

PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT

April 16, 2019

REGULAR MEETING MINUTES OF THE BOARD OF DIRECTORS

The Board of Directors (the "Board") of the Prairielands Groundwater Conservation District (the "District" or "Prairielands GCD") met in a regular board meeting at 205 S. Caddo Street, Cleburne, Texas.

CALL TO ORDER AND DECLARE REGULAR MEETING OPEN TO THE PUBLIC:

President Charles Beseda presided and called to order the regular Board of Directors Meeting at 9:12 AM, announcing the meeting open to the public.

ROLL CALL:

The roll was called of the members of the Board of Directors, to wit:

Charles Beseda
Dennis Erinakes
Randy Kirk
Marty McPherson
Maurice Osborn
Tod Sandlin
Kent Smith
Paul Tischler

All members of the Board were present, with the exceptions of Director(s) McPherson, Tischler, and Sandlin. Also, in attendance at said meeting were Kathy Turner Jones, General Manager; Brian Sledge, District Counsel; District staff; and members of the public.

PUBLIC COMMENTS:

None.

ADMINISTRATIVE AND FINANCIALS:

Director Smith made a motion to approve the Consent Agenda, Director Kirk seconded the motion and it carried.

GENERAL MANAGER'S REPORT AND UPDATE ON ADMINISTRATIVE, OPERATIONAL, AND REGULATORY ISSUES OF THE DISTRICT:

Ms. Jones referred to the General Manager's report included in board packets, noting that Mr. Conkwright and staff had been very instrumental helping bring her up to speed on the background and history of the District. Mr. Conkwright had formally introduced her to the Johnson, Hill, and Somervell Commissioners Courts and are scheduled to meet with Ellis County commissioners on the 23rd of April.

Ms. Jones added that she had met with Magee Architects working to finalize the CMaR agreement and final drawings for the new building. In addition, she had met with Mark Hines, legal counsel for property acquisition, and banking representatives to discuss the loan schedule.

Ms. Jones stated that District staff, Michael Heath, had reported 5 new observation wells having been added to the District's network during the past month. One well is located in Hill County and the remaining four wells being located in Ellis County. Mr. Heath also assisted the Texas Water Development Board (TWDB) to help locate a potential site in Ellis County for a weather station and upgrading data logger software.

Water Usage Summary Report for the first quarter of 2019 depicted greater groundwater production occurring in Ellis County compared to the remaining counties in the District. Ms. Jones added that March 2019 totals were pending final pumpage reporting due April 30th. Well Registration Information for the month of March 2019 reported a total of 16 new well registrations, with only 1 being non-exempt.

Update on Management Plan - Ms. Jones reported she had received communication from attorney Jennifer Smith stating the management plan is ready to send to the TWDB for their approval, with the exception of an updated version of the Estimated Historical Water Use which Ms. Smith received from Mr. Stephen Allen of TWDB on Friday. Ms. Smith was scheduled to send the completed packet to TWDB today and the District will follow up with an electronic version to the surface water entities later this week as required.

A progress report on the District's Well Spacing Tool had been provided by WSP with the deliverable expected by late May or early June.

In conclusion, Ms. Jones listed upcoming meetings of interest and noted that the GMA-8 Joint Planning Meeting had not yet been determined.

CONSIDER AND TAKE ANY AND ALL ACTION NECESSARY TO EFFECTUATE THE TRANSITION OF GENERAL MANAGERS:

Following brief discussion, no action was taken.

UPDATE ON CURRENT BANKING/FINANCIAL PROCEDURES AND ACTIVITIES:

1. Discuss, consider, and take action to adopt Resolution #19-002 to approve updating authorized banking signature cards for Grandview Bank:

Director Osborn moved to approve Resolution #19-002 updating authorized banking signature cards for Grandview Bank, replacing Jim Conkwright as a signor and adding Kathy Turner Jones as a signor. Director Smith seconded the motion, and it carried.

2. Discuss, consider and, take action to authorize direct deposit – Payroll

Director Osborn moved to authorize the District to initiate direct deposit for employee payroll. Director Smith seconded the motion, and it carried.

3. Discuss, consider, and take action to modify maximum daily account balance approved for the “Office/Operating” checking account held by Grandview Bank

Ms. Jones reported the District is working to streamlining its processes on how it receives and pays expenses. With the exception of payroll, the goal is to process checks as a batch 2 to 3 times a month from the operating account and that funds to cover expenses will be transferred from the Money Market as needed to cover payables. With the change, an occasion might arise when a batch total could temporarily exceed the current maximum daily account balance, so she recommended removing the limit. Ms. Jones recommend the Board remove the limit, stating internal controls are in place requiring dual signatures of disbursements greater than \$5,000 and board approval is required on amounts greater than \$50,000 to ensure proper oversight and management of funds. Following Discussion, Director Osborn moved to remove the allow the General Manager to modify the maximum daily account balance approved for the Office / Operating checking account held by Grandview Bank. Director Smith seconded the motion, and it carried.

4. Discuss, consider, and take action as needed to authorize the General Manager to implement ACH Cash Management

Following discussion, it was Ms. Jones’ recommendation to the Board to authorize the general manager to enter into an agreement with Grandview Bank for Cash Management Services. Motion was made by Director Osborn to authorize the General Manager to implement ACH Cash Management Service agreement with Grandview Bank. Director Smith seconded the motion, and it carried.

5. Discuss, consider, and take action as may be needed to modify Merchant Processing for credit card payment of water use fees

Ms. Jones recommended to the Board that they authorize the General Manager to seek competitive pricing for merchant processing transactions and to authorize moving the District’s merchant account to another banking institution with a reduced cost. Director Osborn moved to authorize the General Manager to modify Merchant Processing for credit card payments of water use fees. Director Smith seconded the motion, and it carried.

6. First Quarterly Investment Report 2019

Ms. Jones provided a summary of bank account balances and coverage through FDIC and pledged securities, showing that all funds were more than adequately covered.

PRESENTATION AND DISCUSSION REGARDING SERVER AND IT REQUIREMENTS FOR SECURITY AND BACKUP NEEDS:

1. Discuss, consider, and take action to authorize General Manager to approve installation and purchase of server hardware - not to exceed \$6,000

Ms. Jones recommended authorizing the General Manager to enter into a purchase agreement not to exceed \$6,000 to install server hardware and setup a server operating system with a domain for security and backup and ability to share resources across the network. Director Osborn moved to authorize the General Manager to approve installation and purchase of server hardware not to exceed \$6,000. Director Kirk seconded the motion and it carried.

2. Discuss, consider, and take action to authorize General Manager to enter into a monthly IT maintenance agreement to manage network and PC

Following discussion, Director Osborn moved to authorize the General Manager to enter into a monthly IT maintenance agreement based the providers, recommendations and proposed cost of services to manage the District's network server and PCs. Director Kirk seconded the motion and it carried.

UPDATE ON PUBLIC OUTREACH ACTIVITIES, EDUCATIONAL, AND CONSERVATION EFFORTS:

Ms. Sinclair Newby, Public Relations and Education Administrator, briefed the Board on the various events and activities she attended or participated in this past month providing presentations or educational outreach opportunities. In addition, Ms. Newby provided a social media analytics report of data gathered from the District's social media accounts for the month of March. Director Osborn expressed his appreciation of Ms. Newby's level of activity and President Beseda thanked her for bringing the Education Trailer to Birome WSC and the information that his constituents have gained.

PRESENTATION OF 2018 ANNUAL REPORT:

Copies of the 2018 Annual Report were provided to Directors for their review and comment. Ms. Jones noted to the board that the report was a multi staff effort including both Stephanie Rexrode and Sinclair Newby. Its purpose is to provide an annual update on the District's progress on each of the objectives and standards included in the District's Management Plan. Copies of the report will be made available to the public on the District's website.

EXECUTIVE SESSION:

At 10:03 a.m., President Beseda announced, “the Board will recess into a Closed Executive Session under Government Code Section 551.071, for consultation concerning attorney-client matters. No action will be taken in closed session, and the Board will reconvene in open session at the conclusion of the closed session.”

The Executive Session recessed at 11:45 AM.

Following Executive Session, the Board reconvened in Open Session and President Beseda declared it open to the public at 11:55 AM.

DISCUSS, CONSIDER, AND TAKE ACTION TO CONSIDER APPLICATION FOR EXCEPTIONS TO MINIMUM TRACT SIZE AND WELL SPACING REQUIREMENTS OF TODD AND TAMMY AUSTIN FOR A PROPOSED WELL TO BE LOCATED AT 10017 BENT CREEK COURT, CROWLEY TEXAS 76036:

Following legal advice received in executive session, Director Kirk moved to authorize the General Manager to approve the applicants request for exception to minimum tract size and well spacing requirements with the following conditions: 1) said well must be drilled at a distance as far away as possible from requested property lines as possible. Director Smith seconded the motion, and it carried.

DISCUSS, CONSIDER, AND TAKE ACTION TO ADOPT RESOLUTION #19-003 TO DELAY ENFORCEMENT OF CERTAIN PUMPING LIMITS AND TO PROVIDE NOTICE OF INTENT TO AMEND THE DISTRICT RULES:

Following discussion related to enforcement of certain pumping limits on Historic Use Permits and Operating Permits and the permit holder’s ability to comply with District’s rules, Mr. Sledge recommended to the Board delay enforcement of certain pumping limits and provide notice of the Board’s intent to amend the District’s rules at a future date to remedy the conflict and to allow staff and board to identify any additional modifications possibly needed so as to keep amendments to the rules at a minimum. Director Kirk moved to adopt Resolution #19-003 to Delay Enforcement of Certain Pumping Limits and to Provide Notice of Intent to Amend the District Rules. Director Smith seconded the motion, and it carried.

UPDATE AND POSSIBLE ACTION ON STATUS AND CONSTRUCTION OF OFFICE RELOCATION AND BUILDING FACILITY:

Ms. Jones apprised the Board on the status of the construction and relocation of the District’s office facility. Ms. Jones added she was waiting on final comments from Mark Hines on the CMaR agreement with hopes to finalize the agreement by the end of the week. Lastly, Magee Architect’s is making final adjustments to the plans and specifications and are scheduling completion of those by the end of the month.

GENERAL COUNSEL’S REPORT:

Mr. Sledge did not address any subject matter.

OPEN FORUM / DISCUSSION OF NEW BUSINESS FOR FUTURE MEETING AGENDAS:

None

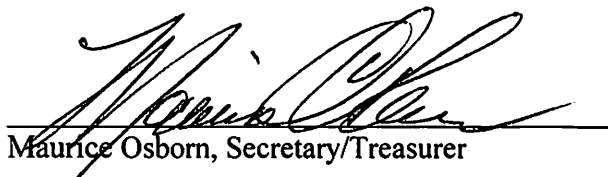
ADJOURN REGULAR MEETING

At 12:04 p.m., Director Kirk moved to adjourn, Director Smith seconded, and the motion carried.

**PASSED, APPROVED, AND ADOPTED BY THE BOARD OF DIRECTORS
THIS 20TH DAY OF MAY 2019.**



Charles Beseda, President



Maurice Osborn, Secretary/Treasurer

RESOLUTION NO. #19-002

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT
APPROVING UPDATING AUTHORIZED BANKING SIGNATURE
CARDS FOR GRANDVIEW BANK**

THE STATE OF TEXAS

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PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT

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WHEREAS, the Board of Directors of the Prairielands Groundwater Conservation District (the "District") is an administrative agency organized and existing under the laws of the State of Texas; and

WHEREAS, at a regular board meeting held on the 16th of April 2019, the Board of Directors took action to modify all depository agreement(s) held by Grandview Bank to replace **Jim Conkwright** as an authorized signor and to authorize **Kathy Turner Jones** as an additional authorized signor for all depository accounts;

WHEREAS, Kathy Turner Jones is authorized to exercise all powers as provided under powers granted by resolution(s) of the Board of Directors and executed on April 16, 2019 and attached hereto as "Exhibit A".

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT THAT:

1. Upon motion duly made by Director Maurice Osborn and seconded by Director Kent Smith, the foregoing Resolution was unanimously adopted by all members present and voting.
2. The provisions of this Resolution shall be effective as of its date of approval by the Board of Directors and shall remain in effect until modified by action of the Board of Directors.
3. The provisions of this Resolution so adopted shall supersede any and all previously adopted Resolutions or other actions of the Board of Directors; and
4. The General Manager of the District is hereby authorized take any and all action necessary for the implementation of this resolution.

AND IT IS SO ORDERED

PASSED AND ADOPTED this 16th day of April, 2019.

PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT

By: Charles Beseda
Charles Beseda, President

ATTEST:

I, Maurice Osborn, certify that I am Secretary/Treasurer of the Prairielands Groundwater Conservation District organized and existing under the laws of the State of Texas, Federal Employer ID Number: 36-4663231, and that the resolutions on this document are a correct copy of the resolutions adopted at a meeting of the District duly and properly called and held on April 16, 2019. Said resolution appears in the minutes of this meeting and have not been rescinded or modified.

Maurice Osborn
Maurice Osborn, Secretary

[SEAL]

RESOLUTION NO. #19-003

**RESOLUTION TO DELAY ENFORCEMENT OF CERTAIN
PUMPING LIMITS AND TO PROVIDE NOTICE OF INTENT
TO AMEND THE DISTRICT RULES**

THE STATE OF TEXAS §
§
PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT §

WHEREAS, Prairielands Groundwater Conservation District (the “District”) was created as a groundwater conservation district by the 81st Texas Legislature under the authority of article XVI, Section 59, of the Texas Constitution, and in accordance with Chapter 36 of the Texas Water Code by the Act of May 31, 2009, 81st Leg., R.S., ch. 1208, 2009 Tex. Gen. Laws 3859, codified as Chapter 8855 of the Texas Special District Local Laws Code (the “District Act”);

WHEREAS, the District is a governmental agency and a body politic and corporate;

WHEREAS, the Board of Directors (the “Board”) adopted permanent rules (“Rules”) during a properly called and noticed regular meeting on December 17, 2018, in accordance with Sections 36.101 and 36.1071(f) of the Texas Water Code, which authorize the District to make and enforce rules;

WHEREAS, District Rule 3.8(a) requires the owner of an existing well to apply to the District for a Historic Use Permit by September 1, 2019, unless exempt from such requirement under the District Rules;

WHEREAS, District Rule 3.8(g) requires an applicant for a Historic Use Permit to amend the application to include any new information or to update information that the applicant has determined to be inaccurate or incorrect on or before January 1, 2020;

WHEREAS, District Rule 3.8(f) provides that during the time between January 1, 2019, and the issuance or denial of a Historic Use Permit, an applicant for such permit may annually produce no more than the amount of groundwater specified in the application or most recent amendment thereto, as the Maximum Historic Use (constituting interim authorization by rule), and shall pay the water use fees as set forth in Rule 7.1 for the amount of groundwater specified in the applicant’s application;

WHEREAS, District Rule 5.1(f) provides that the maximum annual quantity of water that may be produced from a well or well system after January 1, 2019, under an Operating Permit shall be the amount authorized in the permit;

WHEREAS, District Rule 7.1(b) requires permittees to pay applicable water use fees under a new fee structure based on the amount of groundwater that is authorized to be produced by permit beginning with groundwater produced on or after January 1, 2020;

WHEREAS, District Rule 7.1(b) also requires permittees to make fee payments for groundwater produced between January 1, 2019, and December 31, 2019, in the manner set forth in Section 7 of the District's Temporary Rules for Water Wells;

WHEREAS, the Board finds that an owner of an existing well may already be close to or have exceeded their permitted maximum by the date Historic Use Permit applications are due on September 1, 2019, and that the problem will likely be even more compounded by the time any corrections to the Historic Use Permit applications are due on or before January 1, 2020;

WHEREAS, the Board finds that holding well owners accountable to the pumping limits imposed by Rule 3.8(f) prior to January 1, 2020, is inconsistent with the purpose and intent of the District Rules;

WHEREAS, the Board finds that the inconsistency between the date for imposing the new water use fees under Rule 7.1(b) (January 1, 2020) based on the amount of groundwater that is authorized to be produced by permit and the date pumping limitations for Historic Use Permit applicants operating under an interim authorization pursuant to Rule 3.8(f) are enforced (January 1, 2019) or for holders of Operating Permits could create confusion and result in undue hardship on certain Historic Use Permit holders or Operating Permit holders;

WHEREAS, the Board finds that it is in the public interest to delay the enforcement of pumping limitations under Rule 3.8(f) and Section 5 of the District Rules until January 1, 2020;

WHEREAS, the Board of Directors of the District met in a public meeting, noticed properly in accordance with applicable law, and considered a delay in enforcement of the pumping limits under Rule 3.8(f) and Section 5 of the District Rules until such time that the Rules can be amended to coordinate the implementation of pumping limits with the imposition of the new fee structure under Rule 7.1(b).

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT AS FOLLOWS:

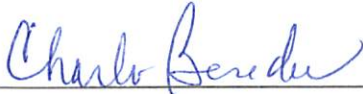
1. The above recitals are true and correct.

2. The Board of Directors resolves that the District will not enforce the pumping limits under Section 3.8(f) and Section 5 of the District Rules until January 1, 2020.
3. The Board of Directors resolves to amend the District Rules as soon as practical, but no later than December 1, 2019, to effectuate such change.
4. The Board of Directors hereby orders the District General Manager to take the necessary steps to allow the Board to modify the District Rules as set forth in this resolution and to refrain from enforcing the pumping limits under Section 3.8(f) and Section 5 of the District Rules until calendar year 2020 for pumping that occurs on or after January 1, 2020. The Board of Directors further orders the General Manager to identify and bring to the attention of the Board of Directors any other items of confusion or inconsistency that are identified in implementation of the District Rules, so that if any further amendments to the District Rules are necessary or appropriate, the Board can consider the evaluation and adoption of such amendments at the same time that the amendments identified in this resolution are considered by the Board.
5. This resolution shall take effect immediately upon adoption.

AND IT IS SO ORDERED.


PASSED AND ADOPTED on this 16th day of April, 2019.

PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT

By: 
Charles Beseda, President

ATTEST:

I, Maurice Osborn, certify that I am Secretary/Treasurer of the Prairielands Groundwater Conservation District organized and existing under the laws of the State of Texas, Federal Employer ID Number: 36-4663231, and that the resolutions on this document are a correct copy of the resolutions adopted at a meeting of the District duly and properly called and held on April 16, 2019. Said resolution appears in the minutes of this meeting and have not been rescinded or modified.


Maurice Osborn, Secretary

[SEAL]