

**RED RIVER
GROUNDWATER
CONSERVATION
DISTRICT**

PERMIT HEARING AND BOARD MEETING

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

**THURSDAY
SEPTEMBER 19, 2019**

AGENDA
RED RIVER GROUNDWATER CONSERVATION DISTRICT
BOARD OF DIRECTORS BOARD MEETING
GREATER TEXOMA UTILITY AUTHORITY BOARD ROOM
5100 AIRPORT DRIVE
DENISON, TEXAS 75020
THURSDAY, SEPTEMBER 19, 2019

Permit Hearing

The Permit Hearing will be at 10:00 a.m.

Notice is hereby given that the Board of Directors of the Red River Groundwater Conservation District ("District") will conduct a permit hearing on the following Production Permit Application:

Agenda:

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.
2. Review the Production Permit Application of:

Applicant: City of Gunter, P.O. Box 349, Gunter, TX 75058

Location of Well: FM 121, Gunter, TX 75058; Latitude: 33.43763°N Longitude: 96.7070 °W; on the north side of FM 121 approximately 0.5 miles east of the FM 121 and Jc Maples Road Intersection

Purpose of Use: Public Water System

Requested Amount of Use: 96,084,106 gallons

Production Capacity of Well: 400 gallons per minute

Aquifer: Trinity (Antlers)

3. Public Comment on the Production Permit Application (verbal comments limited to three (3) minutes each).
4. Consider and act upon the Production Permit Application, including designation of parties and/or granting or denying the Production Permit Application in whole or in part, as applicable.
5. Adjourn or continue permit hearing.

Board Meeting

The regular Board Meeting will begin upon adjournment of the above noticed Permit Hearing.

Notice is hereby given that the Board of Directors of the Red River Groundwater Conservation District ("District") may discuss, consider, and take all necessary action, including expenditure of funds, regarding each of the agenda items below:

Agenda:

1. Call to order, establish quorum; declare meeting open to the public.
2. Public Comment.
3. Administer Oath of Office.
4. Consider and act upon approval of Minutes of July 25, 2019, Board Meeting.
5. Review and approval of monthly invoices.
6. Receive monthly financial information.
7. Consider and act upon amendment to the District's Bylaws
8. Consider and act upon election of Officers
9. Receive Quarterly Report on Management Plan.
10. Consider and act upon Engagement Letter for Audit Services for Fiscal Year Ending December 31, 2019.
11. Consider and act upon authorizing WSP to develop a sample Hydrogeological Report
12. Update and possible action regarding the process for the development of Desired Future Conditions (DFC).
 - a. Discussion and Possible action on revised Modeled Available Groundwater for the current planning cycle
13. Consider and act upon compliance and enforcement activities for violations of District Rules.
 - a. JT Rivers, LLC update
14. General Manager's report: The General Manager will update the Board on operational, educational and other activities of the District.
 - a. Well Registration Summary
15. Open forum / discussion of new business for future meeting agendas.
16. 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.

³ Persons 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 4

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

THURSDAY, JULY 25 2019

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

Members Present: Chuck Dodd, David Gattis (arrived 10:05), Harold Latham, Mark Patterson, Mark Gibson, Mark Newhouse, and Billy Stephens

Members Absent:

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

Visitors: Kristen Fancher, Fancher Legal
Robin McCoy, Senator Pat Fallon's Office

Board Meeting

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

Board President Mark Patterson called the meeting to order at 10 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 June 27, 2019, Board Meeting.

Board Member Chuck Dodd made a motion to approve the minutes of the June 27, 2019 meeting. 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 Billy Stephens made a motion to approve Resolution 2019-07-25-01. Board Member Mark Gibson seconded the motion. Motion passed unanimously.

5. Receive monthly financial information.

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

Board moved to Item 7 to allow time for Board Member David Gattis to arrive. Board Member David Gattis arrived as the Committee was being appointed.

6. Budget and Finance.

a. Consider and act upon 2020 Operating Budget.

General Manager Drew Satterwhite provided background information for the Board. The District's fiscal year is based on a calendar year from January 1st through December 31st, while many of the groundwater producers who pay production fees operate on fiscal years that begin October 1st through September 30th. The Budget Committee met on July 17th and reviewed the proposed budget. During the Budget Committee meeting, discussion was held regarding the well registration and permit application fees. The Budget Committee directed staff to review the amount of effort involved with the new permit applications and to report back to the full Board for discussions of a tiered system for application and permit fees. The Committee would like for the Board to discuss the possibility of have 3 tiers for 1) exempt wells, 2) non-exempt wells that do not require a hydro report (<200 gpm), and 3)non-exempt wells that require a hydro report as a part of the application process (>200 gpm). The Board discussed the 3 tiers and the rates for each. The Board discussed the Fund Balance and decided it was adequate until clarified by Fund Balance Committee consisting of David Gattis, Mark Newhouse and Harold Latham.

Board Member David Gattis made the motion to divide the fees into 3 tiers:

1. Exempt wells, \$100
2. Non-exempt wells that do not require a hydro report (<200 gpm), \$600
3. Non-exempt wells that require a hydro report as a part of the application process (>200 gpm), \$1500

These fees will become effective January 1, 2020. Board Member Chuck Dodd seconded the motion. Motion passed unanimously.

Board Member Chuck Dodd made the motion to approve the Budget and Rate Fees as presented. Board Member David Gattis seconded the motion. Motion passed unanimously.

b. Consider and act upon 2020 Groundwater Production Fee and Fee Schedule.

Board Member Chuck Dodd made the motion to approve the Budget and Rate Fees as presented. Board Member David Gattis seconded the motion. Motion passed unanimously.

c. Receive Quarterly Investment Report.

General Manager Drew Satterwhite reviewed the Quarterly Investment Report with the Board.

7. Establish committee to elect officers.

General Manager Drew Satterwhite informed the Board that the Bylaws need an update regarding the wording pertaining to when officers are to be elected. The terms of Board members end August 31 and the wording states the officers should be elected at the August meeting. The Committee to elect officers was established with Harold Latham, David Gattis and Mark Newhouse.

At this time, the Board addressed Item 6.

8. Discuss upcoming rules changes based on legislative changes and establish committee to review potential rule changes.

Kristen Fancher, legal counsel, informed the Board that spacing clarification and rule clarification will need to be addressed in September. The Board appointed Rule Changes Committee members Chuck Dodd, Mark Gibson and Harold Latham.

9. Consider and act upon amendments to the District's Hydrogeological Report Requirements.

General Manager Drew Satterwhite informed the Board that Staff would like the Board to consider minor amendments to the Hydrogeological Report Requirements. The staff has identified a few items that the Board may want to consider adding or changing within the requirements to make the guidelines more clear as well as making the end product more versatile for future permit requests. The staff provided a redlined version detailing the proposed changes.

Board Member David Gattis made the motion to approve the changes as presented. Chuck Dodd seconded the motion. Motion passed unanimously.

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

General Manager Drew Satterwhite informed the Board that future model runs will be discussed at the GMA 8 meeting on Friday, July 26.

11. Consider and act upon compliance and enforcement activities for violations of District Rules.
 - a. JT Rivers, LLC

Mr. Satterwhite provided a summary of the events taking place. The Corp of Engineers has been contacted and is aware of the situation. There are two wells running into ponds and water appears to be leaking into surrounding landowner's property killing trees. The Board discussed the information under which the wells were drilled and the fact that there is no livestock, no meters on wells and new owner of property. Attempts to reach the new owner have not been successful at the time of this meeting. Kristen Fancher, legal counsel, informed the Board what actions could be taken such as a Violation for Waste and failure to put meters on 2 wells for a total of \$1,500 dollars. Board Member David Gattis made the motion to send the Violation Letter and fines in the total amount of \$1,500. Board Member Mark Newhouse seconded the motion. Motion passed unanimously.

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

- a. Well Registration Summary

General Manager Drew Satterwhite reported that there are a total of 6 new well registrations in the District for a total of 906 wells.

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

The next meeting is scheduled for Thursday, August 29, 2019.

14. Adjourn.

President Patterson declared the meeting adjourned at 11:02 a.m.

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Recording Secretary

Secretary-Treasurer

ATTACHMENT 5

RESOLUTION NO. 2019-09-19-01

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE RED RIVER GROUNDWATER
CONSERVATION DISTRICT AUTHORIZING PAYMENT OF ACCRUED LIABILITIES FOR THE
MONTHS OF JULY AND AUGUST

The following liabilities are hereby presented for payment:

<u>Administrative Services</u>	<u>Amount</u>
GTUA - July 2019	15,170.39
GTUA - August 2019	21,003.27
<u>Advertising</u>	
Herald Democrat - Water conservation tips	146.50
<u>Contract Services</u>	
WSP - Hydro Geo services through July	1,490.00
<u>Direct Costs</u>	
Bruce Stidham - Tax Accessor Collector for truck registration	7.50
NexTraq - GPS Tracking June	39.95
NexTraq - GPS Tracking July	39.95
North Texas Tollway - 7/7/19-8/6/19	37.18
<u>GMA-8 Fees</u>	
NTGCD - CGMA 8 fees from Oct 2018-Aug 2019	508.65
<u>Legal</u>	
Fancher Legal - July 2019 BOD General Legal Services	2,598.00
Fancher Legal - August 2019 BOD General Legal Services	596.00
<u>Software Maintenance</u>	
IT Nexus - August 2019 well database maintenance	600.00
IT Nexus - September 2019 well database maintenance	600.00
GRAND TOTAL:	\$ <u>42,837.39</u>

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RED RIVER
GROUNDWATER CONSERVATION DISTRICT THAT the Secretary-Treasurer is hereby authorized to
make payments in the amounts listed above.

On motion of _____ and seconded by:

_____, the foregoing Resolution was passed and approved on this, the 19th. day of September 2019

by the following vote:

AYE:
NAY:

At a meeting of the Board of Directors of the Red River Groundwater Conservation District.

President

ATTEST:

Secretary/Treasurer

ATTACHMENT 6

RED RIVER GROUNDWATER

Balance Sheet

As of August 31, 2019

Aug 31, 19

ASSETS

Current Assets

Checking/Savings

10001 CASH-First United	274,879.06
10025 A/R CONSUMPTION	36,438.91
10026 A/R Texas Rain Holding Co	2,600.00
10101 ALLOWANCE FOR UNCOLLECT	-1,530.00
10200 AR DRILLERS DEP	-3,200.00
10010 INVESTMENTS	100,000.00
10230 PP EXPENSES	3,322.00
Undeposited Funds	100.00

TOTAL ASSETS	<u>412,609.97</u>
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LIABILITIES & EQUITY

Liabilities

Current Liabilities

23100 ACCOUNTS PAYABLE	510.00
23150 DRILLERS DEPOSIT LIAB	8,500.00

Total Current Liabilities	<u>9,010.00</u>
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Total Liabilities	<u>9,010.00</u>
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Equity

35100 RETAINED EARNINGS	217,860.40
Opening Balance Equity	202,157.93
Net Income	-16,418.36

Total Equity	<u>403,599.97</u>
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TOTAL LIABILITIES & EQUITY	<u>412,609.97</u>
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RED RIVER GROUNDWATER
Profit & Loss Budget vs. Actual
January 1 through August 31, 2019

	Current Actual	Current Budget	YTD Actual	Total Budget	Remaining Budget
Income					
46002 GW PRODUCTION	0.00	0.00	156,721.70	315,000.00	50.25%
46005 LATE FEES	0.00		1,000.00	0.00	
46006 VIOLATION FEES	0.00		3,600.00	0.00	
46010 WELL DRILLERS FEES	0.00		0.00	0.00	
46015 REGISTRATION FEES	500.00	625.00	3,900.00	7,500.00	48.0%
46100 INTEREST INCOME	0.00	167.11	962.07	2,005.24	52.02%
Total Income	500.00	792.11	166,183.77	324,505.24	48.79%
Expense					
77010 ADMINISTRATIVE COST	11,764.75	9,166.67	70,332.00	110,000.00	36.06%
77020 ADVERTISING	146.50	0.00	247.45	1,500.00	83.5%
77027 AUDITING	0.00	0.00	4,750.00	4,750.00	0.0%
77031 BANKING FEES	0.00	0.00	0.00	100.00	100.0%
77032 CONTRACT SERVICES	2,090.00	3,416.67	11,950.76	41,000.00	70.85%
77035 FIELD TECH	5,955.60	6,666.67	38,828.60	80,000.00	51.46%
77040 DIRECT COST	81.11	500.00	2,796.10	6,000.00	53.4%
77045 FIELD PERMITTING SPECIAL	1,472.00	2,500.00	19,389.00	30,000.00	35.37%
77450 DUES & SUBSCRIPTIONS	0.00	141.67	358.00	1,700.00	78.94%
77480 EQUIPMENT	0.00	166.67	968.08	2,000.00	51.6%
77500 FEES-GMA8	508.65	166.67	508.65	2,000.00	74.57%
77610 FUEL	48.32	291.67	1,955.39	3,500.00	44.13%
77810 INSURANCE AND BONDING	0.00	372.34	2,550.48	4,468.00	42.92%
77855 INTERNET FEES	0.00	83.34	2,143.93	1,000.00	-114.39%
77970 LEGAL	0.00	2,916.67	16,675.20	35,000.00	52.36%
78010 MEETINGS AND CONFEREN	259.96	433.34	2,984.62	5,200.00	42.6%
78310 RENT	200.00	200.00	1,600.00	2,400.00	33.33%
78600 SOFTWARE MAINTENANCE	584.96	1,166.67	2,792.65	14,000.00	80.05%
78750 TELEPHONE	221.42	208.34	1,671.22	2,500.00	33.15%
Total Expense	23,333.27	28,397.39	182,502.13	347,118.00	47.42%
Net Income	-22,833.27	-27,605.28	-16,318.36	-22,612.76	

ATTACHMENT 7



**RED RIVER GROUNDWATER CONSERVATION
DISTRICT
AGENDA COMMUNICATION**



DATE: September 12, 2019

SUBJECT: AGENDA ITEM NO. 7

CONSIDER AND ACT UPON AMMENDMENTS TO THE DISTRICT'S BYLAWS

ISSUE

The District's current bylaws have a provision regarding the Officer appointments that the staff would like the Board to consider amending.

BACKGROUND

At the April 2017 meeting, the Board adopted several amendments to the District's Bylaws that primarily consisted of providing more clarity to the Director appointment process.

The current bylaws read: *"Each odd-numbered year at its regular August meeting, or at its next regular meeting if there is no August meeting, the Board shall meet and elect three Directors to serve as officers, whose titles shall be President, Vice-President, and Secretary/Treasurer. Officers shall be elected for terms of one year. Officers may serve multiple consecutive terms."*

The excerpt above has two issues. The first issue is that the Board Member terms expire on August 31 of each odd-numbered year and we believe it would make more sense for the appointments to occur at the September meeting after the new Board is in place. The second issue is that it calls for elections each odd-numbered year and then goes on to say that the terms are for one year. In order to provide clarity, we would like for the paragraph to read that Officers are appointed each year or that the terms are two years.

CONSIDERATIONS

We have attached a redlined version of the bylaws for the Board's consideration. The attached version changes the officer terms to two years and keeps the election year at each odd-numbered year. This sentence can be changed to "each year" and one year terms. The staff has no preference and only provided the redlined version as a place to kick-start the discussion.


STAFF RECOMMENDATIONS

The staff recommends the Board consider amendments as they see fit to the bylaws.

ATTACHMENTS

Redlined Bylaws

PREPARED AND SUBMITTED BY:



Drew Satterwhite, General Manager

Red River Groundwater Conservation District Bylaws

Adopted and Effective January 18, 2012; Amended
April 20, 2017 and September 19, 2019

SECTION 1. DISTRICT CREATION AND PURPOSE; DEFINITIONS

1.1 Creation and Purpose

The Red River Groundwater Conservation District (the "District") was created by the 81st Texas Legislature under the authority of Section 59, Article XVI, of the Texas Constitution, and in accordance with Chapter 36 of the Texas Water Code ("Water Code"), by the Act of May 25, 2009, 81st Leg., R.S., ch. 884, 2009 Tex. Gen. Laws 2313, codified at TEX. SPEC. DIST. LOC. LAWS CODE ANN. ch. 8859 ("the District Act").

The District is a governmental agency and a body politic and corporate. The District was created to serve a public use and benefit, and is essential to accomplish the objectives set forth in Section 59, Article XVI, of the Texas Constitution. The District's boundaries are coextensive with the boundaries of Fannin and Grayson Counties, Texas, and all lands and other property within these boundaries will benefit from the works and projects that will be accomplished by the District.

1.2 Definitions

- (a) "Water services district" means a district created under the authority of Section 59, Article XVI, or Section 52, Article III, Texas Constitution, with the authority to provide retail water service in the District.
- (b) "Water supply corporation" means a water supply corporation operating under Chapter 67, Water Code.

SECTION 2. BOARD OF DIRECTORS

2.1 Composition and Appointment; Terms of Office

- (a) The District is governed by a Board of Directors, which is comprised of seven appointed Directors, three from Fannin County and four from Grayson County. Directors shall serve staggered four-year terms, with the terms of three or four directors from each appointing county expiring on August 31 of each odd-numbered year. In accordance with the District Act, the Directors shall be appointed as follows:

- (1) one Director shall be appointed by the Fannin County Commissioners Court at the discretion of the Commissioners Court;
 - (2) one Director shall be appointed by the Fannin County Commissioners Court from a list of nominees submitted to the Commissioners Court by the governing bodies of the municipalities in Fannin County;
 - (3) one Director shall be appointed by the Fannin County Commissioners Court from a list of nominees submitted to the Commissioners Court by the water services districts and water supply corporations that provide retail water service to customers in Fannin County, subject to the limitation provided by Subsection (b);
 - (4) two Directors shall be appointed by the governing body of the municipality in Grayson County with the largest annual production of groundwater by volume for the four years preceding the appointment;
 - (5) one Director shall be jointly appointed by the governing bodies of the municipalities in Grayson County other than the municipality described by Subsection (a)(4) of this section; and
 - (6) one Director shall be jointly appointed by the governing boards of all water services districts and water supply corporations that provide retail water service to customers in Grayson County, subject to the limitation provided by Subsection (b).
- (b) A water services district or water supply corporation in Grayson and Fannin Counties may not participate in the appointment of a Director unless that district or corporation used groundwater produced from wells located within the district to provide retail water service in the district during the calendar year of the appointment or the calendar year preceding the appointment. The entity submitting a nomination under this subsection certifies under penalty of perjury through the submission of a nomination that it is qualified under this subsection. The General Manager shall provide notice to each entity thought to have used groundwater produced from wells located within the district to provide retail water service in the district during the calendar year of the appointment, or the calendar year preceding the appointment, and such notice shall apprise each entity that by submitting a nomination, the entity certifies that it is qualified.
- (c) To be eligible to serve as a Director, a person must be a registered voter in the appointing county and must qualify to serve as a Director in the manner provided by Section 36.055 of the Texas Water Code. A Director may serve multiple consecutive terms.
- (d) Directors must be appointed not later than the second Monday in August of each odd-numbered year (the "appointment deadline"). Not later than the 60th day before the appointment deadline, the District shall mail written notice to each entity authorized to make an appointment, along with the applicable nomination or appointment form.

2.2 Director Appointment Process

- (a) The General Manager shall create official forms for sending to the nominating and appointing entities as described by this section.
- (b) Pursuant to the schedule set forth in Section 2.1(d), the General Manager shall by mail deliver a written notice to each entity that is authorized to nominate or appoint persons for Director positions that are set to expire in that particular year. The notice shall set forth the process for nominations or appointments, as applicable, and the deadline for providing the form with the nominee or appointment to the District. Each nominating or appointing body shall make its choice for Director according to its own procedures, and shall submit the name of its chosen nomination or appointment by the established due date.
- (c) For the Director positions appointed pursuant to Section 2.1(a)(2) and (3), upon receipt of nominees submitted to the District by the nominating entities, the General Manager shall then compile and send the official list of nominees to the commissioners court not later than the 30th day before the appointment deadline. The commissioners court shall make its selection for the applicable Director position from the official list submitted by the District; provided, however, if nominees were not submitted to the District by the nominating entities, or if the commissioners court does not timely receive a list of nominees from the District, the commissioners court may appoint a Director to the position at the discretion of the commissioners court.
- (d) For the Director positions appointed pursuant to Section 2.1(a)(5) and (6), the individual with the greatest number of forms submitted in his or her favor automatically becomes the appointed Director selected by the appointing bodies. In the event that the forms submitted for an appointment produce a tie, the General Manager shall send appointment ballots to the appropriate appointing bodies within 10 days of the determination that a tie has occurred. In order to break the tie, the appointment ballots shall list the candidates tied for the appointment and direct the appointing bodies to select only one person from the listed candidates. The tie-breaking appointment ballots must be received by the General Manager no later than 5 p.m. on the 30th day after the date such ballots were mailed to the appointing bodies by the General Manager.
- (e) As soon as practicable after all appointment forms are received, the General Manager shall certify in writing to the Board that the appointments were submitted in accordance with this section, and shall also make a reasonable effort to verify that the appointed Directors are qualified to serve on the Board. Following certification and verification, the General Manager shall present the names of the newly appointed Directors to the Board for instatement. The General Manager is responsible for ensuring that the newly appointed Directors follow the requirements for the instatement of new Directors.

2.3 Miscellaneous Appointment Provisions

- (a) All appointment forms or ballots due to the General Manager must be received by 5 p.m. on the date those appointment forms or ballots are due; appointment forms or ballots received after this time are invalid. All appointment forms or ballots timely received by the General Manager in accordance with the procedures set forth in this section cannot be retracted, altered, or otherwise amended after 5 p.m. of the date those appointment forms or ballots are due.
- (b) A Director appointed in accordance with the procedures set forth herein may only be removed in accordance with the laws of the State. The body responsible for a Director's appointment has no power to remove that Director during his or her term, except as provided under the laws of this State related to the removal of public officers generally. This does not affect the power of the appointing body to fill a vacancy in accordance with these Bylaws.
- (c) If any appointee does not fulfill the qualifications for a Director, then the vacancy procedures set forth in Section 2.4 of these Bylaws shall be followed to select another appointee.
- (d) The General Manager shall preserve all Director appointment-related documents permanently in the District's records. Upon written request to the Board President by any Director of the Board of Directors as comprised prior to appointments, or upon the Board President's own initiative, the Board as comprised prior to appointments shall review the appointments submitted and the certification of the General Manager at the next available Board meeting and may ratify or overrule such certification. A request under this subsection must occur prior to the instatement of newly appointed Directors pursuant to the General Manager's certification.

2.4 Director Vacancies; Notification

Should a vacancy occur on the Board for any reason, the entity(ies) that appointed the Director who vacated the office shall appoint a person to fill the vacancy for the unexpired term in a manner that meets the representational requirements of the District Act and these Bylaws. Within thirty (30) days after any appointment of a Director, the District shall notify the Executive Director of the Texas Commission on Environmental Quality in accordance with Section 35.054(e), Water Code. A Director shall serve until the Director's successor has been qualified.

2.5 Sworn Statement; Bond; Oath of Office

As soon as practicable after a Director is appointed, the Director shall make the sworn statement prescribed by the Texas Constitution, take the oath of office, and execute a bond, as required by Section 36.055, Water Code. The District shall file the sworn statement, oath, and bond as prescribed in Section 36.055(d).

2.6 Officers

Each odd-numbered year at its regular ~~August-September~~ September meeting, or at its next regular meeting if there is no ~~August-September~~ meeting, the Board shall meet and elect three Directors to serve as officers, whose titles shall be President, Vice-President, and Secretary/Treasurer. Officers shall be elected for terms of ~~two~~ one years. Officers may serve multiple consecutive terms.

The President shall serve as the Board Chair, preside at all Board meetings, execute documents on behalf of the District as necessary, and perform other duties prescribed by the Board.

The Vice-President shall act as the President in case of the absence or disability of the President, and perform other duties prescribed by the Board.

The Secretary/Treasurer shall be responsible for seeing that all records and books of the District are properly kept, according to the requirements of Sections 36.054(c) and 36.065, Water Code, shall attest the President's signature on all documents, and shall perform other duties prescribed by the Board.

The Board may appoint other Directors, the General Manager, or any employee as an Assistant Secretary to assist the Secretary/Treasurer, and any such person shall be entitled to certify as to the authenticity of any record of the District, including but not limited to all proceedings relating to bonds, contracts, or indebtedness of the District.

The Board shall fill vacant officer positions as needed to serve the remainder of the unexpired term of such vacant officer. If the Board selects a Director who holds another Board officer position at the time of the vacancy to fill the unexpired term, the Board shall select another Director to serve the remainder of the unexpired term of such second officer.

2.7 Indemnification of Directors and Employees

The District may purchase and maintain insurance or bonding on behalf of any person who is a Director or employee of the District in any capacity or arising out of his status as such.

Each Director and employee is indemnified by the District against any liability imposed upon him and for any expense reasonably incurred by him in connection with any claim made against him, or any action, suit or proceeding to which he may be a party by reason of his being, or having been, a Director or employee, and against such sums as counsel selected by the Board shall deem reasonable payment made in settlement of any such claim, action, suit, or proceeding; provided, however, that no Director or employee shall be indemnified with respect to actual damages arising out of a cause of action for a willful act or omission, an act or omission constituting gross negligence or official misconduct, or with respect to matters for which such indemnification would be unlawful or against public policy. Any right of indemnification granted by this section is in

addition to and not in lieu of any other such right for which any Director or employee of the District may at any time be entitled under the laws of the State of Texas; and if any indemnification that would otherwise be granted by this section is disallowed by any competent court or administrative body as illegal or against public policy, then any Director or employee with respect to whom such adjudication was made, and any other Director or employee, shall be indemnified to the fullest extent permitted by law or public policy, it being the express intent of the District to indemnify its Directors and employees to the fullest extent possible in conformity with these Bylaws, all applicable laws and public policy. The indemnification provided herein shall inure to the benefit of the heirs, executors, and administrators of each Director and employee of the District.

2.8 Conflicts of Interest

A person who qualifies as a Director may participate in all votes relating to the business of the District, regardless of any common law doctrine or statutory prohibition related to conflicts of interest or incompatibility. Section 36.058, Texas Water Code, relating to conflicts of interest, does not apply to this District.

2.9 Open Meetings and Public Information Training

Directors shall comply with the requirements for open meetings and public information training as provided by Sections 551.005 and 552.012, Government Code.

2.10 Fees of Office and Reimbursement of Expenses

Directors may not receive fees of office or other compensation for performing the duties of Director. However, subject to prior approval of the Board or upon request of the President or General Manager, a Director is entitled to reimbursement of actual expenses reasonably and necessarily incurred while engaging in activities on behalf of the District. A position on the board shall not be considered a civil office of emolument for any purpose.

2.11 Decennial Review of District Representation

Not later than January 1, 2019, and every 10 years following that date, the Board shall complete a review of the adequacy of representation of water users on the Board based on groundwater production and use within the District. Not later than the 20th day following the date the review is complete, the Board shall submit the review and any recommendation the Board may have relating to the reapportionment of Directors or the representational structure of the Board to each member of the house of representatives and each member of the senate whose state legislative district includes territory in the district.

SECTION 3. BOARD MEETINGS

3.1 Regular and Special Meetings of the Board

The Board shall schedule regular meetings at least quarterly, as the Board may establish from time to time. At the request of the President or presiding officer, or by written request of at least three Directors, the Board shall hold special meetings. All Board meetings shall be held in accordance with the Open Meetings Act, Chapter 551, Texas Government Code. The Board President shall prepare and accept items for inclusion on the official agenda of all Board meetings subject to policies and rules adopted by the Board.

The Board may provide members of the public an opportunity to speak and may place reasonable limitations on such public comment, including time limitations, prohibiting unduly repetitious comments or improper conduct, and requiring persons wishing to provide comment to complete an information card. A registration form may be provided for this purpose. At the discretion of the President or presiding officer, the Board may seek public comment or ask questions of any person in attendance. Public comment at permit application hearings and rulemaking hearings shall be as provided in the District Rules.

To the extent necessary for orderly conduct of meetings at the discretion of the President, the guidelines of "Roberts Rules of Order Newly Revised," New Edition, by Henry M. Robert III, 10th Edition, 2000, or as amended, or other guidelines as preferred may be followed, insofar as such procedures do not conflict with the District Rules, orders or resolutions of the District, or state law.

3.2 Work Sessions

From time to time, a regular or special Board meeting, or portion thereof, may be designated as a Work Session for the Board and its employees to discuss and evaluate issues that may require lengthy presentations not generally possible during a regular Board meeting. Work Sessions are primarily for the benefit of the Board and employees, although they will be open to the public. During work sessions of the Board, no public comment will be heard, unless specifically requested by a Director and recognized by the President.

3.3 Quorum

- (a) A quorum of the Board must be present to conduct District business. A quorum exists when four or more Directors are present. Unless otherwise expressly provided herein, a concurrence of a majority of the entire Board is required for transacting any business of the District. When the quorum is four Directors, all four Directors must vote in agreement for a motion to prevail.
- (b) A concurrence of not fewer than six Directors is required for transacting the following District business:

- (1) establishing or amending a groundwater production fee assessed by the District based on the amount of groundwater authorized by permit to be withdrawn from a well or on the amount of water actually withdrawn from a well;
 - (2) adopting the annual budget of the District; and
 - (3) granting or denying a permit or permit amendment for a well that is intended to produce water within the District which will be transported in any amount for use outside the boundaries of the District, except as provided by Subsection (c) of this section.
- (c) A concurrence of a majority of the Board is sufficient to grant or deny a permit or permit amendment submitted by a retail public utility that provides retail water service in the district and intends to:
- (1) produce water from a well located within the District and inside the boundaries or a certificated service area of a retail public utility; and
 - (2) transport the water outside the District, so long as the water is used within the same certificated service area or boundary of the retail public utility.

SECTION 4. COMMITTEES

4.1 Committees

The President may establish and appoint Directors and/or other persons for advisory committees for formulation of recommendations to the Board or for such other purposes as the President may designate. The President shall establish an audit or finance committee comprised only of Directors. The President may select a person to serve as Chair of a committee. Each member of a committee shall have a single vote on any issue before the committee. Written proxy votes shall not be allowed. A meeting of a committee where less than a quorum of the Board is present is not subject to the provisions of the Open Meetings Act.

Committee members serve at the pleasure of the President. Committee membership is voluntary and without compensation or reimbursement, except for reimbursement of expenses of Directors as set forth under Section 2.8.

SECTION 5. EMPLOYEES

5.1 General Manager and Employees

The Board may employ or contract with a person to perform such services as General Manager for the District and set the General Manager's salary. A Director may not be employed as General Manager of the District. At least annually, the Board shall review the actions and performance of the General Manager to determine how the General Manager

has fulfilled his responsibilities and whether additional responsibilities should be delegated to him.

5.2 Delegation of Authority

The General Manager shall be the chief administrative officer of the District and shall have full authority to manage and operate the affairs of the District, subject only to the direction given by the Board through policies, resolutions, and orders adopted by it. The General Manager, with the approval of the Board, may employ all persons necessary for the proper handling of the business and operations of the District and determine the compensation to be paid all employees other than the General Manager, subject to the constraints of the annual budget approved by the Board. The General Manager may delegate his administrative duties as may be necessary to effectively and expeditiously accomplish his duties, provided however, that no such delegation shall ever relieve him of responsibilities which are ultimately his under the District Act, District Rules, District Bylaws, or Board orders. In the absence of a General Manager, the President shall exercise all of the duties delegated to the General Manager.

SECTION 6. DISTRICT ADMINISTRATION

6.1 District Address:

The District's mailing and physical address is 5100 Airport Drive, Denison, Texas 75020. Such addresses may be changed by resolution of the Board.

6.2 Minutes and Records of the District

All documents, reports, records, taped recordings, and minutes of the District shall be available for public inspection in accordance with the Texas Public Information Act, Chapter 552, Texas Government Code. The preservation, storage, destruction, or other disposition of the District's records is subject to Chapter 201, Texas Government Code.

6.3 Office Hours

After an office has been established, the regular office hours of the District shall be determined by the Board. From time to time, circumstances may require the General Manager to modify these hours on a temporary basis. Operating hours, both regular and temporary, shall be posted on or near the front door to the District office. Permanent changes in the District's regular office hours may be approved by the Board from time to time as needed or as may be appropriate.

6.4 Official Seal

The Board, by resolution, may adopt an official seal for the District to be used on official documents of the District.

SECTION 7. FINANCIAL

7.1 Contracts, Instruments, and Documents:

The Board may authorize the President or the General Manager to enter into any contract or to execute and deliver any instrument or document in the name of and on behalf of the District. All contracts shall be executed by either the President or the General Manager, attested by the Board Secretary/Treasurer, and, if deemed necessary by the Board or General Manager, approved by the District's legal counsel.

7.2 Loans

No loans shall be contracted on behalf of the District and no evidence of indebtedness shall be issued in its name unless authorized by the Board, executed by the President, and attested to by the Board Secretary/Treasurer.

7.3 Expenditures

The District's money may be disbursed only by check, draft, order, or other instrument, which shall be signed by at least two Directors unless the Board has authorized by resolution certain employees, or a combination of employees and Directors, to so sign.

7.4 Depositories

The Board shall name one or more banks to serve as depository for district funds and shall deposit such funds in accordance with Section 36.155, Water Code.

7.5 Investments

Funds of the District may be invested and reinvested in accordance with the provisions of the Public Funds Investment Act, Chapter 2256, Government Code, and in accordance with the investment policy of the District.

7.6 Annual Audit

The Board at the end of each fiscal year shall have prepared an audit of its affairs by an independent certified public accountant, which shall have no personal interest directly or indirectly in the fiscal affairs of the District and shall be experienced and qualified in the accounting and auditing of public bodies. This audit shall be open to public inspection. The audit shall be performed in accordance with generally accepted auditing standards and shall satisfy all requirements imposed by Chapter 36, Texas Water Code. The District's auditors may undertake consulting services for the District in addition to their duties in connection with the annual audit.

7.7 Budget

Prior to the commencement of each fiscal year, the Board shall adopt an annual budget in accordance with Section 36.154, Water Code.

7.8 Taxes Prohibited; Assessment of Fees; Use of Revenue

The District may not impose a tax. The Board shall annually set groundwater production fees and other fees in accordance with the District Act and the Water Code. The District may use revenues generated from fees for any lawful purpose.

7.9 Fiscal Year

The District's fiscal year shall begin on the first day of January.

7.10 Purchasing

The Board shall have the right to purchase all materials, supplies, equipment, vehicles, and machinery needed by the District to perform its purposes. Expenditures to acquire goods or services valued at greater than five hundred dollars (\$500.00) require approval by the Board in advance. If the General Manager determines that an emergency acquisition must be made which requires an expenditure greater than five hundred dollars (\$500.00), he shall obtain verbal approval from the President. The transaction shall be presented to the Board for approval and validation at its next meeting. Expenditures of less than five hundred dollars (\$500.00) may be made by the President or General Manager without prior Board approval if the expenditure falls within the existing budget.

No expenditures shall be made that are not authorized by the budget. This requirement shall not, however, prevent the Board from amending the budget at the same time that it authorizes an expenditure, provided that funds are available from other budget categories or that reserve funds are available.

All purchases from \$500 to \$5000 shall require at least three verbal estimates, and all purchases between \$5,000 and \$50,000 shall require at least three written bids/quotes if the purchase is not from a sole-source vendor. Construction contracts and contracts for the acquisition of materials and machinery requiring the expenditure of \$50,000 or more must be purchased under formal competitive sealed bidding rules or other competitive procurement method, as provided by law.

7.11 Bond Requirement

The Board shall require a Director, employee, or consultant who collects, pays, or handles any funds of the district to furnish good and sufficient bond as provided under Section 36.057(d), Water Code.

SECTION 8.0. BYLAWS

8.1 Amendment or Repeal

The Board may amend or repeal in whole or in part these Bylaws by a majority vote of

the entire Board.

ATTACHMENT 9



RED RIVER
GROUNDWATER CONSERVATION DISTRICT
FANNIN COUNTY AND GRAYSON COUNTY



General Manager's Quarterly Report
Date: June 30, 2019
Red River GCD Management Plan

This quarterly briefing is being provided pursuant to the adopted Management Plan for the quarter ending June 30, 2019.

Well Registration Program:

Current number of wells registered in the District: 906

Aquifers in which the wells have been completed: Trinity and Woodbine

Well Inspection/Audit Program:

2019
Well Inspections

Month	Fannin	Grayson	Total
January	7	5	12
February	1	7	8
March	5	4	9
April	3	6	9
May	1	5	6
June	4	4	8
July			
August			
September			
October			
November			
December			
Total	21	31	52

ATTACHMENT 10



**RED RIVER GROUNDWATER CONSERVATION
DISTRICT
AGENDA COMMUNICATION**



DATE: August 6, 2019

SUBJECT: AGENDA ITEM NO. 10

**CONSIDER AND ACT UPON ENGAGEMENT LETTER FOR AUDIT SERVICES FOR FISCAL YEAR ENDING
DECEMBER 31, 2019**

ISSUE

Consider and act upon confirming execution of engagement letter for audit services fiscal year ending December 31, 2019

BACKGROUND

In 2013, the Board instructed the staff to solicit proposals for audit services for a period up to five (5) years. The staff initiated invitations to several firms in North Central Texas. As a result of that solicitation, four proposals were received. The audit committee reviewed the proposals and recommended McClanahan and Holmes, LLP of Bonham, Texas. This recommendation was accepted and confirmed by the Board at the March 2014 meeting. The Board has subsequently proceeded to engage the services of McClanahan and Holmes for each audit since this time.

At the May 2018 meeting, the Board directed the Staff to request another 5-year term with McClanahan and Holmes. The Board also requested that the lead auditor be changed.

McClanahan and Holmes provided a proposal letter that indicated their willingness to switch lead auditors. This letter also laid out their proposed fee increases each year at between 2% and 3%.

CONSIDERATIONS

District staff is of the opinion that McClanahan and Holmes, LLP of Bonham, Texas has provided thorough and quality audits during their tenure with the District. The fees for the 2019 audit services will be \$4,850.

STAFF RECOMMENDATIONS

The staff recommends the Board authorize an engagement letter with McClanahan and Holmes, LLP of Bonham, Texas for the 2019 audit

ATTACHMENTS

Engagement Letter

PREPARED AND SUBMITTED BY:

A blue ink signature of Drew Satterwhite, consisting of a stylized 'D' followed by a horizontal line and a flourish.

Drew Satterwhite, General Manager

RECOMMENDED BY:

A blue ink signature of Debi Atkins, written in a cursive style.

Debi Atkins, Finance Officer

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
APRIL J. HATFIELD, 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
July 29, 2019

Members of the Board
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, 2019. We will audit the financial statements of the governmental activities and the major fund, 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, 2019. 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 the 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 U.S. 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 Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Red River Groundwater Conservation District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Red River Groundwater Conservation District's financial statements. Our report will be addressed to members of the board of Red River Groundwater Conservation District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances 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 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 issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Red River Groundwater Conservation District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

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 accounting 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 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 government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

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 and *Government 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, fraudulent financial reporting, or misappropriation of assets that comes 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, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to 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 require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the government 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. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements.

Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. 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 and *Government Auditing 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, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of Red River Groundwater Conservation District in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

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 for confirming to us in the written 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 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, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit 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, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of McClanahan and Holmes, LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to an oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. 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.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in approximately April 2020 and to issue our reports no later than June 1, 2020, unless extenuating circumstances occur. April J. Hatfield is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Red River Groundwater Conservation District
Page 5
July 29, 2019

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 \$4,850. 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 and is payable on presentation. 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
Certified Public Accountants

RESPONSE:

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

Signature: _____

Title: _____

Date: _____

ATTACHMENT 11



RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION



DATE: September 12, 2019

SUBJECT: AGENDA ITEM NO. 11

CONSIDER AND ACT UPON AUTHORIZING WSP TO DEVELOP A SAMPLE HYDROGEOLOGICAL REPORT

ISSUE

The District staff would like the Board to consider authorizing WSP to perform the work necessary to develop a sample/example hydrogeological report.

BACKGROUND

As the District moved into permanent rules, the District now requires a hydrogeological report to be submitted as part of the application process for wells capable of producing 200 gallons per minute or more.

Since the inception of the new rules and requirements the staff has been working with applicants in their development of Hydrogeological Reports. This is a new requirement for applicants, drillers and engineers in our region and there has been some confusion as to exactly what we are requiring.

CONSIDERATIONS

The staff believes that it would be beneficial to have an example or sample report to provide to applicants so that they can more quickly understand what we are requesting. We believe this will reduce the number times the applicants have to amend their reports prior to being declared administratively complete.

This same item will be taken to the North Texas Groundwater Conservation District Board of Directors at their next meeting. By both Districts participating, it will reduce the costs by almost 50%. James Beach with WSP believes a report could be developed for each District at a cost of \$5,000 per District if costs are shared.

Funds are available within our existing budget for Contract Services which is generally allocated to WSP's services to the District.

STAFF RECOMMENDATIONS

The staff recommends that the Board consider authorizing WSP to provide a sample Hydrogeological Report.

ATTACHMENTS

Hydrogeological Report Requirements

PREPARED AND SUBMITTED BY:

A blue ink signature of Drew Satterwhite, consisting of a stylized 'D' followed by a horizontal line and a flourish.

Drew Satterwhite, P.E., General Manager

RED RIVER

GROUNDWATER CONSERVATION DISTRICT

HYDROGEOLOGICAL REPORT GUIDELINES

Adopted pursuant to District Rules 3.10(a)(13), 3.10(b) and 3.15(b)

I. Introduction

- A. Hydrogeological Reports that meet the criteria in these guidelines must be included with administratively complete applications for any of the following:
 - 1. requests to drill and operate a proposed new well or well system with a proposed aggregate production capacity of 200 gallons per minute or more;
 - 2. requests to modify or increase an existing well or well system that would result in the existing well(s) being equipped to produce 200 gallons per minute or more; and/or
 - 3. exception to spacing requirements for wells covered by (1) or (2) above.
- B. Purpose of the Hydrogeological Report is to provide the District with hydrogeological information addressing the impacts of the proposed well on existing wells and in relation to the Desired Future Condition (DFC) for the applicable aquifer, as required by Sections 36.113(d) and 36.1132 of the Texas Water Code.
- C. Reports submitted pursuant to District Rules 3.10(a)(13), 3.10(b) and 3.15(b) and these guidelines are required to be sealed by a Professional Geoscientist or Professional Engineer licensed in the State of Texas.
- D. Hydrogeological Reports submitted to the District should follow the chronological order of the criteria set forth in Section II.

II. Required Content of Hydrogeological Reports

- A. Well construction specifics must include the following:
 - 1. Details on all aspects of well.
 - 2. Schematic well construction diagram.
 - 3. Lithologic description of geology encountered during well drilling.
 - 4. Identify specific location through maps:
 - a. Maps showing location of property relative to county level, location of well relative to property boundaries, and other relevant features
- B. Discussion of hydrogeologic setting must include the following:
 - 1. Identification of the aquifer.
 - 2. Discussion of surface and subsurface geology at well site.

- a. Include whether there is any occurrence of any significant groundwater recharge features such as outcrop, surface water bodies, caves, sinkholes, faults or other geologic features.
3. Include depth interval of proposed water bearing zone and identify target production zone.
4. Provide anticipated thickness of water bearing zone.
5. Identify whether the target production zone is anticipated to be confined or unconfined.
6. Provide estimates of thickness of confining layer at well site location.
7. Provide specific aquifer parameters at the well site, including transmissivity, hydraulic conductivity and storativity based on the Texas Water Development Board (TWDB) approved Groundwater Availability Model for the aquifer.
 - a. Provide a discussion of the variability of wells in the area, if applicable.
8. Identify all registered wells within a 1-mile radius of the proposed well using publicly-available District well database.
 - a. In the event the 1-mile radius does not include any registered wells, the radius will be extended to a 2-mile radius in order to address impacts under Section II(D)(3) of these guidelines.
9. Include identification of streams or springs within 1-mile radius of the proposed well.
- C. Water quality analysis must include the following:
 1. Include discussion of known quality in the area based on literature and well reports.
- D. Interference analysis must include the following:
 1. Provide quantitative analysis that shows the projected impacts from 1) the proposed production from the well or well system (if applicable) and 2) the well or well system (if applicable) running 100% of the simulation periods. **NOTE: Applicant is advised to work with District Staff to settle on proposed production volume prior to performing the analysis.**
 - a. Simulation results must be included showing drawdown at 24 hours, 30 days, and 1 year (contoured with the smallest contour equal to 1-foot water level decline).
 - i. Include discussion of the methodology used for estimating drawdown, including software that was used, the assumptions and/or solution method employed.
 - ii. Include illustration and/or maps showing the estimated cone of depression. If there is more than one well in the group, two maps should be included demonstrating:

- (1) contours for impacts from pumping the proposed well only;
and
 - (2) contours for impacts from all wells in the system.
- 2. For well systems, include a discussion of the amount or degree of interference that each of the system wells may exert on other same system wells.
- 3. Include a discussion of the estimated impacts on existing registered wells identified under Section II(B)(8) of these guidelines.
- E. Desired Future Condition (DFC) and Modeled Available Groundwater (MAG) Analysis
 - 1. Discussion of the proposed pumping amount in relation to the MAG, as well as the impact of the proposed pumping on the adopted DFC.
- F. Copies of the modeling files must be submitted with the report.

III. Post-Drilling Requirements

- A. Mandatory requirements:
 - 1. Geophysical logs required to be submitted upon completion of the well.
 - a. Geophysical logs must consist of a resistivity or induction curve and a spontaneous potential or gamma ray curve at a minimum.
 - b. Geophysical logs performed in the initial open-borehole are required and will consist of resistivity (self potential and gamma ray at a minimum).
 - c. Wells cased with PVC require induction and gamma ray logs.
 - d. All digital log files to be submitted in LAS format as well as printed.
 - 2. All public water supply sampling completed in accordance with TCEQ/EPA requirements must be submitted to the District.
- B. Must provide if available:
 - a. Digital or tabulated data of water levels measured during drawdown, specific capacity, or pumping test;
 - b. field parameters of specific conductivity, temperature and pH of measurements made during the drawdown or pumping test; and/or
 - c. Any laboratory analysis completed on samples collected from the well after construction and development.

IV. Additional Construction Requirements

- A. Measuring tube at least one inch in diameter to be installed from the well head to the bottom most screen interval in all new wells with a capacity to produce 200 gpm or more.

1. The measuring tube shall be a separate PVC pipe on the outside of casing.

ATTACHMENT 14

Red River Groundwater Conservation District

Well Registration Summary As of July 31, 2019

Well Type	Total				Total RRGCD	New Registrations
	Registered		Grayson			
	Fannin County	County	Fannin County	County		
Domestic	161	287	448	5		
Agriculture	19	27	46	0		
Oil/Gas	0	21	21	0		
Surface Impoundments	6	14	20	0		
Commercial	10	14	24	0		
Golf Course	0	15	15	0		
Livestock	17	24	41	0		
Irrigation	0	7	7	0		
Public Water	59	215	274	0		
Monitoring	12	3	15	0		
Total	284	627	911	5		

Red River Groundwater Conservation District

Well Registration Summary As of August 31, 2019

Well Type	Total				New Registrations
	Total Registered Fannin County	Total Registered Grayson County	Total RRGCD		
Domestic	161	290	451	3	
Agriculture	19	27	46	0	
Oil/Gas	0	21	21	0	
Surface Impoundments	6	13	19	-1	
Commercial	10	14	24	0	
Golf Course	0	15	15	0	
Livestock	17	25	42	1	
Irrigation	0	7	7	0	
Public Water	59	215	274	0	
Monitoring	12	3	15	0	
Total	284	630	914	3	

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