

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

THURSDAY, DECEMBER 11, 2014

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

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

Members Absent: Don Wortham

Staff: Drew Satterwhite, Wayne Parkman and Carmen Catterson

Visitors: James Beach, LBG Guyton (by conference call)
Alex Moser, AL Moser Drilling

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

President Patterson called the meeting to order at 2:03 PM. All members were present except Board Member Wortham.

2. Public Comment.

No comments received.

3. Consider approval of Minutes of October 9, 2014 board meeting

The Board discussed a statement made in the minutes that presentations made to larger, more focused, groups may be more beneficial.

Board Member Purcell motioned to approve the Minutes of the October 9, 2014 board meeting with the striking of the comment discussed. The motion died for a lack of second. Vice President Latham motioned to adopt the minutes as presented. The motion was seconded by Board Member Gattis and passed with Board Member Purcell opposing.

4. Review and approval of monthly invoices.

Mr. Satterwhite reviewed the monthly invoices. The legal services invoices were for enforcement activities.

Board Member Gattis motioned to approve the monthly invoices for a total of \$15,205.88. The motion was seconded by Vice President Latham and passed unanimously.

5. Receive Monthly Financial Information

Mr. Satterwhite reviewed the monthly financial information. The Board discussed possible enforcement on the one outstanding account. The Board agreed that a letter should be drafted providing until January 1st for the well owner to come into compliance with paying past due charges. They also agreed that the legal counsel should review the letter.

President Patterson requested that the staff pursue the Preston Club Golf Course, which has a non-exempt well that is not registered, but runs on a regular basis. Mr. Satterwhite agreed to pursue the situation in order to gain compliance.

6. Consider and act upon investment strategies

At the August and October meetings, the staff provided information on possible investment strategies. The District's Investment Policy does not allow for investments to extend past 12 months. The Public Investment Funds Act requires that all investments be made with organizations that have a physical location in the State of Texas.

The Board discussed possible investment strategies. Board Member Purcell asked if the fees with American Bank of Texas had been requested to be reduced. Mr. Satterwhite stated that the fee was to offset interest earnings that would not be made on a smaller balance in the account. He agreed to ask the bank if they would consider reducing the fee.

Board Member Gattis motioned to invest the funds as recommended. The motion was seconded by Board Member Purcell and passed unanimously.

7. Consider and act upon amended budget for 2014

This is the second amendment to the 2014 budget. This is the final amendment, which adjusts for actual costs. The most significant increase was to increase the legal budget to \$16,500. The overall budget is being decreased. Mr. Satterwhite reviewed the changes to the budget. The Board discussed the need to hire a field technician in 2015.

Board Member Newhouse motioned to approve the amended budget for 2014. The motion was seconded by Board Member Gattis and passed unanimously.

8. Consider and act upon engagement letter for audit services for fiscal year ending December 31, 2014

McClanahan and Holmes, LLP was awarded the 2013 audit and performed satisfactorily. Their amount has not changed for 2014.

Board Member Gattis motioned to approve an engagement letter with McClanahan and Holmes, LLP for audit services for fiscal year December 31, 2014. The motion was seconded by Vice President Latham and passed unanimously.

9. Consider and act upon 2015 Administrative Services contract with the Greater Texoma Utility Authority

Mr. Satterwhite explained that this is a renewal of the current contract between the District and the Greater Texoma Utility Authority (GTUA). The GTUA Board of Directors felt the agreement worked out

well for both organizations and approved the contract on November 10, 2014. No changes have been made to staff hourly charges.

Board Member Gattis motioned to approve the 2015 Administrative Services contract with GTUA. The motion was seconded by Board Member Gibson and passed unanimously.

10. Consider and act upon draft irrigation use estimates

Each year the Texas Water Development Board (TWDB) submits draft irrigation use estimates to the District for revision and approval. Mr. Parkman contacted the local extension agents and the US Department of Agriculture (USDA). The local agents did not have any recommendations and the USDA felt that the hay estimates might be a little high, but did not have any suggestions. They hay estimates do include sod farms.

Board Member Gattis motioned to approve the draft irrigation use estimates as provided by the TWDB. The motion was seconded by Board Member Newhouse and passed unanimously.

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

The new Groundwater Availability Model (GAM) was adopted by the TWDB last month. INTERA finalized the initial four GAM runs and presented them to the November 3rd Groundwater Management Area 8 (GMA 8) meeting. A meeting was held in Austin in November with all the technical consultants for all the groundwater districts in GMA 8.

Board Member Gattis stated that the information was provided in such a manner at the previous GMA 8 meeting that was beyond some participants understanding. He requested that the information be provided in a manner that was more approachable and less technical. Mr. Satterwhite reported that the next GAM runs should be presented in a format that would provide a better understanding of the drawdown effects.

12. Consider and discuss the Northern Trinity/Woodbine Aquifer GAM Predictive Simulations

INTERA provided a proposal to perform the four described scenarios. Board Member Gattis expressed that he felt the estimate was reasonable. He stated each run provides additional information and expands on previously generated runs.

Mr. Moser commented that the Woodbine Aquifer holds an abundance of water that is high mineral and not in demand. Drilling a high quality drinking water well in the Woodbine Aquifer is difficult.

Mr. James Beach joined the meeting by conference call at 2:59 PM. Mr. Beach provided a summary of the four recommended GAM runs. GAM run 4 utilized 2010 production and held it steady. GAM run 5 is similar to GAM 4 with minor changes as requested by several groundwater districts that have better information on their production. GAM run 6 is a set of four runs where pumping is reduced to 70% and then increased to 130%, 160% and 190%. GAM run 7 is a series of local runs where all 52 counties are considered. In this scenario, each county's production would be individually increased by 5,000 acre-feet and all other counties left static. This would help show the effects that an individual county would have on surrounding counties. The amount of acre-feet used in the scenario will be discussed at the January 6, 2015 GMA 8 meeting. GAM run 8 is stopping all pumpage immediately to see the effect on aquifers and the rebound experienced over time.

Board Member Purcell asked about the statement on GAM run 8 that states it is not to be used as a possible management strategy. Mr. Beach responded that GAM run 8 would eliminate all current pumping and prevent any pumping from taking place in the next 50 years in order to attempt to restore pre-development conditions in the aquifer. These runs are educational in nature.

Board Member Purcell asked how he should explain this to the well owners and groundwater users. The Board stated that they did not have any knowledge at this time so any impact is unknown. The decisions that will need to be made on DFCs are still in development and will be in development for most of the next year. Board Member Gattis stated that a great deal of work is happening outside of meetings and at GMA 8 meetings.

Mr. Satterwhite recommended the Board determine which GAM runs they support and the amount they would be willing to fund. The process is time consuming and time is running short. The Board discussed the importance of each model run.

Board Member Newhouse motioned to authorize Board Member Gattis to utilize the information provided by the Board members to take action on the GAM runs at the GMA 8 meeting up to the budgeted amount of \$20,000. The motion was seconded by Vice President Latham and passed unanimously.

13. Consider and act upon compliance and enforcement activities for violations of District rules

This was discussed earlier in the meeting. The Board instructed the staff to pursue compliance from Lass Water Co. by January 1st and to pursue compliance from Preston Club Golf Course.

14. General Manager's Report

Mr. Satterwhite provided an update on the State Audit completed earlier this year. The District received high marks for being in compliance. The items out of compliance were employee bonding in the name of the District and District policies. These items have been corrected.

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

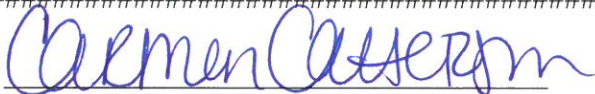
The next meeting was tentatively scheduled for February 26, 2015 at 2:00 PM.

Mr. Moser expressed to the Board that the registration process initially was intended to take 24 hours to complete. However, in a particular situation, a man owned four pieces of property and the process took several days. The staff explained the permitting process and the reason for the delay.

14. Adjourn

The Board adjourned at approximately 3:59 PM.

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Recording Secretary


Secretary-Treasurer