

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

THURSDAY, OCTOBER 20, 2016

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

Members Present: David Gattis, P.E., Mark Gibson, P.E. (arrived at 2:13 pm), Harold Latham, Mark Newhouse, Mark Patterson, William Purcell, Don Wortham, PhD

Members Absent: None

Staff: Drew Satterwhite, P.E., Debi Atkins, Tasha Hamilton, Velma Starks, Carolyn Bennett, Wayne Parkman

Visitors: None

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

President Patterson called the meeting to order at 2:01 pm, established a quorum was present, and declared the meeting open to the public.

2. Public comment

There were no citizens present requesting to appear before the Board of Directors for public comment.

3. Consider and act upon approval of Minutes from the September 15, 2016 board meeting

General Manager asked the Board if they had a chance to review the minutes for the September 15, 2016 board meeting. Board Member Gattis made a motion to approve the minutes of the September 15, 2016 meeting.

Board Member Purcell requested to change the minutes of the September 15, 2016 meeting to reflect a roll call vote with a note regarding his reason for voting no is because of irregularities in accounting. President Patterson stated he definitely remembered Mr. Purcell voting no on the budget. Board Member Purcell stated he wants record to reflect that he felt there were irregularities in the accounting for the budget, and he voted no because of this. President Patterson stated he had no issue with the vote being a roll call vote, and asked Board Member Purcell if the statement provided to the staff for inclusion in the minutes was that actual statement, or a thought he had. Board Member Purcell stated it was not verbatim.

Purcell made a motion to approve the minutes of the September 15, 2016 meeting, with the addition of the roll call vote in the minutes. Vice President Latham seconded the motion and the motion passed unanimously.

4. Review and approval of monthly invoices.

After a brief discussion, David Gattis made a motion to approve Resolution 2016-10-20-01. Mark

Newhouse seconded the motion. Motion passed unanimously.

5. Receive monthly financial information

General Manager Satterwhite discussed and reviewed the monthly financial information with the Board, as well as budget revision methods.

6. Consider and act upon Engagement Letter for Audit Services for Fiscal Year Ending December 31, 2016

General Manager Satterwhite informed the Board an engagement letter for audit services for the fiscal year ending December 31, 2016 has been received from McClanahan and Holmes. Proposals for audit services for a period of up to 5 years were solicited in 2013, with McClanahan and Holmes subsequently selected as the firm for Red River GCD's annual financial reports. Staff reported McClanahan and Holmes performed the audit for FYE December 31, 2015 in a satisfactory manner.

Motion was made by Board Member David Gattis to authorize the engagement letter with McClanahan and Holmes LLP for the 2016 audit to be completed for a fee of \$4,500.00. The Board discussed voting procedures for board members whose entities also utilize McClanahan and Holmes' services, the budget attachment provided to the Board, Generally Accepted Accounting Principles, and the procedure for providing budgetary supporting documentation. Debi Atkins, Finance Officer, reported that McClanahan and Holmes clarified that percentages may be utilized when providing supplementary budgetary supporting documentation. The motion was seconded by Harold Latham and passed unanimously.

7. Consider and act upon 2017 Operating Budget

General Manager Satterwhite reviewed the proposed budget with the Board of Directors. The budget is the same as was presented at previous meetings, with an additional handout for Board Members outlining the administrative costs contained in the budget outlining the costs in dollars in lieu of percentages. Board Member Gattis moved to approve the Red River GCD 2017 Operating Budget. Board Member Newhouse seconded the motion. Motion passed unanimously.

8. Discuss Potential Amendments to Temporary Rules

General Manager Satterwhite informed the Board the existing Temporary Rules may need to be revised prior to the scheduled update after approval of Desired Future Conditions. Mr. Satterwhite outlined the rules for which Red River GCD staff have expressed a need for review:

- a) Spacing requirements
- b) Late meter readings
- c) Show Cause Hearing notice
- d) Clarifying 40,000 gpd by adding 27.7 gpm where referenced
- e) Removing requirement for flow meters
- f) Permitting procedures applicable to the number of days allowed for completion after applying
- g) Water loss reporting
- h) Procedure for clarifying gpm on wells
- i) Construction requirement for wells requesting exempt status to allow well to be metered to clarify meets guidelines for exemption
- j) Back flow prevention
- k) Requiring well drillers to report non-exempt wells discovered during repairs
- l) Transport fees
- m) Oil and gas wells rehabbed into new water wells

General Manager Satterwhite discussed each request with the Board. Discussion ensued regarding

the time provided for Board Members to review changes prior to a board meeting,

Upon completion of discussion, it was the consensus of the Board that j) back flow prevention and k) requiring well drillers to report non-exempt wells discovered during repairs be removed from the rule changes at this time.

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

General Manager Satterwhite reported a GMA8 meeting was held September 29, 2016. Each District represented on the Board presented their summary report for the Desired Future Conditions. Upper Trinity Groundwater Conservation District was the only District that requested recommendations to the proposed DFCs for the GMA8. Individual Groundwater Conservation Districts may submit information to be included in the Explanatory Report for the DFCs until November 1, 2016. Bill Mullican, the GMA8 consultant preparing the DFC report on behalf of GMA8, informed the group a draft report will be available by December 1, 2016, with comments due December 15. The final report is scheduled to be completed by January 15.

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

General Manager Satterwhite reported there are currently no compliance and enforcement activities for violations in the District for consideration by the Board. There is a possibility of a show cause hearing for December's meeting.

11. Receive 2016 3rd Quarter Report.

GM Satterwhite reviewed the Quarterly Report with the Board as required by the District's Management Plan, providing the latest assessment of the status of drought in the District.

12. General Manager's Report.

General Manager Satterwhite reviewed the well registration report with the Board of Directors, informed the Board the new website is live for the District, that Scott Perry has provided his two-week notice to the District, and discussed with the Board the consideration of Mr. Perry working on a contract basis. Discussion ensued regarding the RFQ process for the District's geodatabase.

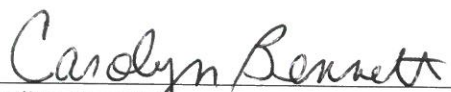
13. Open Quorum/discussion of new business


President Patterson asked if there were any items of discussion requested by the Board for future agendas. It was the consensus of the Board that the next meeting will be December 8th for discussion of the DFCs.

14. Adjourn public meeting

President Patterson declared the meeting adjourned at 3:15 pm.

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Recording Secretary


Secretary-Treasurer