

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

**MONDAY, FEBRUARY 21, 2011**

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

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Members Present: George "Butch" Henderson, George Olson, Don Wortham, David Gattis, Harold Latham, Don Morrison, John Young

Members Absent: None

Staff: Jerry Chapman and Carmen Catterson

Visitors: Joe Alaniz, Tri-Tex Grass  
Kevin Farley, City of Pottsboro  
Cliff May, Tri-Tex Grass  
Bob Patterson, Upper Trinity GCD  
Randy Price, Tri-Tex Grass  
Joe Shephard, City of Howe  
Jeff Stanley, City of Howe  
Joe Strong, Fannin County Commissioners Court  
Howard Trammell, South Grayson WSC

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I. Call to Order

President Henderson called the meeting to order at 3:00 p.m.

II. Introduction of Visitors

All visitors and Board members introduced themselves and the entity they represented.

III. Consider and act upon approval of Minutes of January 31, 2011 Meeting.

Board Member Gattis motioned to approve the Minutes of the January 31, 2011 Meeting. The motion was seconded by Secretary/Treasurer Wortham and passed unanimously.

IV. Citizens to be heard

No citizen comments received.

V. Consider and act upon budget and temporary methods for financing the District.

President Henderson discussed the proposed budget. The total cost of the proposed \$150,000 budget would be approximately \$0.03 per 1,000 gallons pumped to the entities supporting the activities of the District. Board Member Morrison questioned which entities did not pay during the last fee collection period. The staff reported that in Fannin County, the City of Bailey did not pay and in Grayson County Luminant Valley, Sheppard AFB and Semgas. Sheppard AFB attempted to pay, but the attorney had already closed the account. The other four entities did not pay due to communication errors.

The budget includes the cost for the geodatabase development. The total cost of the geodatabase contract with CDM will be \$50,730. Mr. Chapman explained that he and Mrs. Catterson were present for the three presentations for the geodatabase proposals and the other two contracts were significantly higher in cost and were not as inclusive. North Texas GCD and Prairie Lands GCD have already entered into an agreement with CDM for the same services. This will provide the three districts with a discount. Mr. Chapman, President Henderson and Vice President Olson participated in a conference call with CDM and discussed the cost, since only \$31,000 is included in the District. CDM agreed to allow part of the cost to be paid out of the next fiscal year. This does not include maintenance, but that cost will be very minimal. Board Member Young confirmed that this budget would complete any past due amounts owed to the Authority.

Board Member Morrison motioned to approve temporary methods for financing the District and a budget for 2011. The motion was seconded by Board Member Young and passed unanimously.

VI. Consider and act upon approval of proposal and contract for the development of geodatabase and web-based application for the District

Mr. Chapman briefly explained the CDM proposal. CDM is aware that it will be a few months before the funds are available. CDM requested that the District submit a Letter of Intent that the District will sign a contract as soon as funds are available. \$50,730 will be the total cost, as long as no special requests are submitted by the Board. The Board requested an amended proposal that includes the additional \$6,000 for additional coding.

Board Member Gattis motioned to approve the President to submit a Letter of Intent to CDM for the development of a geodatabase and web-based application and to enter into an agreement with other groundwater conservation districts in Groundwater Management Area 8. The motion was seconded by Vice President Olson and passed unanimously.

VII. Consider and act upon entering into an agreement related to the development of geodatabase and web-based application with other groundwater conservation districts in Groundwater Management Area 8

Mr. Chapman discussed the current requirement issued by the Texas Water Development Board (TWDB) for all Groundwater Management Areas (GMAs) to submit Desired Future Conditions (DFCs). The District is in GMA 8. GMA 8 submitted their DFCs in 2008. Several of the newly created districts desire to modify the DFCs due to inadequate information. However, the current ones are only good for five years, until 2013. There is an effort by North Texas groundwater districts to readopt the current DFCs to lengthen the amount of time to redefine the DFCs. The TWDB is currently in the process of contracting for the development of a new Management Available Groundwater (MAG) model. That work will be completed by 2012 and should be available for district use in 2012. By readopting the

DFCs, it will provide more time to develop accurate information and will keep GMA 8 in the same cycle as all of the other GMAs in Texas. This effort will be discussed at the GMA 8 meeting on February 22, 2011.

Mr. Patterson explained that GMA 8 has historically been funded by the existing districts that could afford. In the future, other districts will need to participate to ease the burden for each other.

Motion on this item took place under Item VI.

VIII. Consider and act upon Administrative Services Agreement with the Greater Texoma Utility Authority

Last year, the North Texas GCD approached the Authority and requested the Authority contract for administrative services. The Authority's Board of Directors approved the request and the Authority began contracting with the North Texas GCD in November 2010. This contract is very similar and specifies that the Authority will be reimbursed for actual hours worked and for materials used. Mr. Chapman explained the methods used by the North Texas GCD. The District would be able to specify the services they want provided.

Board Member Gattis motioned to authorize the Administrative Services Agreement with the Greater Texoma Utility Authority. The motion was seconded by Secretary/Treasurer Wortham and passed unanimously.

IX. Consider and act upon proposed rules by the Securities and Exchange Commission regarding municipal advisors pursuant to implementation of the Dodd-Frank Act

The Wall Street debacle that crippled the nation's finances had many backlashes. One of them was an attempt on Congress trying to show the public they were cleaning up the mess. This was called the Dodd-Frank Act. This act made several changes in the way that Wall Street companies do business. One provision would require all appointed persons on bodies such as the District Board to register as a municipal advisor with the Securities and Exchange Commission (SEC). This would require all appointed persons on a board that might issue securities to register as a municipal advisor. Many impacted entities are writing the SEC to complain. If bonds were to be issued, a financial advisor and bond counsel would be hired to provide advice and expertise. The SEC is taking comments until February 22, 2011.

Board Member Gattis motioned to submit a letter to the Securities and Exchange Commission opposing the rule regarding municipal advisors pursuant to implementation of the Dodd-Frank Act. The motion was seconded by Vice President Olson and passed unanimously.

X. Consider and act upon proposed legislation

If the Congress resolves the budget and redistricting issues, groundwater will be the next major topic for discussion. Senator Fraser introduced a bill on January 11, 2011 that would invalidate the 'Rule of Capture'. This would have a negative impact on public water suppliers dependent upon groundwater. This bill would provided vested interest in groundwater existing beneath property. This will not be the only bill introduced on this subject, but it does have a House companion. President Henderson said that

anyone with wells needs to pay attention to this bill. He plans to present a resolution to the Leonard City Council to oppose the effect on public water suppliers.

Vice President Olson motioned to develop a resolution to oppose the effect of the bill on groundwater providers. The Board unanimously agreed.

XI. Consider and discuss draft Temporary Rules

The Board discussed changes that have been made to the Temporary Rules at this time. The Board agreed to discuss the rules again at the next meeting. Mr. Chapman brought the Board's attention to Rule 4.2(e). The Committee spent a great deal of time trying to find a fair method of determining adequate well spacing for non-exempt wells.

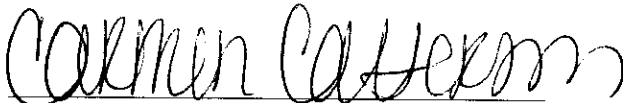
XII. Discuss future meeting date and agenda

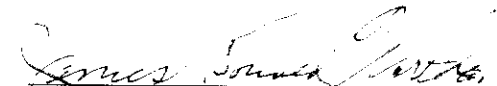
The Board briefly discussed possible meeting dates, and agreed to schedule the next meeting for Monday, March 21, 2011 at 3:00 PM.

XIII. Adjourn

Upon motion by Board Member Morrison seconded by Board Member Gattis and passed unanimously, the Board adjourned at 4:03 p.m.

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Recording Secretary

  
Secretary-Treasurer