

PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT

January 27, 2020

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, TX.

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 9:28 a.m., 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	Maurice Osborn
Dennis Erinakes	John Curtis
Randy Kirk	Kent Smith
Marty McPherson	Paul Tischler

All members of the Board were present, with the exception of Director Erinakes, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, General Manager; Brian Sledge, District Counsel; District staff; and members of the public. *Copies of the public sign-in sheets and comments cards received are attached hereto as Exhibit "A".*

PUBLIC COMMENTS

None.

ADMINISTRATIVE AND FINANCIALS

Consent Agenda: Motion by Director McPherson to approve the consent agenda. Director Kirk seconded the motion and it carried unanimously by all those who were present.

Review 4th Quarter Investment Report for 2019. Ms. Jones said based on the summary of bank balances and security coverages, the District's funds are more than adequately secured through FDIC and bank pledged securities under the District's investment policy.

Approve Regular Board Meeting Dates for calendar year 2020. Ms. Jones stated Section 3.1 of the District's Bylaws provides that the Board shall annually schedule and hold regular monthly

Board Meetings, or on dates as the Board may otherwise establish from time to time. Historically, the Board has met each month on the third Monday with the exception where state or federal holidays fall on those dates. Same as with January, the third Monday in February falls on a holiday – President's Day. Ms. Jones requested scheduling the February meeting for the following Tuesday, February 18th. Director Osborn made a motion to hold the February meeting on Tuesday, February 18, and Director Smith seconded the motion. The motion passed. Director Osborn then made a motion to continue holding Regular Board Meetings on the third Monday of each month with changes as the Board sees necessary due to conflict. Director McPherson seconded the motion. The motion carried.

UPDATE ON PUBLIC OUTREACH ACTIVITIES, EDUCATIONAL AND CONSERVATION EFFORTS

Ms. Newby discussed the District newsletter, the Prairielands eLine, which had been released on December 18, 2019 for the fourth quarter edition of the newsletter. She said this was the most extensive issue to date, and that the distribution list for the newsletter had increased from 97 people to 590 people including well owners, local and state officials, educators and industry members. She reported about recent events with the Water Education Trailer at Keene Elementary School on January 15 where she gave demonstrations to 84 5th grade students and at Grandview Junior High School on January 21 and 22 where there were demonstrations for 264 students from 7th and 8th grade and high school environmental science classes. She said scheduling for events for spring and summer 2020 were underway, with 14 events scheduled through mid-June. She also provided the Board an overview of public relations, education and outreach efforts for 2019, noting that there were 15 public events and eight school events the District was present at, interacting with over 2,000 people. She also talked about the press released issued during 2019 and mention of the District in print news media. Ms. Newby also talked about the District-sponsored WaterWise program through Franklin Energy, and how 492 5th graders in Ellis County were able to participate in 2019, generating an indicated lifetime water savings of 1,654,565 gallons. She also talked about the performance of the District's social media platforms.

- a) Discuss, consider, and take action as necessary to authorize 2020 Program Sponsorship Level Funding towards Texas 4-H Youth Water Ambassador Program. Ms. Newby discussed the Texas 4-H Ambassador Program and gave a brief overview of the program. She mentioned the two ambassadors that serve within Prairielands GCD. She explained how in years prior, the District had selected the \$2,500 Legacy level sponsorship for the program, but discussed a breakdown of all sponsorship levels and their inclusions that had been included in the board packet for review. Director Osborn made a motion to approve the \$5,000 Signature level sponsorship for the Texas 4-H Youth Water Ambassador Program. Director Smith seconded the motion. The motion carried.

RULES AND BYLAWS COMMITTEE

Discuss, consider and take action approving Resolution #20-001 Clarifying Fee payment Provisions and Reporting Deadlines Under the District Rules. Mr. Sledge said after the District rules were adopted on December 17, 2018 and then amended on October 21, 2019, the Board, staff and legal counsel needed to look through the rules to clarify how to interpret the way the rules phrased the delayed implementation of the revised fee payment and The clarifications of these items are made in this resolution. Mr. Sledge explained how the amended Rules delay

implementation of the revised fee payment structure for groundwater production and groundwater transport, groundwater production reporting and payment of any Compliance Order disincentive fees. The amended Rules delay implementation of the new structure for such fee payments and groundwater production reporting for groundwater produced between January 1, 2019 and December 31, 2020, until January 1, 2021; provided, however, that only non-exempt well owners who were previously paying and reporting under the fee and reporting structure of the District's Temporary Rules will continue to do so before converting to the new system for calendar year 2021, to allow time for such non-exempt well owners to transition from the structure of the District's Temporary Rules to the new system. He said the resolution under consideration reflects the Board's intent that the new schedule and structure for payment of groundwater use fees and groundwater reporting shall apply immediately to non-exempt well owners who are required to obtain a permit under the Rules and who have not previously been paying fees and reporting groundwater production under the schedule and structure set forth in the District's Temporary Rules prior to October 21, 2019. However, all non-exempt well owners who are exempt from the requirement to obtain a permit from the District but who are subject to the metering, groundwater reporting, and water use fee and groundwater transport fee payment requirements of the Rules must necessarily continue to make payments and submit reports in arrears based on the amount of groundwater actually produced or transported. The Board finds that disincentive fees for Compliance Orders under Section 5 of the Rules are to be paid based on the amount of groundwater authorized in the Compliance Order and the Board finds that payment of disincentive fees under a Compliance Order is subject to the new schedule and structure in the amended Rules for payment of water use fees, as well as the provisions for partial refunds for overpayment of water use fees. Additionally, the fees associated with a Compliance Order can be paid in conjunction with permit fees and in the same manner that the permit fees are paid. Director Kirk made a motion to approve Resolution #20-001 Clarifying Fee Payment Provisions and Reporting Deadlines Under the District Rules. Director Smith seconded the motion. The motion carried. *A copy of said Resolution #20-001 is attached hereto as Exhibit "B".*

GROUNDWATER MANAGEMENT AREA 8 – UPDATE ON ACTIVITIES RELATED TO JOINT PLANNING AND THE DEVELOPMENT OF DESIRED FUTURE CONDITIONS

- a) Update and possible action on evaluation of production from various aquifers as related to DFC planning. Mr. Beach discussed the hydrogeologic regions in Texas and how Prairielands GCD is located in region 4, but the Woodbine Aquifer is combined across regions. He said his firm WSP has been working on allocating pumping using a vertical distribution of pumping methods comparison for 2018. The Modeled Available Groundwater (MAG) For Prairielands GCD and the NTWGAM percent screened distribution. Looking at conceptual model compared to numerical model in NTWGAM percent screened transmissivity weighted distribution. Mr. Beach explained that historical production was very similar to the MAG, and that from a regulatory perspective he would recommend the District seek legal input from it's general counsel and from staff members, as well as perhaps holding a DFC committee meeting. Mr. Beach recommended leaving pumping rates MAG as it is for this round of DFC planning and in the future the District can monitor and cut back permits as needed. Director Tischler asked if the District should be reporting as Travis Peak or breaking it down by aquifer. Ms. Jones stated that in the Explanatory Report, the District is required to break down the

reporting, and Mr. beach confirmed that It is currently being done both ways. Director Tischler asked if the District's money would be better spent on more monitoring wells or if strategizing the placement of monitoring wells and incorporating areas for monitoring the regions mentioned by Mr. Beach. Mr. Beach recommended a DFC committee meeting and to meet with legal counsel to discuss logistical issues.

The Board recessed at 10:39 a.m. for a break and reconvened at 10:56 a.m.

DISCUSS, CONSIDER AND TAKE ACTION TO AUTHORIZE GENERAL MANAGER TO EXECUTE AGREEMENT WITH HALFF & ASSOCIATES REGARDING GROUNDWATER MANAGEMENT SYSTEM DEVELOPMENT.

Ms. Jones explained how the District's existing database functionality is limited to online well registrations and is not compatible with permanent rules adopted in 2018 and rule revisions adopted in 2019 necessary or needed to track and monitor historic and operating permits. She said staff has been working with the current provider over the last 8-10 months trying to build an interface for historic use permits and have encountered many issues. In the meantime, she said the Database committee had met and discussed alternatives and asked Halff and Associates to bring a proposal to the District to develop a web-based GW system for the District. She discussed a proposal received from Halff that outlined the tasks to be performed to develop a web-based system that will include a secured web-based database application and GIS web maps. The proposal included a proposed fee summary in an amount of \$133,250 with additional features that would support Rule 5.5 workflow tied to the Compliance Order and the proposed change in rules for operating permit fees approved earlier in this Board Meeting. Ms. Jones said she visited back with Halff to see if any of these tasks were 2020 immediate to lessen the proposal cost for this calendar year. After discussing with them, Ms. Jones recommended to modify the scope to support monthly payments through the year during this transition phase versus including the 5.5 compliance workflow and annual prepayments reducing the proposal to a cost not to exceed \$88,250. She explained how this approach would allow the process to fully develop and give more guidance to the consultant to develop these features in a future budget year. She said if approved, completion is expected at 3-4 months with a start date of mid-March. Director Tischler asked Ms. Jones if the new database service proposed by Halff and Associates would alleviate the workload on District staff or if more staff would be required. Ms. Jones replied that the new database would allow for a more efficient permitting process and would help staff streamline the permitting procedures and free up staff availability for other District needs. Following further discussion, Ms. Jones recommended the Board table consideration of the item until the February meeting. Director Osborn made a motion to table the item until the February meeting, and Director Kirk seconded the motion. The motion carried.

GENERAL MANAGER'S REPORT AND UPDATE

- a) Status report on Historic Use Applications. Ms. Jones said there have been 273 Historic Use Permit Applications, and District staff continue to work diligently with applicants to determine administrative completeness of the applications. She explained how given the current database is not set up for permitting, staff have been working on assessing application information for technical review through a detailed spreadsheet that has enabled staff to catch errors or inconsistencies. She said once a new permitting system is complete, this data should easily transfer to the new system.

- b) Status report and possible action regarding construction of office facility. Ms. Jones said the metal building is complete and the overhead doors have been ordered. The main building stone masonry is wrapping up and the aluminum windows are being installed and insulation and interior sheetrock have begun. She said the interior door frames and windows were scheduled to be delivered the following week and that the metal roof work was ready to start once the stone layers have cleaned up and demobilized from around the building. She said the building is roughly 70% complete.
- c) Update and possible action regarding MOU between TDLR and the TCEQ. Ms. Jones reported that in April 2016, the District entered into an MOU with the Texas Department of Licensing and Regulation (TDLR) regarding their abandoned well program. She said Mr. Sledge had a copy of the MOU sent to the state agency. In this MOU, the District has 14 days to respond to any referral of an abandoned or deteriorated well and enforce compliance with Texas Occupations Code, Section 1901.255 and coordinate any enforcement with TDLR. She said this MOU does not need to be renewed, but it is on file now and the requirements and agreed understanding between TDLR and the District have been clarified.

Ms. Jones also provided a legislative update, discussing the Senate Water & Rural Affairs Committee and the Senate Natural Resources & Economic Development Committee joint interim hearing she attended on January 22, 2020 to consider the interim committee charges regarding future water supply and groundwater regulatory framework. She said representatives from the Texas Alliance of Groundwater Districts were present and provided testimony about the importance and duties of groundwater conservation districts.

Ms. Jones reported that the District's field staff had completed 26 Historic Use Permit field checks, finished water level measurements for Johnson County, conducted maintenance on monitor wells and were in the process of installing equipment for a monitor well in northwestern Johnson County. She also highlighted the 2019 Year to Date Water Usage chart and reported six new non-exempt well registrations and 12 exempt well registrations, with the majority being in Johnson County. Director Tischler asked Ms. Jones about District staff creating a spreadsheet tracking the cost per 1,000 gallons of water used and tracking the difference between actual income and income with discounts applied. Ms. Jones said she would have staff begin compiling that data for review.

GENERAL COUNSEL'S REPORT – THE DISTRICT'S LEGAL COUNSEL WILL BRIEF THE BOARD ON PERTINENT LEGAL ISSUES AND DEVELOPMENTS IMPACTING THE DISTRICT – Brian Sledge

Mr. Sledge said he needed to discuss permit and compliance order issues with the Board in Executive Session. At 11:41 a.m. President Beseda announced, "The Board will recess into a Closed Executive Session under Government Code Sections 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 concluded at 12:43 p.m.

At 12:44 p.m. the meeting reconvened into an open session.

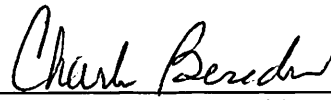
**OPEN FORUM / DISCUSSION OF NEW BUSINESS FOR FUTURE MEETING
AGENDAS**

None.

ADJOURN

There being no further business, upon a motion made by Director McPherson and seconded by Director Smith, the meeting was adjourned at 12:44 p.m.

PASSED, APPROVED, AND ADOPTED THIS 27TH DAY OF JANUARY 2020.



Charles Beseda, President



Maurice Osborn, Secretary/Treasurer



Sign-In Sheet

January 27, 2020

*** Note: If you are speaking, please limit to 3 minutes ***

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RESOLUTION #20-001

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT
CLARIFYING FEE PAYMENT PROVISIONS AND REPORTING
DEADLINES UNDER 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 Section 59, Article XVI, 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 at TEX. SPEC. DIST. LOC. LAWS CODE ANN. ch. 8855 (“the District Act”).

WHEREAS, the District Act and Chapter 36 of the Texas Water Code assign certain duties, rights, powers, privileges, authorities, and functions to the District; and

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, after adoption of the permanent Rules, the District’s Rules and Bylaws Committee worked over the course of several months to develop recommended amendments to the Rules to address additional improvements that were identified in the implementation of the Rules;

WHEREAS, after proper publication of proposed amendments to the Rules and public notice of a hearing on the consideration of the same in accordance with the requirements of Sections 36.101(d) and (e) of the Texas Water Code, the Board held a rulemaking public hearing on October 21, 2019, where the Board received and considered oral and written comments from the public on the proposed amendments to the Rules;

WHEREAS, after taking up and considering the proposed amendments to the Rules, the Board adopted the same during the regular meeting of the District on October 21, 2019;

EXHIBIT "B"

WHEREAS, the amended Rules delay implementation of the revised fee payment structure for groundwater production and groundwater transport under Section 7 of the Rules; groundwater production reporting under Sections 3 and 8 of the Rules; and payment of any Compliance Order disincentive fees under Section 5, such revised structure having been adopted when the permanent Rules were adopted on December 17, 2018;

WHEREAS, the amended Rules delay implementation of the new structure for such fee payments and groundwater production reporting for groundwater produced between January 1, 2019, and December 31, 2020, until January 1, 2021; provided, however, that it was and is the Board's intent that only non-exempt well owners who were previously paying and reporting under the fee and reporting structure of the District's Temporary Rules will continue to do so before converting to the new system for calendar year 2021, as the Board deemed appropriate to allow time for such non-exempt well owners to transition from the structure of the District's Temporary Rules to the new system;

WHEREAS, the Board's intent was and is that the new schedule and structure for payment of groundwater use fees and groundwater reporting shall apply immediately to non-exempt well owners who are required to obtain a permit under the Rules and who have not previously been paying fees and reporting groundwater production under the schedule and structure set forth in the District's Temporary Rules prior to October 21, 2019, the effective date of the amended Rules;

WHEREAS, however, all non-exempt well owners who are exempt from the requirement to obtain a permit from the District but who are subject to the metering, groundwater reporting, and water use fee and groundwater transport fee payment requirements of the Rules must necessarily continue to make payments and submit reports in arrears based on the amount of groundwater actually produced or transported;

WHEREAS, Section 5 of the Rules authorizes the District Board to issue Compliance Orders in its discretion and to require payment of disincentive fees in association with such Compliance Orders;

WHEREAS, the Board finds that disincentive fees for Compliance Orders under Section 5 of the Rules are to be paid based on the amount of groundwater authorized in the Compliance Order;

WHEREAS, the Board finds that payment of disincentive fees under a Compliance Order is subject to the new schedule and structure in the amended Rules for payment of water use fees, as well as the provisions for partial refunds for overpayment of water use fees;

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

1. The above recitals are true and correct;

EXHIBIT "B"

2. The Board of Directors hereby resolves and orders that all non-exempt well owners who are required to obtain a permit under the Rules and who have not previously been paying fees and reporting groundwater production under the schedule and structure set forth in the District's Temporary Rules shall pay water use fees, as well as any applicable groundwater transport fees or Compliance Order disincentive fees, in accordance with the new schedule and structure set forth in the adopted October 21, 2019, rules amendments based on the total amount of groundwater authorized to be produced under the well owner's Operating Permit, Historic Use Permit (or amount declared as the owner's Maximum Historic Use in its most recent pending Historic Use Permit application on which the Board has not yet taken action to approve or deny), and/or Compliance Order;
3. The Board of Directors hereby resolves and orders that all non-exempt well owners who are exempt from the requirement to obtain a permit from the District but who are subject to the metering, groundwater reporting, and water use fee and groundwater transport fee payment requirements of the Rules shall pay water use fees and groundwater transport fees under the schedule and system set forth under the Rules for the payment of groundwater transport fees (quarterly in arrears based on the amount of groundwater actually produced and, if applicable, transported), and shall submit Water Production Reports to the District under the same schedule and deadlines applicable to the submission of reports for groundwater transported out of the District under Rule 6.2;
4. The Board of Directors hereby resolves and orders that disincentive fees for Compliance Orders shall be:
 - (a) based on the amount of groundwater production authorized under the Compliance Order;
 - (b) paid in accordance with the new schedule and structure set forth in the adopted October 21, 2019, rules amendments; and
 - (c) eligible for a partial refund of up to twenty (20) percent after the conclusion of a calendar year in the same manner and under the same procedures as water use fees if groundwater production by the well owner is less than the total amount authorized for the calendar year;
5. The District's Board, its officers, District staff, and legal counsel are further authorized to take any and all actions necessary to implement this Resolution.

AND IT IS SO ORDERED.

PASSED AND ADOPTED on this 27th day of January 2020.

EXHIBIT "B"

PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT

By: Charles Beseda
Charles Beseda, Board 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, 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 January 27, 2020. Said resolution appears in the minutes of this meeting and has not been rescinded or modified.

Maurice Osborn
Maurice Osborn, Secretary/Treasurer

[SEAL]

