

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

THURSDAY, OCTOBER 9, 2014

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

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

Members Absent: David Gattis, Mark Newhouse

Staff: Drew Satterwhite, Debi Atkins, and Carmen Catterson

Visitors: Mike Keester, LBG Guyton (by conference call)

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

President Patterson called the meeting to order at 2:04 PM. All members were present except Board Member Latham. The Board introduced themselves and the manner of their appointment.

2. Public Comment.

No comments received.

3. Consider approval of Minutes of August 21, 2014 board meeting

Board Member Gibson requested that his title be corrected to Board Member.

Board Member Purcell motioned to approve the Minutes of the August 21, 2014 board meeting with Board Member Gibson's title corrected. The motion was seconded by Secretary/Treasurer Wortham and passed unanimously.

The Board discussed the rate increase for 2015. No comments were received from the public.

4. Review and approval of monthly invoices.

Mr. Satterwhite reviewed the monthly invoices.

Secretary/Treasurer Wortham motioned to approve the monthly invoices for a total of \$36,036.35. The motion was seconded by Board Member Gibson and passed unanimously.

5. Receive Monthly Financial Information

Mr. Satterwhite reviewed the monthly financial information. Before the end of the year, a budget amendment may be desired to more closely match actual expenditures. The legal line item is over budget and will need to be increased. The Board discussed hiring a field technician and purchasing a vehicle in 2015.

6. Review Investment Policy

The investment policy was adopted in 2012 and the Public Funds Investment Act (PFIA) requires the policy to be reviewed and re-adopted annually. The policy was approved by legal counsel and is in compliance with the PFIA. The only change is to reference Mr. Satterwhite instead of Mr. Chapman, the previous General Manager.

The Board discussed the liquidity requirements and possible expenses that would require additional liquid funds. Currently the District has all funds in American Bank of Texas with no diversification. The Board discussed the possibility of utilizing brokerage firms to invest funds.

Board Member Gibson motioned to adopt a resolution approving the Investment Policy. The motion was seconded by Vice President Latham and passed unanimously.

7. Consider and act upon investment strategies

Mr. Satterwhite explained that the staff developed three basic strategies for investment. There is currently approximately \$225,000 in the bank account which has no interest earnings, but offsets banking fees in the account. One option would be a one year CD with approximately a 0.4% return. This would result in approximately \$420. A more liquid option would be a Money Market checking account, with a 0.25% return. The money market account is limited to 6 transactions per month meaning that the district would still need a checking account to make most transactions. This would result in a net positive of approximately \$195 in a year. In order to maintain FDIC insurance, the funds would either need to be invested with another banking institution, or request the bank to pledge securities against the funds.

President Patterson discussed possible expenses, including the purchase of a truck, legal expenses, GAM runs, and other potential charges. He recommended keeping approximately \$125,000 to \$150,000 in the checking account for possible expenses. Mrs. Atkins explained that TexSTAR and TexPOOL provide some interest, but the money is still liquid. The bank also has a CDRS program, where the money is liquid. With that program, the bank would have to pledge securities and invests the money into CDs with other banks.

Board Member Purcell recommended that the District might make more money with an online bank. Mrs. Atkins responded that the Greater Texoma Utility Authority has utilized an online bank, but used a broker-dealer. President Patterson recommended the staff look into investing \$150,000 in a ladder pattern with \$50,000 in 6 months, \$50,000 in one-year and \$50,000 in 18-months, including penalties for early termination.

8. Receive Quarterly Report

Mr. Satterwhite reviewed the quarterly investment report.

9. Receive report from LBG Guyton on GAM runs and Outcrop memo

Mr. Keester joined the Board by conference call to provide a presentation on the inflows and outflows of the outcrop and a review of the Desired Future Conditions (DFCs) generated by the three Groundwater Availability Model (GAM) runs that were completed. Mr. Keester explained that there were inaccuracies in the runs and that they were being reviewed by multiple consultants to determine how to best fix the problems. The inconsistencies included higher pumping levels on the conservation run and lower pumping levels on the maximum use run in certain aquifers/counties.

The Board discussed the three GAM runs and the possible implications of each. The Board also discussed the accuracy of the inflow and outflow numbers for the outcrop.

10. Receive update on GMA 8 activities and development of Desired Future Conditions (DFCs)

Private property rights will be discussed, but has been delayed until more GAM runs have been completed. The Board discussed the current feelings in GMA 8 regarding the future of GAM runs and DFCs. At this time GMA 8 has not established any future desires. The Board also discussed the possibility of water being transported out of the District and fees charged for that use. The Board brought up the point that transporting water from the RRGCD would still have lower fees than pumping within some of the other districts in the region.

The Board also discussed the current rules regarding agriculture and other non-exempt wells and agreed that they would prefer to continue with a \$0 charge for agricultural use. The Board also discussed the model and the results of the model regarding the local area.

11. General Manager's Report

Mr. Satterwhite reviewed the well registrations for the last two months. Regarding the water loss report discussed at the last meeting, the staff feels it would be more accurate to request an annual report from the public water suppliers. The Board agreed.

Mr. Satterwhite also reported that the next meeting will include enforcement action on a driller that is not complying with District Rules.

The first late fees were charged on October 1st for the 2nd quarter billings. The staff will now begin working on the entities that are not submitting readings on time.

Vice President Latham presented information to Region C, which will qualify as an educational presentation for the District's Management Plan. The District must have a certain amount of presentations each year.

Board Member Purcell recently held a meeting with a city regarding DFCs and he is drafting articles regarding groundwater and the integration with surface water. The Board discussed the benefits

of meeting with small groups and it was mentioned that meeting with larger, more focused groups is sometimes more beneficial.

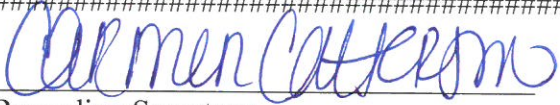
13. Open forum / discussion of new business for future meeting agendas

The next meeting was tentatively scheduled for December 11, 2014 at 2:00 PM. The next agenda will include the audit engagement letter, an update on GMA 8, a budget amendment, and discuss on the DFC process.

14. Adjourn

The Board adjourned at approximately 4:17 PM.

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Recording Secretary


Secretary-Treasurer