. President Patterson also commented that Grayson and Fannin Counties might be in a greater position due to the surface water supply in Lake Texoma. He asked if it would be possible, if the DFCs limit the production from the Trinity Aquifer to look into working with the cities that purchased surface water to change from using groundwater to surface water. Board Member Gattis stated that the most economical method of the small cities on the west to obtain their surface water would be to work together to finance a waterline to be constructed from the Sherman water treatment plant to the west.

Mr. Chapman commented that Board Member Purcell had requested presentation information to provide to the cities he represents. He offered the same to any Board member who might be interested.

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

The next Board meeting was scheduled for March 20, 2014 at 2:00 PM.

11. Adjourn

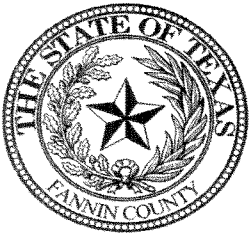
Board Member Purcell motioned to adjourn the meeting, seconded by Board Member Gibson and passed unanimously. The Board adjourned at approximately 3:10 PM.

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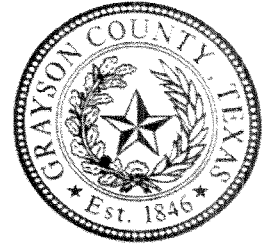
Recording Secretary

Secretary-Treasurer

ATTACHMENT 7



RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION



DATE: March 13, 2014

SUBJECT: AGENDA ITEM NO. 7

CONSIDER AND ACT UPON CONFIRMING EXECUTION OF ENGAGEMENT LETTER FOR AUDIT SERVICES FOR FISCAL YEAR ENDING DECEMBER 31, 2013

ISSUE

Consider and act upon confirming execution of engagement letter for audit services fiscal year ending December 31, 2013

BACKGROUND

The Board had previously instructed the staff to solicit proposal for audit services for the fiscal year ending December 31, 2013. The staff initiated invitations to several firms in North Central Texas. As a result of that solicitation, four proposals were received.

OPTIONS/ALTERNATIVES

At the January meeting, Board Members Latham and Purcell were appointed to serve on a committee to review the proposals and select an auditing firm for the Board to confirm at the March meeting.

CONSIDERATIONS

Of the four proposals received, the lowest cost proposal was submitted by McClanahan and Holmes, LLP of Bonham, Texas. The committee reviewed the proposals and selected McClanahan and Holmes of Bonham, Texas. An engagement letter was signed on March 4th and returned to the firm in order for the firm to begin scheduling the District's audit.

STAFF RECOMMENDATIONS

The staff recommends the Board confirm the committee's selection of the McClanahan and Holmes firm of Bonham, Texas for the 2013 audit.

ATTACHMENTS

Engagement Letter

PREPARED AND SUBMITTED BY:

Debi Atkins, Finance Officer

RECOMMENDED BY:

Drew Satterwhite, P.E., General Manager

McClanahan and Holmes, LLP

CERTIFIED PUBLIC ACCOUNTANTS

R. E. BOSTWICK, CPA
STEVEN W. MOHUNDRO, CPA
GEORGE H. STRUVE, CPA
ANDREW B. REICH, CPA
RUSSELL P. WOOD, CPA
DEBRA J. WILDER, CPA

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

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

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

Bonham, Texas
March 4, 2014

Members of Management
Red River Groundwater Conservation District

We are pleased to confirm our understanding of the services we are to provide Red River Groundwater Conservation District for the year ended December 31, 2013. We will audit the financial statements of the governmental activities and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Red River Groundwater Conservation District as of and for the year ended December 31, 2013.

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

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

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstance may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation in the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

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

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

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

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures – Compliance

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

Engagement Administration, Fees, and Other

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

We expect to begin our audit approximately in May, 2014 and to issue our reports no later than June 1, 2014. Andrew B. Reich is the engagement partner and is responsible for supervising the engagement and signing the report. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs except that we agree that our gross fee, including expenses will not exceed \$3,750. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoice for these fees will be rendered upon completion of the audit. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

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

Sincerely,

McCLANAHAN AND HOLMES, LLP



Andrew B. Reich, CPA

RESPONSE:

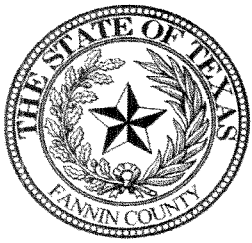
This letter correctly sets forth the understanding of the Red River Groundwater Conservation District.

Signature: _____

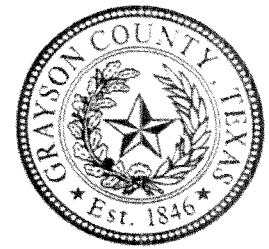
Title: _____

Date: _____

ATTACHMENT 8



RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION



DATE: January 9, 2014

SUBJECT: AGENDA ITEM NO. 8

CONSIDER AND ACT UPON AUTHORIZING SERVICES OF A GROUNDWATER HYDROGEOLOGIST TO ASSIST THE DISTRICT WITH THE DEVELOPMENT OF DEFINED FUTURE CONDITIONS (DFCS)

ISSUE

Consider and act upon authorizing services of LBG Guyton Associates to assist the District with the interpretation of the Groundwater Availability Model (GAM) update as well as establishing the development of Defined Future Conditions (DFCs).

BACKGROUND

Each groundwater district in the State of Texas is expected to develop their DFCs. DFCs are the levels at which the districts expect groundwater to be available in a 50-year time period. These DFCs must be established by May 2016 in order to comply with mandates from the State of Texas. The DFCs for the Red River GCD will be done in conjunction with other groundwater districts in Groundwater Management Area 8 (GMA 8), which extends over the Trinity Aquifer from the Red River south to Burnet County. There are twelve groundwater districts in that geographic area.

The GAM for the Trinity Aquifer was done several years ago by the Texas Water Development Board (TWDB). The TWDB acknowledged that the existing model had flaws and had intended to revise the model prior to 2008. Severe budget cuts experienced by the TWDB prevented the existing GAM to be updated by the TWDB.

Four of the groundwater districts in the northern portion of GMA 8 determined it was in their best interest to proceed with the execution of a contract with a team of groundwater consultants to update the Trinity GAM. That work will soon be finished and the information will be available to the 12 districts in GMA 8. Several districts in the northern portion of GMA 8 have secured the services of a groundwater hydrology firm to assist them in interpreting the updated model and how that information impacts their respective district.

CONSIDERATIONS

At the November 2013 meeting when this matter was discussed, it was suggested that the firm of LBG Guyton Associates be contracted to provide interpretation of the updated model to the Red River GCD. It was acknowledged that LBG Guyton was already contracted with at least three groundwater districts in GMA 8 and that it would require the consent of the other districts for another district to participate in this joint venture. LBG Guyton has since confirmed that there are no conflicts with hiring them as technical consultants for the GAM interpretation.

At the January RRGCD board meeting, the board expressed that they would like to contract with LBG Guyton and associates to provide interpretation of the updated model to the Red River GCD.

OPTIONS/ALTERNATIVES

The Board has available several options. One of these would be to cooperate with the other districts in sharing the cost of having LBG Guyton Associates interpret the findings of the updated model. A separate option could involve no consultation at all and the Board could rely on their own abilities to read and determine the model's results. A third option would be to seek its own consultant to review the information available from the updated model.

STAFF RECOMMENDATIONS

The staff believes that there is merit in the argument that efforts should be made to cooperate with neighboring groundwater districts to avoid conflict where possible. The LBG Guyton Associates firm has an excellent reputation and has more knowledge in the North Central Texas area than any other groundwater consultation firm. Staff is of the opinion that it would be worth the cost to share the services of the LBG Guyton Associates firm, if possible, to gain whatever information possible.

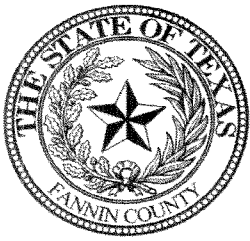
Therefore, the staff recommends accepting LBG Guyton Associates' proposal and authorizing the president to sign an engagement letter for their services.

SUBMITTED BY:

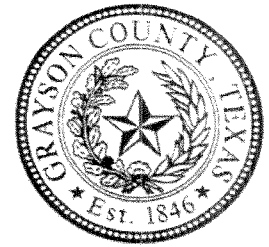


Drew Satterwhite, P.E., General Manager

ATTACHMENT 9



RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION



DATE: March 13, 2014

SUBJECT: AGENDA ITEM NO. 9

UPDATE AND POSSIBLE ACTION ON THE NORTHERN TRINITY/WOODBINE AQUIFER GAM OVERHAUL PROJECT AND THE DEVELOPMENT OF PROPOSED DESIRED FUTURE CONDITIONS (DFCS)

ISSUE

Update and possible action on the Northern Trinity/Woodbine Aquifer GAM Overhaul Project and the development of proposed Desired Future Conditions (DFCs)

BACKGROUND

Board Member David Gattis has been designated by the District as the District's representative on Groundwater Management Area 8 (GMA 8). Board Member Mark Newhouse has been designated as the alternate representative.

The GAM has progressed to the point where Intera is almost ready to run simulations. The GMA 8 districts are being asked to develop two predictive scenarios that would be completed by Intera.

CONSIDERATIONS

The selection of these two pumping scenarios will be a key component to the explanatory report required by statute. Intera is requesting that each GCD submit their two pumping scenarios by May 31, 2014.

RECOMMENDATIONS

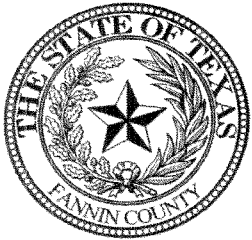
The district staff recommends the board hold a workshop prior to the next board meeting with technical consultants in attendance.

PREPARED AND SUBMITTED BY:

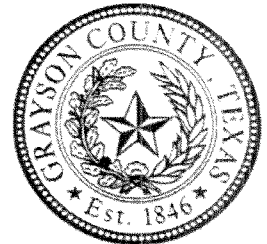
A handwritten signature in black ink, appearing to read "Drew Satterwhite".

Drew Satterwhite, P.E. General Manager

ATTACHMENT 10



RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION



DATE: March 13, 2014

SUBJECT: AGENDA ITEM NO. 10

UPDATE AND POSSIBLE ACTION REGARDING THE PROCESS FOR THE DEVELOPMENT OF DESIRED FUTURE CONDITIONS (DFCS) INCLUDING THE CONSIDERATION AND POSSIBLE APPROVAL OF CONSULTING SERVICES

ISSUE

Update and possible action regarding the process for the development of Desired Future Conditions (DFCs) including the consideration and possible approval of consulting services.

BACKGROUND

The DFCs are going to be required for all Groundwater Management Areas (GMAs) by May 2016 according to the schedule provided by the Texas Water Development Board (TWDB).

The Groundwater Availability Model (GAM), which has been underway for the past 18 months, will be completed this year. This updated GAM will hopefully be used by the TWDB as the basis for determining the available groundwater in the Trinity and Woodbine Aquifers.

CONSIDERATIONS

At the last GMA 8 meeting, Mullican and Associates presented a scope of services to help guide the GMA's efforts required to meet the statutory requirements of Texas Water Code Section 36.108. The cost of the proposed services would be shared among the districts in GMA8. To date, six (6) of the twelve (12) districts have agreed to participate in some capacity.

RECOMMENDATIONS

The district staff recommends the RRGCD participate with other GMA8 members in the cost sharing of Mullican and Associates proposed services.

ATTACHMENTS

Mullican and Associates Proposal

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

Mullican and Associates

19212 Luedtke Lane
Pflugerville, TX 78660

December 6, 2013

Eddy Daniel
Chairman
Groundwater Management Area 8
C/o North Texas Groundwater
Conservation District
PO Box 508
Gainesville, TX 76241
VIS EMAIL: eddy@dbiconsultants.com

Dear Mr. Daniel,

Per your request, I am providing this scope of professional services proposal for Groundwater Management Area 8. This scope is to provide professional services, as described in the attached documents, for the ongoing joint-planning process for Groundwater Management Area 8. This scope of professional services is based on a detailed analysis of the tasks and efforts required to meet the statutory requirements of Texas Water Code Section 36.108.

This proposal is based on the assumption that the North Texas Groundwater Conservation District will continue to provide administrative support to this process with respect to the distribution of meeting notices and coordination with Mullican and Associates on preparation of draft meeting minutes.

This scope of professional services proposal is based on an estimate that this process will require 10 public meetings of Groundwater Management Area 8. If however, the process requires more or less meetings, the scope of professional services for Task 2-A and Task 3-C will be adjusted accordingly. Also, I anticipate that this process will cover the majority of 34 months to complete. As such, the proposed budget should be equally divided into 3 budget years (February 2014 – November 2016). For budget purposes, dividing the total fee equally over the three year process would be appropriate.

Please let me know if you have any questions or need additional information on this proposal.

Sincerely,



William F. Mullican III

Task No.	Task Description	Hours	Unit Cost
1	Development of Proposed Desired Future Conditions (DFCs)		
1-A	Research, assemble, and present supporting information including current estimates of modeled available groundwater (MAG) on an aquifer/county basis, water demand projections from the 2011 regional water plans, and historic groundwater use estimates on an aquifer/county basis. Consultant will work with District Representatives to resolve outstanding issues. At a subsequent meeting of GMA 8, consultant will facilitate discussion with District Representatives to achieve agreement on the interim approach for proposed DFCs that will be utilized in subsequent considerations (see Task 2).	24	\$3,960
1-B	Consultant will coordinate work efforts for the GMA 8 joint-planning process with the ongoing Northern Trinity/Woodbine Aquifer GAM Project (NTWGAM Project). This effort will focus on working with INTERA, Inc., to develop 1 – 2 pumping scenarios, based on the agreed to approach for draft DFCs (achieved at conclusion of Task 1A), to be utilized during predictive simulations to be performed as part of the NTWGAM Project. Results from these predictive simulations, in the form of predicted drawdowns in specified aquifers and corresponding estimates of MAG, along with other basic water budget information will be compiled as part of this subtask and presented to the District Representatives. If necessary, a process for requesting additional predictive simulations will be developed.	16	\$2,640
1-C	It is anticipated that District Representatives will want to develop DFCs for other aquifers in GMA 8 (in addition to the aquifers for which DFCs are already adopted). Consultant will work with District Representatives to identify any aquifers for which DFCs have not been adopted historically but for which a need is now recognized. Research will be conducted to identify analytical tools available for quantifying MAGs for these aquifers. This effort will include meeting with the TWDB Groundwater Resources Division to evaluate approach and availability of tools. Results of this effort will be presented to District Representatives for their concurrence or revision.	24	\$3,960

2	The Consideration Process	160	\$26,400
2-A	<p>Consultant will work with GMA 8 administrator at North Texas GCD to develop meeting schedules, agendas, postings, and meeting minutes necessary to ensure efficient and timely joint-planning process and preparation of complete Explanatory Report. These three elements, meeting agendas, meeting postings, and meeting minutes, will serve as the primary documentation in the Explanatory Report that all requirements of Texas Water Code Section 36.108 (d) (1 - 9) have been successfully met.</p>	160	\$26,400
2-B	<p>Consultant will prepare interim draft resolution for proposed DFCs, including summary of DFCs for consideration in subsequent phases of analysis.</p>	16	\$2,640
2-C	<p>Consideration of provisions in Texas Water Code §36.108(d) (1-9).</p>		
2-C.1	<p>TWC Section 36.108 (d) (1) requires the consideration of aquifer uses or conditions within GMA 8, including conditions that differ substantially from one geographic area to another. Consultant will; assemble and present information from GCDs, ongoing Northern Trinity/Woodbine Aquifer GAM Project, 2012 State Water Plan (SWP), and draft information from the 2016 regional water plans to characterize current levels of groundwater use in each county, characterize variation in usage patterns across GMA 8, and prepare materials characterizing use and conditions for inclusion in the Explanatory Report.</p>	32	\$5,280
2-C.2	<p>TWC Section 36.108 (d) (2) requires the consideration of water supply needs and water management strategies included in the 2012 Texas Water Plan. Consultant will prepare information and presentation for each county and by water use sector, for water demands projections and water supply needs. In addition, consultant will identify water management strategies recommended in the 2012 SWP for meeting water supply needs as part of this consideration and prepare materials documenting water supply needs and WMS for discussion with GMA 8 and inclusion in Explanatory Report.</p>	20	\$3,300

2-C.3	<p>TWC Section 36.108 (d) (3) requires the consideration of hydrologic conditions of groundwater resources including estimates of total recoverable storage. Consultant will, for interim purposes, compile required information from current Northern Trinity/Woodbine GAM (2004 version), coordinate with INTERA, Inc., to compile information from the updated Northern Trinity/Woodbine GAM, including estimates of the annual amount of recharge from precipitation to the groundwater resources within the aquifers, annual volume of water that discharges from the aquifer to springs and any surface water bodies, including lakes, streams, and rivers; and the annual volume of flow into and out of the aquifers. Consultant will coordinate with and receive estimates of total estimated recoverable storage from the TWDB and prepare materials documenting hydrological conditions for discussion with GMA 8 and inclusion in Explanatory Report. Upon adoption of the Northern Trinity/Woodbine GAM update by the TWDB, all information assembled for interim purposes will be updated for presentation to District Representatives and inclusion in the Explanatory Report.</p>	40	\$6,600
2 - C.4	<p>TWC 36.108 (d) (4) requires the consideration of other environmental impacts, including impacts on spring flow and other interactions between groundwater and surface water. Consultant will review existing sources of information to determine the potential for interaction between groundwater formations and surface water, identify potential impacts of proposed DFCs on the environment including surface and groundwater interactions, and prepare materials documenting other environmental impacts for discussion with District Representatives and inclusion in Explanatory Report.</p>	20	\$3,300
2-C.5	<p>TWC Section 36.108 (d) (5) requires that as part of the joint-planning process, District Representatives shall consider the impact of proposed DFCs on subsidence. Consultant will prepare a technical memorandum for inclusion in the Explanatory Report regarding the geological framework of GMA 8 and statement of "not applicable".</p>	6	\$990

2-C.6	TWC Section 36.108 (d) (6) requires District Representatives to consider the socioeconomic impacts reasonably expected to occur as a result of the proposed DFCs. To accomplish this task, consultant will review and compile information on the socioeconomic impacts of not meeting water supply needs included in the 2012 State Water Plan, review and compile information on other socioeconomic studies applicable to GMA 8 and water resources issues, and prepare materials documenting socioeconomic impacts for discussion with the GMA 8 District Representatives and inclusion in Explanatory Report.	24	\$3,960
2-C.7	TWC Section 36.108 (d) (7) requires District Representatives to consider the impact of proposed DFCs on the interests and rights in private property. To accomplish this task, consultant will prepare a presentation for District Representatives regarding foundational aspects of this requirement, and facilitate discussions with District Representatives with respect to this requirement. This effort may include presentations from selected legal experts in the field of private property rights protections. These discussions will be captured in detail in meeting minutes and summarized in a Technical Memorandum that will be included in the Explanatory Report.	12	\$1,980
2-C.8	TWC Section 3.6.108 (d) (8) requires District Representatives to consider the feasibility of achieving the proposed DFCs. To accomplish this task, consultant will prepare a presentation for District Representatives consideration regarding potential approaches to be taken to meet this requirement. Based on agreed to approach, conduct analysis and research necessary to evaluate the feasibility of achieving proposed DFCs.	24	\$3,960
2-C.9	As part of the consideration process prescribed in TWC Section 36.108 (d) (1-9), District Representatives are also directed to consider any other information relevant to the specific proposed DFCs. To accomplish this task, Consultant will work with District Representatives on any areas where the need for additional information is agreed to.	8	\$1,320
Task 3	Program/Process Management		
3-A	Consultant will provide monthly progress reports to GMA 8 District Representatives on status of required elements of the joint-planning process.	34	\$5,610

3-B	Consultant will prepare the draft and final Explanatory Report, including formal descriptions of DFCs adopted and any written materials necessary to synthesize the required but somewhat disparate elements of the Explanatory Report.	40	\$6,600
3-C	Consultant will strategically schedule, organize and prepare necessary materials for all GMA 8 joint-planning meetings throughout the current cycle of planning. Pre- and post-meeting preparations are described in Task 2A. This task is strictly for travel and time at meetings.	80	\$13,200

	Budget
Task 1	\$10,560
Task 2	\$59,730
Task 3	\$25,410
Project Total	\$95,700

Groundwater Management Area 8

Scope of Services

Organization, facilitation, analysis, and process management for joint-planning process and preparation of Explanatory Report as required by Texas Water Code Section 36.108 (d) for Groundwater Management Area 8.

The joint-planning process, as required by Texas Water Code §36.108, will be accomplished through a very deliberate and facilitated dialogue with District Representatives in Groundwater Management Area 8 (GMA 8) designed to adopt updated Desired Future Conditions (DFCs) and to address all statutory requirements for the process. In general, Bill Mullican, Principal of Mullican and Associates (Consultant), will serve as the process manager to accomplish all tasks described below throughout the current joint-planning effort. Specific tasks to be performed include:

Task 1 Development of proposed Desired Future Conditions (DFCs)

Task 1-A Due to the timing of the ongoing Northern Trinity/Woodbine Aquifer GAM Project (NTWGAM Project), it will be necessary for GMA 8 District Representatives to agree conceptually to an approach for addressing required “considerations” included in Texas Water Code Section 36.108 (d)(1-9) before the updated model is available for predictive simulations. This GMA 8 approach could be, for example, to utilize historic water use information from individual groundwater conservation districts (GCDs) and draft water demand projections being developed as part of the regional water planning process to, on an interim basis, quantify anticipated estimates of MAG and draft DFCs. To meet this requirement, Consultant will research, assemble, and present supporting information including current estimates of modeled available groundwater (MAG) on an aquifer/county basis, water demand projections from the 2011 regional water plans, and historic groundwater use estimates on an aquifer/county basis. At the conclusion of the presentation of this information, District Representatives will be asked to review groundwater use and water demand projection estimates for their respective GCDs for concurrence or revision. Consultant will work with District Representatives to resolve outstanding issues. At a subsequent meeting of

Draft Scope of Work

Joint-Planning Process for GMA 8

Prepared by Mullican and Associates

GMA 8, Consultant will facilitate discussion with District Representatives to achieve agreement on the interim approach for proposed DFCs that will be utilized in subsequent considerations.

Task 1-B Coordination of work efforts for the GMA 8 joint-planning process with the ongoing Northern Trinity/Woodbine Aquifer GAM Project (NTWGAM Project). This effort will focus on working with INTERA, Inc., to develop 1 – 2 pumping scenarios, based on the agreed to approach for draft DFCs (achieved at conclusion of Task 1A), to be utilized during predictive simulations to be performed as part of the NTWGAM Project. Results from these predictive simulations, in the form of predicted drawdowns in specified aquifers and corresponding estimates of MAG, along with other basic water budget information will be compiled as part of this subtask and presented to the District Representatives. If necessary, a process for requesting additional predictive simulations will be developed.

Task 1-C On the basis of recent discussions, it is anticipated that District Representatives will want to develop DFCs for other aquifers in GMA 8. Although these aquifers may not have officially been designated as major or minor aquifers by the Texas Water Development Board (TWDB) to this point, recent demographic developments have resulted in the recognition by certain GCDs that these aquifers will also need to be managed in the future, and thus there is a need for DFCs and estimates of MAG. Consultant will work with District Representatives to identify any aquifers for which DFCs have not been adopted historically but for which a need is now recognized. Research will be conducted to identify analytical tools available for quantifying MAGs for these aquifers. This effort will include meeting with the TWDB Groundwater Division to evaluate approach and availability of tools. Results of this effort will be presented to District Representatives for their concurrence or revision.

Task 2The “Considerations” process

Task 2-A Consultant will work with GMA 8 administrator at North Texas GCD to develop meeting schedules, agendas, postings, and meeting minutes necessary

to ensure efficient and timely joint-planning process and preparation of complete Explanatory Report.

Task 2-B Consultant will prepare interim draft resolution for proposed DFCs, including summary of DFCs for consideration in subsequent phases of analysis.

Task 2-C Consideration of provisions in Texas Water Code §36.108(d)(1-9).

Task 2-C-1 District Representatives shall consider aquifer uses or conditions within GMA 8, including conditions that differ substantially from one geographic area to another. To accomplish this task, Consultant will:

- i. Assemble and present information from GCDs, 2012 State Water Plan (SWP), and draft information from the 2016 regional water plans to characterize current levels of groundwater use in each county.
- ii. Characterize variation in usage patterns across GMA 8.
- iii. Prepare materials characterizing use and conditions for inclusion in the Explanatory Report.

Task 2-C-2 District Representatives shall consider water supply needs and water management strategies (WMS) in the 2012 State Water Plan (SWP). To accomplish this task, Consultant will:

- i. For each county and by water use sector, water demands projected in the 2012 SWP and water supply needs will be compiled.
- ii. Identify WMS recommended in the 2012 SWP for meeting water supply needs.
- iii. Prepare materials documenting water supply needs and WMS for discussion with GMA 8 and inclusion in Explanatory Report.

Task 2-C-3 District Representatives shall consider hydrological conditions, including for each aquifer in GMA 8 the total estimated recoverable storage as provided by the TWDB Executive Administrator, and the average annual recharge, inflows, and discharge. To accomplish this task, Consultant will:

- i. For interim purposes, compile required information from current Northern Trinity/Woodbine GAM (2004 version).

- ii. Coordinate with INTERA, Inc., to compile information from the updated Northern Trinity/Woodbine GAM as soon as it is available. This information will include:
 - a. The annual amount of recharge from precipitation to the groundwater resources within the aquifers;
 - b. The annual volume of water that discharges from the aquifer to springs and any surface water bodies, including lakes, streams, and rivers; and
 - c. The annual volume of flow into and out of the aquifers.
- iii. Coordinate with and receive estimates of total estimated recoverable storage from TWDB.
- iv. Prepare materials documenting hydrological conditions for discussion with GMA 8 and inclusion in Explanatory Report.

Task 2-C-4 District Representatives shall consider other environmental impacts, including impacts on spring flow and other interactions between groundwater and surface water. To accomplish this task, Consultant will:

- i. Review existing sources of information to determine the potential for interaction between groundwater formations and surface water.
- ii. Identify potential impacts of proposed DFCs on the environment including surface and groundwater interactions.
- iii. Prepare materials documenting other environmental impacts for discussion with the GMA 8 and inclusion in Explanatory Report.

Task 2-C-5 District Representatives shall consider the impact of proposed DFCs on subsidence. To accomplish this task, Consultant will:

- i. Prepare a technical memorandum for inclusion in the Explanatory Report regarding the geological framework of GMA 8 and statement of “not applicable”.

Task 2-C-6 District Representatives shall consider the socioeconomic impacts reasonably expected to occur as a result of the proposed DFCs. To accomplish this task, Consultant will:

- i. Review and compile information on the socioeconomic impacts of not meeting water supply needs included in the 2012 State Water Plan.
- ii. Review and compile information on other socioeconomic studies applicable to GMA 8 and water resources issues.
- iii. Prepare materials documenting socioeconomic impacts for discussion with the GMA 8 and inclusion in Explanatory Report.

Task 2-C-7 District Representatives shall consider the impact of proposed DFCs on the interests and rights in private property, including ownership and the rights of management area landowners and their lessees and assigns in groundwater as recognized under Texas Water Code Section 36.002. To accomplish this task, Consultant will:

- i. Prepare a presentation for District Representatives regarding foundational aspects of this requirement.
- ii. Facilitate discussions with District Representatives with respect to how proposed DFCs will potentially impact private property rights. These discussions will be captured in detail in meeting minutes and summarized in a Technical Memorandum that will be included in the Explanatory Report.

Task 2-C-8 District Representatives shall consider the feasibility of achieving the proposed DFCs. To accomplish this task, Consultant will:

- i. Prepare a presentation for District Representatives regarding potential approaches to be taken to meet this requirement.
- ii. Based on agreed to approach, conduct analysis and research necessary to evaluate the feasibility of achieving proposed DFCs.

Task 2-C-9 District Representatives shall consider any other information relevant to the specific proposed DFCs (uses or conditions of an aquifer within GMA 8 that

differ substantially from one geographic area to another). To accomplish this task, Consultant will:

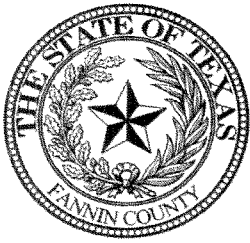
- i. Prepare a presentation for District Representatives regarding any other information deemed to be relevant to specific proposed DFCs.

Task 3 Program Management

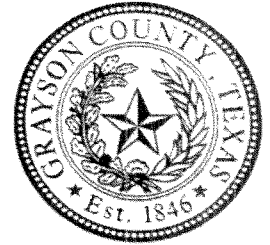
Task 3-A Provide routine progress reports to GMA 8 District Representatives on status of required elements of the joint-planning process.

Task 3-B Prepare the draft and final Explanatory Report, including formal descriptions of DFCs adopted and any written materials necessary to synthesize the required but somewhat disparate elements of the Explanatory Report.

ATTACHMENT 11



RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION



DATE: March 13, 2014

SUBJECT: AGENDA ITEM NO. 11

CONSIDER AND DISCUSS AMENDING TEMPORARY RULES

ISSUE

Consider and discuss amendments to the Temporary Rules and establish date for public hearing

BACKGROUND

The Board previously adopted Temporary Rules and amended them on December 12, 2012.

OPTIONS/ALTERNATIVES

The Board can continue operating with the existing Temporary Rules, realizing that there may be areas that need refinement and additional clarification. Or, the Board may determine that it is in the best interest of the District to establish a public hearing and discuss the areas where additional clarification may be needed and subsequently adopt revisions to the Temporary Rules. Several items may require adjustment, modification or clarification are attached for your consideration.

CONSIDERATIONS

Items are included on the list of possible changes to the Temporary Rules, including reimbursement of legal expenses. The Rules state that if it becomes necessary for the District to require legal action to collect production fees or production information, legal expenses may be recovered by the District. However, the Rules are not clear on whether the District can charge on legal expenses to pay an attorney to contact the well owner regarding production information and fees if it does not result in court action. Clarification on this matter may be necessary.

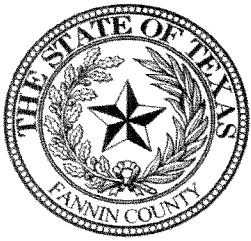
STAFF RECOMMENDATIONS

The staff requests direction from the Board on any amendments to the Board's Temporary Rules.

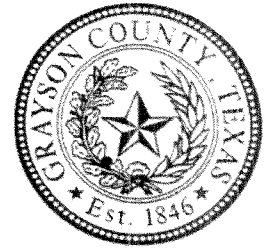
PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

ATTACHMENT 12



RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION



DATE: March 13, 2014

SUBJECT: AGENDA ITEM NO. 12

GENERAL MANAGER'S REPORT

SUMMARY

The registered well information is attached for your information and use. All wells are drilled in the Woodbine, Trinity or Red River Alluvial aquifers.

ATTACHMENTS

Well Registration Summary

PREPARED AND SUBMITTED BY:

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

Drew Satterwhite, P.E., General Manager

Red River Groundwater Conservation District

Well Registration Summary As of February 28, 2014

Well Type	Total Registered Fannin County	Total Registered Grayson County	December 2013	New Registrations
Domestic	44	78	114	8
Agriculture	6	19	25	0
Oil/Gas	0	15	14	1
Surface Impoundments	0	5	4	1
Commercial	3	3	6	0
Golf Course	0	14	14	0
Livestock	7	7	14	0
Irrigation	0	2	1	1
Public Water	54	208	261	1
Total	114	351	453	12

ADJOURN