

**RED RIVER
GROUNDWATER
CONSERVATION
DISTRICT**

BOARD MEETING

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

**THURSDAY
OCTOBER 22, 2015**

AGENDA
RED RIVER GROUNDWATER CONSERVATION DISTRICT
BOARD OF DIRECTORS BOARD MEETING
GREATER TEXOMA UTILITY AUTHORITY BOARD ROOM
5100 AIRPORT DRIVE
DENISON, TEXAS 75020
THURSDAY, OCTOBER 22, 2015

Board Meeting

The Board Meeting will begin at 10:00 a.m.

The Board of Directors may discuss, consider, and take all necessary action, including expenditure of funds, regarding each of the agenda items below:

Agenda:

1. Call to order, declare meeting open to the public, and take roll
 2. Public Comment
 3. Consider and act upon approval of Minutes of September 17, 2015, Board Meeting
 4. Review and approval of monthly invoices
 5. Receive monthly financial information
 6. Consider and act upon engagement letter for audit services for fiscal year ending December 31, 2015
 7. Receive Presentation from LBG Guyton Associates Regarding GAM Runs 5, 6, 7 & 8
 8. Receive update and possible action on GMA-8 activities and development of Desired Future Conditions
 9. Consider and act upon compliance and enforcement activities for violations of District Rules
 10. Receive 2015 3rd Quarter Report
 11. General Manager's report: The General Manager will update the Board on operational, educational and other activities of the District
 12. Open forum / discussion of new business for future meeting agendas
 13. Adjourn
-

¹The Board may vote and/or act upon each of the items listed in this agenda.

²At any time during the meeting or work session and in compliance with the Texas Open Meetings Act, Chapter 551, Government Code, Vernon's Texas Codes, Annotated, the Red River Groundwater Conservation District Board may meet in executive session on any of the above agenda items or other lawful items for consultation concerning attorney-client matters (§551.071); deliberation regarding real property (§551.072); deliberation regarding prospective gifts (§551.073); personnel matters (§551.074); and deliberation regarding security devices (§551.076). Any subject discussed in executive session may be subject to action during an open meeting.

³Persons with disabilities who plan to attend this meeting, and who may need assistance, are requested to contact Velma Starks at (800) 256-0935 two (2) working days prior to the meeting, so that appropriate arrangements can be made.

⁴For questions regarding this notice, please contact Velma Starks at (800) 256-0935, at rrgcd@redrivergcd.org or at 5100 Airport Drive, Denison, TX 75020.

ATTACHMENT 3

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

THURSDAY, SEPTEMBER 17, 2015

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

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

Members Absent: None

Staff: Drew Satterwhite, P.E., Carolyn Bennett, Debi Atkins, Velma Starks

Visitors: None

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

President Patterson declared a quorum was present and called the meeting to order at 2:03 p.m.

2. Public Comment.

There were no visitors present for public comments.

3. Consider and act upon approval of Minutes of July 23, 2015 Board Meeting

David Gattis made a motion to approve the Minutes of July 23, 2015. Mark Gibson seconded the motion. Motion carried unanimously.

4. Review and approval of monthly invoices.

It was suggested that legal counsel hours be kept to a minimum as much as possible. David Gattis made a motion to approve monthly invoices as presented. Don Wortham seconded the motion. Motion carried unanimously.

5. Receive Monthly Financial Information

The Monthly Financial Information was received by the Board.

6. Present Mark Patterson and Harold Latham, newly re-appointed Directors to the Board for re-instatement according to the Bylaws, to be sworn in and to take the Oath of Office

Drew Satterwhite presented Mark Patterson as the newly re-appointed Director for the municipalities in Grayson County other than the largest provider, and Harold Latham as the newly re-appointed Director

representing the Fannin County Commissioner's Court, to the Board for reinstatement according to the Bylaws, to be sworn in and to take the Oath of Office.

7. Administer Oaths of Office for Mark Patterson and Harold Latham

Velma Starks administered the Oaths of Office to Mark Patterson and Harold Latham.

8. Consider and act upon election of Officers for September 2015 through August 2017

David Gattis motioned that the officers remain the same. Mark Newhouse seconded the motion. Motion carried unanimously to keep President Mark Patterson, Vice President Harold Latham, and Secretary/Treasurer Don Wortham.

A brief discussion on the importance of discussions and documentation of board meetings was held. Future decisions will have great impact on the District. Having security available at public meetings during which the Desired Future Conditions are considered was discussed.

9. Receive update and possible action on GMA-8 activities and development of Desired Future Conditions

Drew Satterwhite updated the board on the GMA-8, September 2 meeting. Intera's presentation showed how to read the report. James Beach, LBG Guyton, has Runs 5 & 6 and will have Runs 7 & 8 by September 30, 2015. To have James Beach in attendance at the October Board Meeting and interpret the results for Grayson and Fannin Counties was suggested.

January is the month in which results need to be approved. Due to the complexity of the data, it will be necessary to educate the board on the results specific to our area. November/December the board will have to reach a decision on its DFCs. A brief discussion was held on surface water and groundwater and how to implement DFCs fairly. The factor that groundwater is limited and not available to meet future growth rate at the rate now used was discussed.

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

Pintail Farms is in compliance at this time.

The Board discussed Lass Water and decided to ask legal counsel if appropriate to contact potential new owner and inform them of debt incurred by Lass Water. David Gattis made the motion to ask legal counsel if appropriate and then allow President Mark Patterson or General Manager Drew Satterwhite to write letter on behalf of board. Mark Newhouse seconded the motion. Motion carried unanimously.

11. Receive 2015 2nd Quarter Report

Drew Satterwhite presented the report to the board.

12. Consider and act upon authorizing LBG Guyton to perform work related to a Desired Future Conditions Vision Workshop

The Board discussed having a Desired Future Conditions Vision Workshop with James Beach, LBG Guyton, to interpret the data results of Runs 5, 6, 7 and 8. Drew Satterwhite informed the Board that the cost is

not to exceed \$7,200 and that the budget line item may need to be amended. The Board decided to wait and amend the budget line item at a later date as necessary. David Gattis made the motion to authorize LBG Guyton to perform work related to a Desire Future Conditions Vision Workshop. William Purcell seconded the motion. Motion carried unanimously. Videotaping the presentation was discussed.

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

Drew Satterwhite reported that there were 3 wells registered in the District in July and 13 wells in August. As of September 4, 2015, there were a total of 568.

Drew Satterwhite informed the Board that the Railroad Commission has put out plugging bids for the two wells that are located in the District and therefore no letter is necessary as was previously considered in the last Board Meeting.

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

The Board discussed the dates for the workshop and the next Board Meeting date. The Board decided to have the next meeting on October 22, 2015. November 20, 2015 was selected for the Vision Workshop invite cities, MUD, SUD, and Press, and ask for RSVPs. The RSVPs would determine whether or not the workshop would be held in the GTUA Board room or if another facility would be needed. Both the workshop and the meeting are to begin at 10 a.m. James Beach is to be contacted to be sure he can attend on these dates. It was also decided to have an attorney present for both dates.

15. Adjourn

The Board adjourned at 3:14 p.m.

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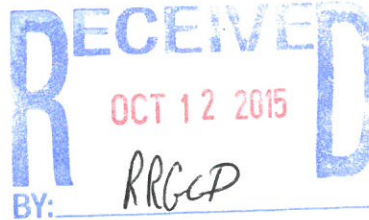
Recording Secretary

Secretary-Treasurer

ATTACHMENT 6

McClanahan and Holmes, LLP
 CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA
 GEORGE H. STRUVE, CPA
 ANDREW B. REICH, CPA
 RUSSELL P. WOOD, CPA
 DEBRA J. WILDER, CPA
 TEFFANY A. KAVANAUGH, CPA



228 SIXTH STREET S.E.
 PARIS, TEXAS 75460
 903-784-4316
 FAX 903-784-4310

304 WEST CHESTNUT
 DENISON, TEXAS 75020
 903-465-6070
 FAX 903-465-6093

1400 WEST RUSSELL
 BONHAM, TEXAS 75418
 903-583-5574
 FAX 903-583-9453

Bonham, Texas
 October 1, 2015

Members of Management
 Red River Groundwater Conservation District

We are pleased to confirm our understanding of the services we are to provide Red River Groundwater Conservation District for the year ended December 31, 2015. We will audit the financial statements of the governmental activities and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Red River Groundwater Conservation District as of and for the year ended December 31, 2015. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Red River Groundwater Conservation District's basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Red River Groundwater Conservation District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstance may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also prepare the financial statements of Red River Groundwater Conservation District in conformity with the U.S. generally accepted accounting principles based on information provided by you.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You also agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of McClanahan and Holmes, LLP and constitutes confidential information. However, subject to applicable laws or regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to an oversight agency or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of McClanahan and Holmes, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

We expect to begin our audit approximately in May 2016 and to issue our reports no later than June 1, 2016. Andrew B. Reich is the engagement partner and is responsible for supervising the engagement and signing the report. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs except that we agree that our gross fee, including expenses will not exceed \$4,250. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoice for these fees will be rendered upon completion of the audit. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to the Red River Groundwater Conservation District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,


McCLANAHAN AND HOLMES, LLP

RESPONSE:

This letter correctly sets forth the understanding of the Red River Groundwater Conservation District.

Signature: _____

Title: _____

Date: _____

ATTACHMENT 9



RED RIVER
GROUNDWATER CONSERVATION DISTRICT
FANNIN COUNTY AND GRAYSON COUNTY



General Manager's Quarterly Report
September 30, 2015

Management Plan
Assessment of the Status of Drought in the District

The following is a quarterly report on the existing drought conditions:

As September 2015 the Texas Water Development Board website reflected moderate to severe drought in the North Central Texas Area, with stream flow near or above normal.

Attached are the drought maps for July, August and September 2015. Rainfall maps are also attached to this report for this time period for your information and use.

The NOAA website reflects the following rainfall data in Fannin and Grayson Counties during this quarter:

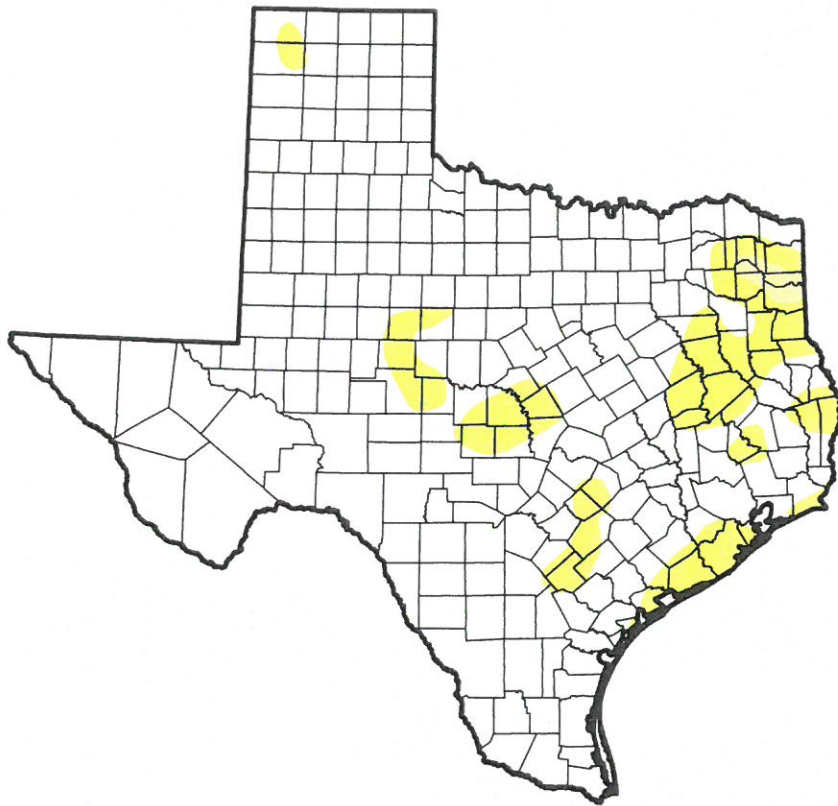
Location	July 2015	August 2015	September 2015
Bonham, Fannin County	1.55	0.57	1.36
Sherman, Grayson County	2.08	0.00	1.72

The Texas Water Development Board website reflects Lake Bonham at 77.5% of its conservation storage capacity and Lake Texoma at 93.2% as of October 5, 2015.

The Climate Prediction Center (NOAA) reflects there is greater than a 95% chance that El Nino will continue through the winter, gradually weakening through Spring 2016.

U.S. Drought Monitor Texas

July 28, 2015
(Released Thursday, Jul. 30, 2015)
Valid 8 a.m. EDT



Drought Conditions (Percent Area)

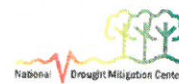
	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	86.45	13.55	0.65	0.00	0.00	0.00
Last Week <i>7/21/2015</i>	95.82	4.18	0.00	0.00	0.00	0.00
3 Months Ago <i>4/28/2015</i>	58.89	41.11	30.71	15.83	5.57	2.02
Start of Calendar Year <i>12/30/2014</i>	34.37	65.63	44.68	25.73	11.70	3.17
Start of Water Year <i>9/30/2014</i>	28.92	71.08	48.95	29.54	11.26	2.69
One Year Ago <i>7/29/2014</i>	15.95	84.05	58.10	32.96	14.29	2.94

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

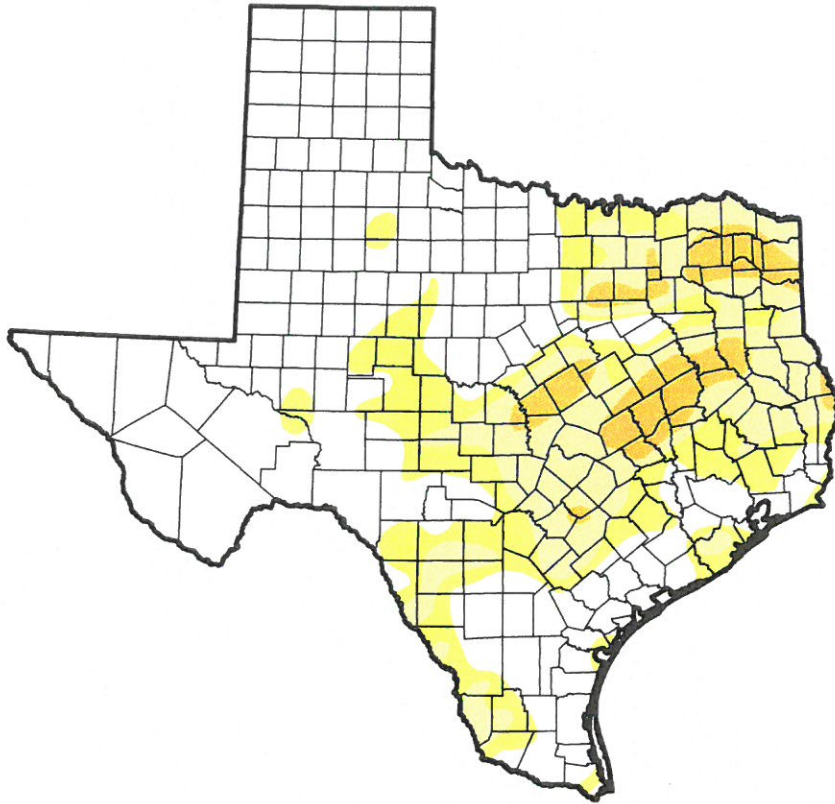
Author:
Richard Heim
NCEI/NOAA



<http://droughtmonitor.unl.edu/>

U.S. Drought Monitor Texas

August 25, 2015
(Released Thursday, Aug. 27, 2015)
Valid 8 a.m. EDT



Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	59.34	40.66	23.52	6.37	0.00	0.00
Last Week 8/18/2015	57.66	42.34	25.28	8.37	0.00	0.00
3 Months Ago 5/26/2015	82.11	17.89	5.40	0.00	0.00	0.00
Start of Calendar Year 12/30/2014	34.37	65.63	44.68	25.73	11.70	3.17
Start of Water Year 9/30/2014	28.92	71.08	48.95	29.54	11.26	2.69
One Year Ago 8/26/2014	16.83	83.17	61.25	38.21	16.23	2.76

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

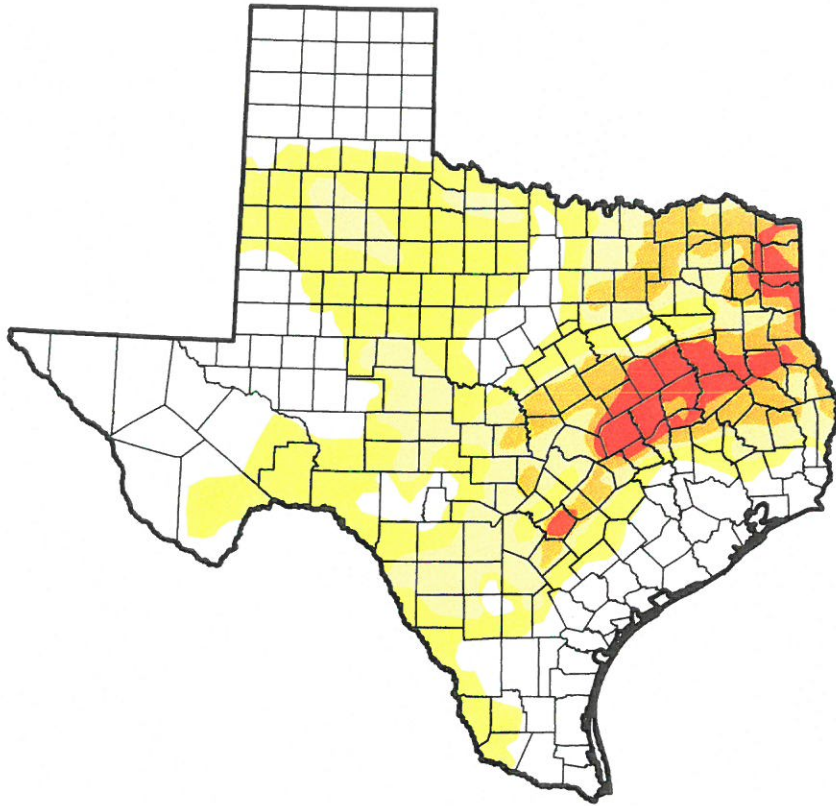
Author:
Anthony Artusa
NOAA/NWS/NCEP/CPC



<http://droughtmonitor.unl.edu/>

U.S. Drought Monitor Texas

September 22, 2015
(Released Thursday, Sep. 24, 2015)
Valid 8 a.m. EDT



Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	40.27	59.73	30.40	14.04	4.72	0.00
Last Week 9/15/2015	48.77	51.23	26.71	10.46	3.92	0.00
3 Months Ago 6/23/2015	95.37	4.63	0.25	0.00	0.00	0.00
Start of Calendar Year 12/30/2014	34.37	65.63	44.68	25.73	11.70	3.17
Start of Water Year 9/30/2014	28.92	71.08	48.95	29.54	11.26	2.69
One Year Ago 9/23/2014	24.37	75.63	52.18	28.54	11.39	1.79

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

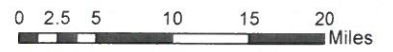
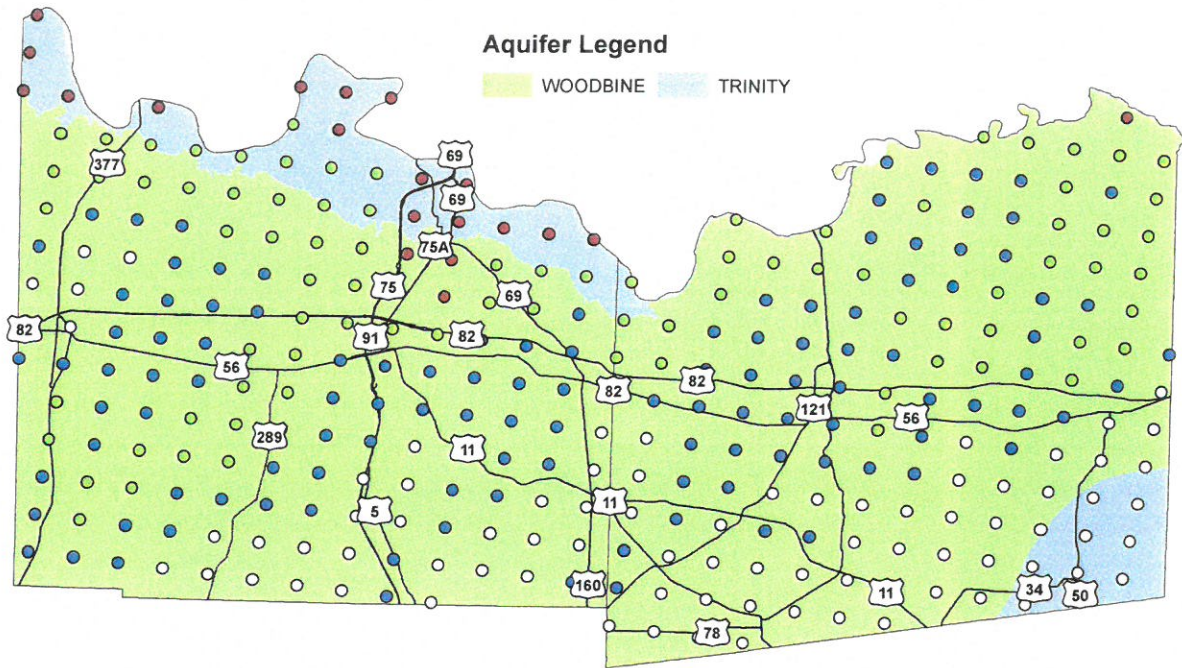
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author:
Eric Luebehusen
U.S. Department of Agriculture



<http://droughtmonitor.unl.edu/>

Rainfall Totals for July 2015



Red River Groundwater Conservation District
 PO Box 1214
 Sherman, TX 75091-1214
 (800) 256-0935

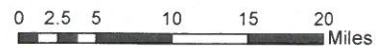
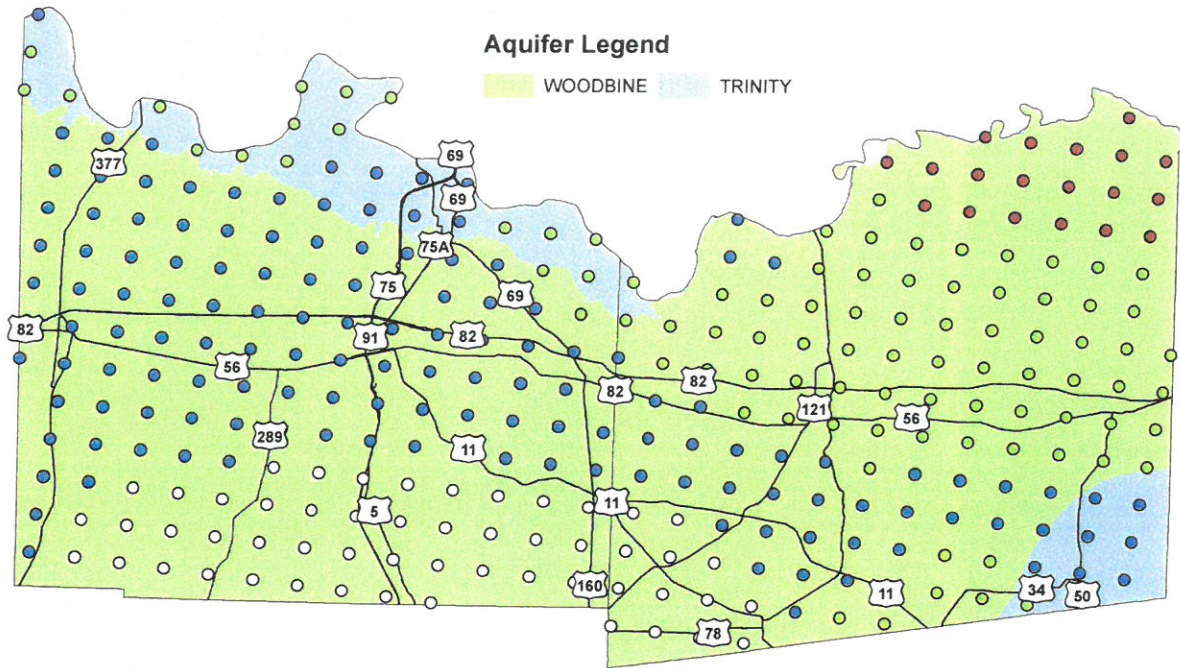


Data Source:
 National Weather Service
 Precipitation Analysis

Rainfall in Inches

- | | | | |
|---|-------------|---|-------------|
| ○ | 0.49 - 1.00 | ● | 1.49 - 2.19 |
| ● | 1.00 - 1.49 | ● | 2.20 - 3.22 |

Rainfall Totals for August 2015



Red River Groundwater Conservation District
 PO Box 1214
 Sherman, TX 75091-1214
 (800) 256-0935

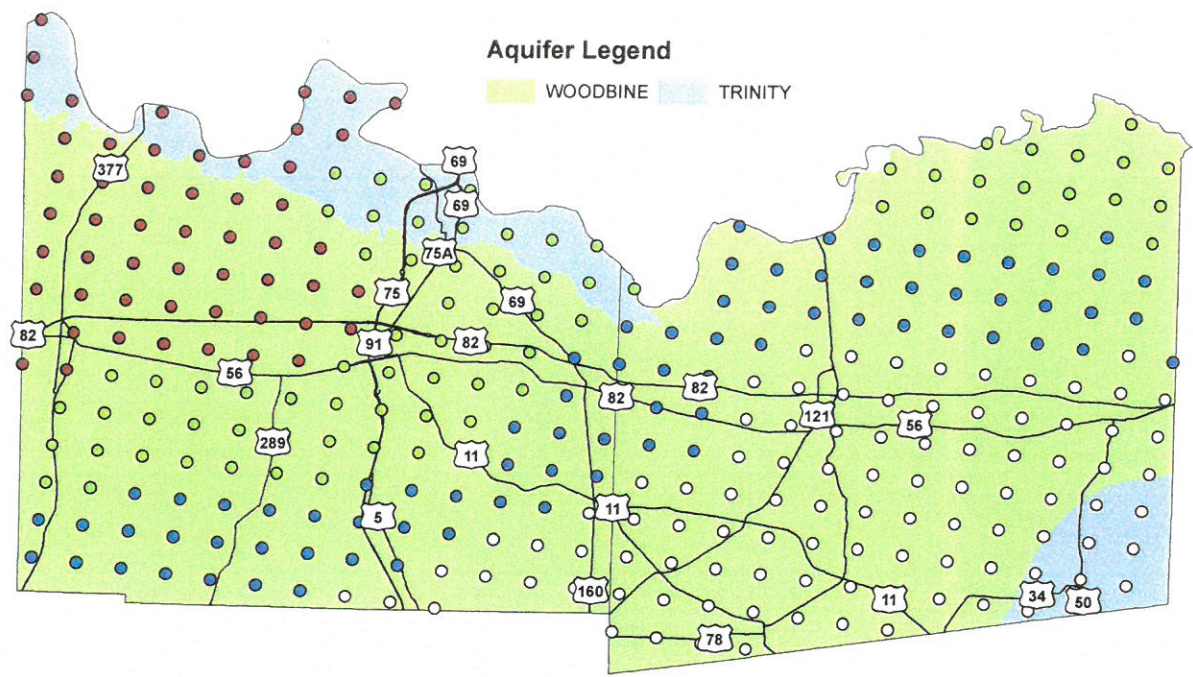


Data Source:
 National Weather Service
 Precipitation Analysis

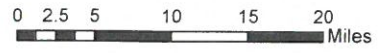
Rainfall in Inches

- | | |
|---------------|---------------|
| ○ 2.02 - 2.10 | ● 2.17 - 2.25 |
| ● 2.11 - 2.16 | ● 2.26 - 2.41 |

Rainfall Totals for September 2015



Aquifer Legend
 WOODBINE TRINITY



Red River Groundwater Conservation District
 PO Box 1214
 Sherman, TX 75091-1214
 (800) 256-0935



Data Source:
 National Weather Service
 Precipitation Analysis

Rainfall in Inches			
○	2.87 - 3.20	●	3.44 - 3.68
●	3.21 - 3.43	●	3.69 - 4.09

ATTACHMENT 10

Red River Groundwater Conservation District

Well Registration Summary As of September 30, 2015

Well Type	Total Registered Fannin County	Total Registered Grayson County	August 2015	New Registrations
Domestic	76	128	202	2
Agriculture	12	24	35	1
Oil/Gas	0	19	19	0
Surface Impoundments	4	11	15	0
Commercial	4	2	6	0
Golf Course	0	15	15	0
Livestock	11	14	23	2
Irrigation	0	4	4	0
Public Water	54	208	262	0
Total	161	425	581	5

ADJOURN