

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

THURSDAY SEPTEMBER 27, 2018

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

Members Present: Harold Latham, Mark Newhouse, Mark Patterson, David Gattis, Chuck Dodd and Billy Stephens

Members Absent: Mark Gibson

Staff: Drew Satterwhite, Allen Burks, Paul Sigle, Debi Atkins, Theda Anderson, Carolyn Bennett, and Velma Starks

Visitors: Kristen Fancher, Fancher Legal
April Hatfield, McClanahan & Holmes
Andy Reich, McClanahan & Holmes
Stephen Thornhill, Wells Fargo Advisors
Bill Purcell, Citizen of Fannin County
John Faulkner, Faulkner & Son

Show Cause Hearing

The Show Cause Hearing will begin at 10:00 a.m.

Notice is hereby given that the Board of Directors of the Red River Groundwater Conservation District ("District") will hold a show cause hearing and may discuss, consider, and take all necessary action regarding the subject matter of the hearing.

Agenda:

1. Call to Order, declare hearing open to the public, and take roll.
2. Conduct Show Cause Hearing under District Rule 9.6 on the following for alleged violations of District Rules; discuss, consider, receive testimony, and take appropriate action, including without limitation authorizing the District to initiate a civil lawsuit to enforce compliance with the District Rules, including recovery of civil penalties, costs, and attorney's fees, and all other appropriate legal and equitable relief:

A. Buena Vista Turf Farm, LLC, 330 Oaks Trail Ste 100, Garland, TX 75043

General Manager Drew Satterwhite informed the Board that Buena Vista Turf Farm has not responded to notifications provided by the District relating to violations of District Rules, and Kristen Fancher, legal counsel, also stated she had not had any response from Buena Vista Turf Farm. Kristen Fancher suggested adding \$500 to their penalties of \$100 for failure to transfer well ownership within required period and \$500.00 for failure to submit water production report within required period, bringing their total penalties to \$1,100.00 and initiate a lawsuit.

Board Member Mark Newhouse made the motion to add \$500 to the penalties and initiate a lawsuit. Board Member Chuck Dodd seconded the motion. The motion passed unanimously.

3. Adjourn or continue show cause hearing.

Show Cause Hearing was adjourned at 10:05 a.m.

Board Meeting

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

President Patterson called the meeting to order at 10:05 a.m., established a quorum was present, and declared the meeting open to the public.

2. Public comment

No public comments.

3. Consider and act upon approval of Minutes of July 31, 2018, Board Meeting.

General Manager Drew Satterwhite informed the Board that amendment to the minutes needed to be made to add Robin McCoy from Pat Fallon's office to the visitor list. Board Member David Gattis made a motion to approve the minutes of the July 31, 2018 meeting with the amendment. The motion was seconded by Board Member Billy Stephens. The motion passed unanimously.

4. 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 2018-09-27-01. Board Member Chuck Dodd seconded the motion. Motion passed unanimously.

5. Receive monthly financial information.

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

6. Consider and act upon 2017 Audit.

General Manager Drew Satterwhite introduced the auditors, Andy Reich and April Hatfield, of McClanahan & Homes. Andy Reich reviewed the audit. Board Member Mark Newhouse made the motion to accept the 2017 Audit. Board Member Chuck Dodd seconded the motion. The motion passed unanimously.

7. Consider and act upon Engagement Letter for Audit Services for Fiscal Year Ending December 31, 2018.

General Manager Drew Satterwhite provided background information for the Board. In 2013 the Board had instructed the staff to solicit proposals for audit services for up to five years. As a result, McClanahan and Holmes was selected by the Board in March 2014.

At the May meeting, the Board directed the Staff to request another five year term with McClanahan and Holmes. The Board requested that the lead auditor be changed. McClanahan and Holmes agreed to switch the lead auditor and also committed to capping their yearly cost increase at 2-3%. Board Member David Gattis made the motion to authorize an engagement letter with McClanahan and Holmes for 2018 audit services. Board Member Mark Newhouse seconded the motion. The motion passed unanimously.

8. Discussion and possible action on a Fund Balance Policy.

General Manager Drew Satterwhite discussed the Fund Balance Policy and possible list of items fund might be used for. After discussion of various items, the Board requested staff to send list of items to board members for them to rank and discuss at a later meeting. Board Member David Gattis made the motion to table this item. Board Member Harold Latham seconded the motion. The motion passed unanimously.

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

General Manager Drew Satterwhite informed the Board that the deadline for RFQs for Administrative/Tech Consultant for GMA-8 is October 1, 2018. When received a GMA-8 meeting will be scheduled to select Administrative/Technical Consultant.

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

a. Buena Vista Turf Farm, LLC

Board Member David Gattis made the motion to recoup fees, and if not brought into compliance, pursue a lawsuit. Board Member Chuck Dodd seconded the motion. The motion passed unanimously.

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

a. Database Update

The Board requested view the database when it is operational.

General Manager Drew Satterwhite reported that at the last meeting a discussion was held regarding contaminant limits in a particular area as to what type of assistance could be provided. The Board had suggested sending letters to advise well owners of possible contaminants so that the individuals could decide if they wanted to test their wells. Staff has subsequently discovered that labs do not accept samples from individuals. The board discussed what could be done. Board Member Chuck Dodd made the motion that RRGCD be used as a pass through, to collect money and individuals bring their samples and RRGCD take to labs for testing. Board Member Billy Stephens seconded the motion. The motion passed unanimously.

b. Disposal/Injection Well Monitoring Program

Kristen Fancher updated the Board on the Disposal/Injection well Monitoring Program. Paul Sigle passed out a map identifying wells to be contacted for possible participation in the program.

- 12. Receive presentation regarding permanent rules development and review draft of rules.
 - a. Consider and act upon action items for rules development

Kristen Fancher reviewed changes in rules wording and clarification. Board members held discussion.

- 13. Open Quorum/discussion of future agenda items.

The Permanent Rules Public Hearing will be held October 25, 2018, at 10 a.m.

- 14. Adjourn.

President Patterson declared the meeting adjourned at 12:27 p.m.

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Velma Starks

 Recording Secretary

Paul Sigle

 Secretary-Treasurer