

# PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT

May 18, 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, open to the public, but held via a publicly accessible webinar/telephone conference call, 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 9:10 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(s) Erinakes, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, General Manager; Brian Sledge, General 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.

### CONSENT AGENDA

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

### PRESENTATION OF THE 2019 ANNUAL FINANCIAL AUDIT FOR BOARD'S ACCEPTANCE – Bryan Thomas, YWRD, P.C.

Mr. Thomas discussed the balance sheet included in the 2019 Financial Audit paperwork and how the total operating expenses for the year were divided into a daily rate and then the rate

was divided into the unassigned fund balance. He reported that as of December 31, 2019, the District had (131) days of unassigned fund balance. He also reported the District's total expenses increased by two million dollars from the prior year due to the capital outlay account for the new office building. He also highlighted the comparison of actual income versus budgeted expenses. He said the District's revenues were about \$40,000 over the budgeted amount and the actual expenditures were about \$450,000 over the budgeted amount due to the capital outlay.

Ms. Jones reported the Budget Committee met April 14, 2020 and reviewed and accepted the Fiscal Year 2019 Audit, including Fiscal Year 2019 audited financial statements, completed by Yeldell, Wilson, Wood & Reeve, P.C and recommends that the Board accept the 2019 Audit and approve such audited financial statements. Director Smith made a motion to accept the 2019 Annual Financial Audit as presented. Director Curtis seconded the motion. The motion passed.

#### **ADMINISTRATIVE AND FINANCIALS – Kathy Turner Jones**

- a) Update on current administrative and financial activities of the District. Ms. Jones said District like many essential offices throughout the state, has continued to operate. Although closed to the public, we are allowing individuals to drop by necessary documents or payments by appointment only. She reported all District staff recently completed and passed a state approved security awareness training program provided online by the Texas Alliance of Groundwater Districts. Under HB 3834 (86<sup>th</sup> Legislature) passed last session District employee will also be required to renew their training certification annually.
- b) Review 1<sup>st</sup> Quarter Investment Report 2020. Ms. Jones reported District's investments as provided in the Investment Report dated January 1, 2020 through March 31, 2020 as having sufficient securities pledged to cover the District's investments for its operating fund, money market, construction, and certificate of deposit accounts. All investments follow the District's public funds investment strategies and recommended the Board accept the investment report as presented. Director Smith made a motion to accept the 1<sup>st</sup> Quarter Investment Report and Director McPherson seconded the motion. The motion passed.
- c) Discuss, consider, and take action tot approve Resolution #20-003 amending FY 2020 Operating Budget and authorize the General Manager to take any and all action necessary for the implementation of this Resolution. Ms. Jones discussed the Resolution #20-003 and the copy of the proposed amended budget in the Directors' board packet, and said that following review of the District's capital outlay budgeted for 2020, management discovered a numerical error in the building and construction budget for architectural consulting expenses that appeared to be an administrative oversight. She said \$15,000 was originally approved for architectural consulting expenses in the 2020 budget, and she said this item should have been \$75,000, which means an amount of \$60,000 needed to be addressed in the amended budget. In addition, remaining loan funds of \$1,237,510 available to be drawn in 2020 for the construction and completion of the office facility building and shop were not captured as "other income" in the operating budget to offset capital outlay expenses. She said the Budget and Finance Committee met April 4, 2020, to discuss and review draft amendments. After giving consideration, the Committee



recommends for Board consideration and approval proposed amendments to the 2020 Budget as provided in the draft budget and appended to Resolution 20-003 as "Attachment A". Director Osborn said that he and Director Beseda had met with Kathy to discuss and review the proposed budget amendments and it would be his recommendation to approve Resolution #20-003 amending the FY 2020 Operating Budget. Director Kirk seconded the motion. The motion passed. . *Copy of the Resolution #20-003 is attached hereto as Exhibit "B"*

#### **UPDATE ON PUBLIC OUTREACH ACTIVITIES, EDUCATIONAL AND CONSERVATION EFFORTS – Sinclair Newby**

Ms. Newby reported the 2019 Annual Report had been finalized with hard copies distributed by mail to county judges, commissioners, and state officials on April 24. She reported that the spring 2020 edition of the Prairielands eLine newsletter was released on April 22, featuring articles about springtime water conservation tips, rainwater harvesting, information about the Texas Well Owner's Network, highlights from the annual report, upcoming events and meetings and more. She said she coordinated with county extension agents on 2020-2021 4-H Water Ambassador applications. Based on conversations with the extension agents, there should be an applicant from Ellis County, two in Hill County, and one from Johnson County. Ms. Newby said she had prepared a press release about rainwater harvesting for release to local newspapers for Monday, May 18. She also said a Water Education Trailer demonstration video of the aquifer model and indoor water conservation models is prepared to be featured for Johnson County and Hill County Extension's virtual water day. She discussed several upcoming presentations and event she had scheduled for the upcoming weeks, and said they were tentative depending on restrictions surrounding COVID-19. Lastly, she highlighted the performance of the District's social media platforms for the months of March and April, and said the District's twitter posts were seen 6,041 times and the LinkedIn page saw significant growth and interactions, with 355 impressions and six new followers.

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

- a) Update and possible action on evaluation of production and procedures from various aquifers as related to DFC Planning. President Beseda reported the GMA 8 regional planning group held their meeting last week via video conference call. James Beach presented updated Run 11 results highlighting changes made in the pumping scenarios from previous round of planning. Updated pumping amounts were based on numbers provided by GCDs plus the inclusion of a drought records for 2078-2080. There was some discussion among the GMA 8 members on clarifying whether the drought of record, which is built on the GAM history, should be redistributed during a different period within Run 11. After discussion and consideration, it was determined that the drought of record would have little impact on GMA 8 regardless of where it was placed in the timeline of the run. The voting delegates voted in approval to proceed with the proposed Run 11 as it is currently designed.

Mr. Beach followed with an overview on updates to Run 11 from the NTWGAM DFC/MAG Run. He discussed the groundwater pumping amount changes that several

GCDs had submitted to be included in this run. He showed a chart displaying Prairielands GCD's submitted changes, which were only reallocated vertically from the Hensell to the Pearsall and Hosston, and the total amount of pumping itself was not changed. Mr. Beach then discussed the comparison of results between Run 10 and Run 11 and provided numbers on final drawdown figures for 2070.

Next was discussion on the three remaining factors as they relate to DFC adoption. Mr. Beach said at the next GMA 8 meeting all nine factors would be discussed. The first factor discussed was feasibility of achieving the DFC, which Mr. Beach broke down into two different aspects: Physical achievability and regulatory achievability. Physical achievability is the practical ability of the DFC to be physically achievable. Regulatory achievability relates to the ability for the DFC to be achieved via a GCD's management plan and rules. The other factor discussed was socioeconomic impacts, which Mr. Beach said take into consideration the measurement of impacts that may be anticipated if water suppliers cannot meet public needs.

#### **GENERAL MANAGER'S REPORT AND UPDATE – Kathy Turner Jones**

- a) Historic Use Permit Applications. Ms. Jones said District staff has been working through applications and matching information with the field reports. She said she met with Mr. Sledge and another associate to discuss technical reviews of some of the applications and said it will take a little more time in order to get information prior to 2009 and receive the proper documentation from applicants to verify that information.
- b) Status report and possible action regarding construction of office facility. Ms. Jones stated Modern Construction reports that they are in the final stages of completing the building and shop construction. Irrigation work has begun and expect to complete all landscaping less the cistern as early as the end of next week. They will be pouring the foundation for the cistern this week although delivery of the actual cistern is still about two weeks away. Modern will be walking the project next week with Magee to do a punch walk and tidy up the odds and ends and clean up the project. Lots of small ticket items over the next few weeks to get things cleaned up and 100%.

Following approval and payment of Construction Pay App #8 & 9 today, total cost completed to date = \$2,722,146 less retainage of \$136,107. Balance to finish, including retainage, = \$406,819.96

Ms. Jones also gave a status update on enforcement items the District is continuing to monitor. She said that the District has sent reminders to these individuals to address the items that need to be resolved. She said that District staff are following up to ensure steps are being taken to make sure the well owners are working towards obtaining compliance.

Ms. Jones concluded her report stating that the majority of upcoming meetings and events previously discussed had either been cancelled or moved to an online format, including the TWCA Mid-Year Conference, which she said would allow more GCD staff and directors across the state the opportunity to get involved and join the conference without the constraints of travel

and cost of lodging. She did report that the Texas Groundwater Summit scheduled for September 1-3 is still on schedule to be held in San Antonio.

**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 reported he had been working closely with Ms. Jones and District staff on processing Historic Use Applications to go through administrative and technical review. He said most of the work on the front end of processing the applications is to compile information from the applicants and then using that information to allow the General Manager to develop the permit amount. Mr. Sledge said there was no information to report regarding legislation due to the capitol still being closed due to COVID-19.

**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 10:15 a.m.

**PASSED, APPROVED, AND ADOPTED THIS 18<sup>th</sup> DAY OF MAY 2020.**



Charles Beseda, President



Maurice Osborn, Secretary/Treasurer



## Exhibit "B"



### AMENDED FY\_2020 Budget 5/18/20

#### INCOME

Administrative Fees:	\$	800.00
<b><u>Application Fees:</u></b>		
Exception Fees	\$	10,000.00
OP Application Fees	\$	8,000.00
Well Registration Fee	\$	75,000.00
<b>TOTAL APPLICATION FEES:</b>	\$	<b>93,000.00</b>
<b><u>Groundwater Production Fees:</u></b>		
Export Water Use Fees	\$	250.00
Historic Use Permit Fees	\$	-
Operating Permit Fees	\$	10,000.00
Production Fee Funds	\$	1,200,000.00
<b>TOTAL GW PRODUCTION FEES:</b>	\$	<b>1,210,250.00</b>
Interest Earned	\$	8,000.00
Late Fee / Violation Fee	\$	2,500.00
<b>TOTAL INCOME</b>	\$	<b>1,314,550.00</b>

#### EXPENSES

##### **Building Construction Expense**

Architect/Consultant	\$	75,000.00
Building Construction	\$	1,860,000.00
Engineering (Soils)	\$	4,000.00
Mortgage Interest	\$	30,000.00
Mortgage Principal	\$	35,000.00
Moving Expense	\$	2,500.00
Office Equipment	\$	85,000.00
Office Furniture (including appliances/blinds)	\$	93,000.00
<b>TOTAL BLDG CONSTRUCTION</b>	\$	<b>2,184,500.00</b>

##### **Field/Technical Expense**

Field Equipment	\$	4,000.00
Field Supplies	\$	4,500.00

Monitor Wells - Equip.	\$	12,000.00
Special Projects	\$	1,000.00
Travel/Training/Edu	\$	2,500.00
Vehicle Expense - Fuel	\$	3,500.00
Water Meter Calibration	\$	1,000.00
Vehicle Repair & Maintenance	\$	3,500.00

**TOTAL FIELD EXPENSE** \$ **32,000.00**

**Insurance Expense**

Errors & Omissions	\$	3,000.00
Insurance - Property	\$	6,000.00
Liability/Bonds/Other	\$	3,800.00
Vehicle Insurance	\$	3,500.00

**TOTAL INSURANCE EXPENSE** \$ **16,300.00**

**Legal Expense**

Amici Curiae Briefs	\$	-
Enforcement	\$	4,000.00
General Counsel	\$	100,000.00
GMA 8 Administrative	\$	4,000.00
Injection Well Monitoring	\$	2,000.00
Legislative - Gov't. Relations	\$	55,000.00

**TOTAL LEGAL** \$ **165,000.00**

**Meeting/Travel/Training Expense**

Mileage Reimbursement	\$	2,500.00
Board Member/Travel Expense	\$	5,000.00
Manager Meeting/Travel Expense	\$	6,000.00
Staff Meeting/Travel Expense	\$	1,500.00

**TOTAL TRAVEL/TRAINING EXPENSE** \$ **15,000.00**

**Office Expense**

Custodial Services	\$	13,500.00
Computer Software	\$	2,500.00
Internet/Managed IT Service	\$	12,000.00
Lawn Maintenance	\$	2,000.00
Office Equipment	\$	5,000.00
Office Lease	\$	20,000.00
Office Supplies	\$	6,000.00
Postage Expense	\$	2,000.00

Post Office Box	\$	500.00
Utilities	\$	37,000.00
Website/Hosting	\$	5,000.00
<b>TOTAL OFFICE EXPENSE</b>	<b>\$</b>	<b>105,500.00</b>

**Operating Expense**

Accounting	\$	3,000.00
Awards and Recognition	\$	1,000.00
Bank Charges	\$	7,500.00
Dues/Subscriptions	\$	6,500.00
GMA 8 / NTGCD	\$	3,000.00
Misc.	\$	300.00
Public Hearing Notices	\$	5,000.00
Recording Fees	\$	2,000.00
Refund - Unused Permitted Water Use Fees	\$	1,500.00
Relocation Expense	\$	5,000.00
<b>TOTAL OPERATING</b>	<b>\$</b>	<b>34,800.00</b>

**Payroll Expense**

FSA - Flex System	\$	1,000.00
Health Insurance	\$	88,600.00
Payroll	\$	560,200.00
Payroll Service/Fees	\$	5,000.00
Payroll Taxes	\$	43,500.00
Retirement	\$	51,200.00
<b>TOTAL LABOR</b>	<b>\$</b>	<b>749,500.00</b>

**Professional Services Expense**

Audit Fee	\$	16,000.00
Database Redevelopment	\$	99,300.00
Hydro-Geologist/Tech	\$	100,000.00
UIC Injection Well - Prof.	\$	1,000.00
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>\$</b>	<b>216,300.00</b>

**Public Relations/Education Expense**

Advertising/Printing	\$	10,000.00
Conservation Demonstration	\$	12,000.00
Conservation/Educ Trailer	\$	4,000.00
Conservation/Education	\$	4,000.00
Public Relations - Misc.	\$	4,000.00
Trailer Storage	\$	1,500.00



Travel/Training/Edu	\$	4,000.00
Video Production	\$	900.00
Water Wise	\$	-
<b>TOTAL PUB. RELATIONS/EDU EXPENSE</b>	<b>\$</b>	<b>40,400.00</b>
<b><u>Vehicle Expense</u></b>		
Fuel	\$	2,500.00
Vehicle Maintenance	\$	1,000.00
<b>TOTAL VEHICLE EXPENSE</b>	<b>\$</b>	<b>3,500.00</b>
<b>TOTAL EXPENSES</b>	<b>\$</b>	<b>3,562,800.00</b>
<b>NET ORDINARY INCOME:</b>	<b>\$</b>	<b>(2,248,250.00)</b>
<b>Other Income</b>		
Construction Loan	\$	(1,237,510.00)
Reserve Funds	\$	(1,034,000.00)
<b>NET INCOME:</b>	<b>\$</b>	<b>23,260.00</b>