

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

THURSDAY, NOVEMBER 2, 2017

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

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

Members Absent: None

Staff: Drew Satterwhite, P.E., Allen Burks, Paul Sigel, Wayne Parkman, Theda Anderson, Velma Starks, Carolyn Bennett

Visitors: Kristen Fancher, Fancher Law
James Beach, LBG Guyton

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

President Patterson called the meeting to order at 10:02 am, established a quorum was present, and declared the meeting open to the public.

2. Public comment

Board and staff introduced themselves. Drew introduced Paul Sigel, the new Technical Lead for the District.

No public comment.

3. Administer Oath of Office

Carolyn Bennett administered Oaths of Office to Chuck Dodd, David Gattis, P.E., Mark Newhouse and Billy Stephens.

4. Consider and act upon approval of Minutes from the July 13, 2017 board meeting.

Board Member David Gattis made a motion to approve the minutes of the June 22, 2017 meeting. The motion was seconded by Board Member Newhouse. Board Members Chuck Dodd and Billy Stephens abstained, as they were not members of the Board at that time. The motion passed.

5. Review and approval of monthly invoices.

General Manager Satterwhite reviewed the monthly invoices with the Board of Directors. Board Member David Gattis made a motion to approve Resolution 2017-11-02-01. Board Member Mark Gibson seconded the motion. Motion passed unanimously.

6. Receive monthly financial information

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

7. Consider and act upon election of Officers

General Manager Satterwhite reported that the Nominating Committee was appointed at the last Board meeting. David Gattis and Mark Newhouse were appointed to the committee. David Gattis reported the Committee met, and it is the recommendation of the Committee that Mark Patterson be nominated as President, Harold Latham as Vice President, and Mark Gibson as Secretary-Treasurer. The motion was seconded by Board Member Mark Newhouse and passed unanimously.

8. Consider and act upon Resolutions of Appreciation for Previous Board Members

General Manager Satterwhite stated it has been protocol in the past for the Board to adopt a resolution of appreciation for past board members. Additionally, Mr. Satterwhite requested permission from the Board to purchase plaques expressing gratitude of the Board for the past members' service to the District. It was the consensus of the Board that plaques be purchased for past Board Members to express appreciation for their service. Board Member Mark Gibson moved to approve the resolutions of appreciation for Board Members Don Wortham and William Purcell. The motion was seconded by Board Member Chuck Dodd and passed unanimously.

9. Receive Quarterly Investment Report

General Manager Satterwhite reviewed the Quarterly Investment Report with the Board of Directors and discussed the current investments.

10. Receive Quarterly Report

General Manager Satterwhite reviewed the Quarterly Report with the Board of Directors.

11. Rules and Bylaws Committee Update

General Manager Satterwhite stated the Rules and Bylaws Committee met last month, and participated in the preparation of the presentation that will be provided under Item 17.

12. Consider and act upon 2018 Administrative Services Contract with Greater Texoma Utility Authority

General Manager Satterwhite reviewed the Administrative Services Contract with the Greater Texoma Utility Authority for 2018. Board Member David Gattis moved to approve the contract for administrative services for 2018 with the Greater Texoma Utility Authority. The motion was seconded by Board Member Mark Newhouse and passed unanimously.

13. Consider and act upon Engagement Letter for Audit Services for Fiscal Year Ending December 31, 2017

General Manager Satterwhite informed the Board of Directors that the engagement letter presented is for the fiscal year ending December 31, 2017. Proposals were solicited in 2013 for audit services, with McClanahan and Holmes of Bonham being selected as the auditors for the District. The contract entered into in 2013 was for up to five years, with this year's contract being the fourth year. The fees for the engagement letter for the current fiscal year will be \$4,650.00, an increase of \$150.00 from 2016. McClanahan and Holmes, LLP has provided thorough and quality audits during their tenure with the District. Mr. Satterwhite stated the staff recommends the Board

authorize the engagement letter with McClanahan and Holmes, LLP for the 2017 audit. Board Member Mark Newhouse motioned to approve the engagement letter for 2017 with McClanahan and Holmes, LLC. The motion was seconded by Mark Gibson and passed unanimously.

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

General Manager Satterwhite informed the Board that LBG Guyton has been working with the Texas Water Development Board staff regarding the model run for the District's DFCs. District Staff has been told to expect a letter stating the District's DFCs are administratively complete in the near future.

15. Consider and act upon compliance and enforcement activities for violations of District Rules and other activities of the District.

Pursuant to the Texas Open Meetings Act, Chapter 551, Government Code, Vernon's Texas Codes, Annotated, §551.071, consultation with attorney, the Red River Groundwater Conservation District Board adjourned into Executive Session at 10:30 a.m. to discuss:

- a. Texas Rain Holding Co.
- b. Lass Water Supply Co.

The Board convened into Regular Session at 10:50 a.m. No action was taken on any items discussed during Executive Session.

Board Member David Gattis moved to approving the filing of a lawsuit against Texas Rain Holding Co., with an additional \$500.00 in fines added to the current amount owed, in accordance with the District's Enforcement Policy and Civil Penalty Schedule, for continued non-response and noncompliance. The motion was seconded by Board Member Newhouse and passed unanimously.

Board Member Mark Newhouse made a motion to investigate the current status of Lass Water Supply Co., based on its history of noncompliance, determining whether the company is in bankruptcy or other related proceeding. A report is to be provided by the staff and General Counsel at the next meeting regarding the status of Lass Water Co. Board Member Chuck Dodd seconded the motion and the motion passed unanimously.

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

General Manager Satterwhite reported as of September 30, 2017 there are 760 total wells registered in the District. Five new wells were registered in September.

Mr. Satterwhite informed the Board a presentation regarding the Red River Groundwater District was made to an area water system operators group in October. The presentation was received well by the audience.

The Board discussed water conservation efforts, and the possibility of some type of award being provided by the District to water providers pursuing water conservation efforts and improving

water loss. It was the consensus of the Board that the District staff look into efforts to encourage water loss be addressed by water providers, as well as water conservation.

Mr. Satterwhite informed the Board the District Field staff is meeting with the Texas Water Development Board ("TWDB") staff next week to begin the annual well monitoring program. The staff will begin the task of communicating with the well owners to request a letter agreement regarding the current monitoring wells, so that the District may begin the monitoring of the wells in lieu of the TWDB staff. Discussion ensued regarding additional monitoring wells being brought into the District's monitoring program, transducers being used for monitoring purposes, and funding being provided for plugging wells in the future.

17. Receive presentation from the District's Hydrogeologist and Legal Counsel regarding permanent rules development

James Beach with LBG Guyton and Kristen Fancher with Fancher Law provided the Board with a presentation regarding well spacing, for Rules development purposes.

a. Consider and act upon action items for rules development

It was the consensus of the Board that James Beach and Kristen Fancher provide the Board with a presentation at the next meeting regarding spacing requirements, with 2% and 5% drawdown as maximums and 2 days of pumping for the assumptions.

18. Open Quorum/discussion of future agenda items

President Patterson asked if any of the Board Members had items for discussion on future agendas. The Board decided to meet Tuesday, December 19, 2017 at 10:00 am.

19. Adjourn public meeting

President Patterson declared the meeting adjourned at 1:07pm.

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Recording Secretary



Secretary-Treasurer