

PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT

October 18, 2021

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, within the boundaries of the District at 208 Kimberly Dr, Cleburne, TX, on October 18, 2021.

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 9:11 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
John Curtis	Brad Daniels
Randy Kirk	Marty McPherson
Paul Tischler	Barney McClure

All members of the Board were in attendance, with the exception of Director Daniels, thus constituting a quorum of the Board of Directors. Also, attending 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 sheet(s) attached hereto as Exhibit "A".*

PUBLIC COMMENTS

None.

CONSENT AGENDA

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

FINANCE REPORT – Brian Watts, Comptroller

- a) Presentation of unaudited financials for the month of September 2021. Mr. Watts discussed the balance sheet and profit and loss analysis for the Month of September 2021. He highlighted the comparison between the billed amount of \$291,291.97 for the month compared to expenses of \$110,921.10 which led to an excess revenue of \$180,370.87 for

the month of September. He also provided a reminder that September is the month where the District bills permittees for 4th quarter payments. He then discussed the balance sheet which showed ending cash balances as of September 30 as \$1,677,333.33. Director McClure made a motion to accept the financials as presents and Director Curtis seconded the motion. The motion carried unanimously.

- b) Review of monthly cash flow and cash projection for 2021. Mr. Watts provided an overview of the cash flow for the District and reported for the 3rd quarter the cash outflow amount had increased due to several invoices to General Counsel that were paid in September. He added he had been planning with District permitting staff on projecting expected costs for the potential water use fee refunds available for permittees who qualify. He stated he had worked with other staff members to conduct a preemptive estimate of which permittees would be qualified for the refund and considered those refunds at the full 20% refund determined by the District Rules and reported this would be an approximate \$278,000 in refunds. He concluded this projection by stating not all permittees would qualify for the full 20%, but that amount was used for the purpose of planning and awareness as the end of the year approached and refund payments would need to be planned for in the coming months. He noted his projected amount for refunds was around \$271,328, which would coincide with the likelihood that not all permittees would qualify for the full 20%. He also added that this item was solely for informational purposes and there was no action required.
- c) Review 3rd Quarter Investment Report 2021. Mr. Watts presented the Quarterly Investment Report for the 3rd Quarter of 2021 which details the banking and checking activities of the District with account balances as well as a summary of depositories. He described how based on the ending cash balances amounted to \$1,677,333.33, the net interest income for the 3rd quarter was \$934.24 and total cash balances increased \$35,693.43 for the quarter. Director Kirk made a motion to approve the 3rd Quarter Investment Report and Director McPherson seconded the motion. The motion carried unanimously.

CHANGE ORDER AUTHORIZATION – DISCUSS AND CONSIDER AUTHORIZING THE GENERAL MANAGER TO EXECUTE TASK ORDER #5 WITH HALFF ASSOCIATES, INC. FOR DATABASE ENHANCEMENT – Kathy Turner Jones

Ms. Jones explained how District staff had been working with a few permittees and water well drillers to test the functionality of the District's new groundwater management system before the official launch of the system. Ms. Jones reported there were a few needed changes identified during the test runs and therefore the proposed Task Order #5 was being presented in order for these adjustments to be made to the system before the final database is distributed to the public. She added that contingency funds would be utilized to pay for the necessary updates. Director Osborn made a motion to authorize the General Manager to execute Task order #5 with Halff Associates, Inc for database enhancement. Director Curtis seconded the motion and it carried unanimously.

CONSIDER AND ACT ON RESOLUTION #21-008 AMENDING ADMINISTRATIVE FEE SCHEDULE AND AUTHORIZE THE GENERAL MANAGER TO TAKE ANY AND ALL ACTION NECESSARY FOR THE IMPLEMENTATION OF THIS

RESOLUTION – Kathy Turner Jones

Ms. Jones stated this agenda item had been withdrawn and there was no action necessary.

REPORT AND RECOMMENDATIONS FROM BOARD’S RULES AND BYLAWS COMMITTEE REGARDING AMENDING THE DISTRICT RULES TO: (A) REMOVE THE PROVISION IN DISTRICT RULE 4.3(G) REQUIRING CONSIDERATION OF A GEOGRAPHIC WEIGHTED CENTROID FOR MULTIPLE WELLS ON A SINGLE TRACT FOR WELL SPACING CALCULATIONS; AND (B) CLARIFY THE METHOD OF CALCULATING THE MAXIMUM CONTIGUOUS CONTROLLED ACREAGE THAT MAY BE ASSIGNED TO AN OPERATING PERMIT FOR A RETAIL PUBLIC UTILITY UNDER DISTRICT RULE 5.3 FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) THAT IS NOT A BOUNDED SERVICE AREA; CONSIDER ADOPTION OF RESOLUTION #21-009 AUTHORIZING SAME PENDING ADOPTION OF FORMAL AMENDMENTS TO THE DISTRICT RULES. – Brian Sledge, Sledge Law Group, PLLC. *Copy of said Resolution #21-009 attached hereto as Exhibit “B”.*

Mr. Sledge addressed the Board and explained he had been working with the Rules and Bylaws Committee on assessing the existing District Rules for amendments and the committee recommended two items to bring forward to adopt by resolution at this meeting, and to amend the District Rules through formal process before February 2022. He stated the first change to be adopted by this resolution would be to eliminate the geo-weighted centroid used for consideration on the potential interference on multiple wells on the same property since the District Rules already require two other spacing requirements. The second amendment being proposed through resolution was to clarify the determination of maximum contiguous controlled acreage that may be assigned under Rule 5.3 to an Operating Permit for a retail public utility for a well located within a CCN based on whether the CCN type is a 1) Bounded Service Area - a certificated service area with closed boundaries that often follows identifiable physical and cultural features; 2) Facilities +200 Feet - a certificated service area represented by lines on a map that includes a buffer of a specified number of feet (usually 200 feet, but sometimes another specified number of feet); or 3) Facilities Only - a certificated area represented by lines on a map and granted for a “point of use” that covers only the customer connections at the time the CCN is granted. Director Beseda made a motion to approve Resolution #21-009 to modify the determination of minimum well spacing distances and to clarify the determination of controlled contiguous acreage for certain retail public utilities. Director Kirk seconded the motion and it carried unanimously.

REPORT AND RECOMMENDATIONS FROM BOARD’S POLICY AND PERSONNEL COMMITTEE TO CONSIDER ADOPTION OF RESOLUTION #21-010 AUTHORIZING REVISIONS TO THE DISTRICT’S PERSONNEL POLICIES AND PROCEDURES AND TO FURTHER AUTHORIZE THE GENERAL MANAGER TO TAKE ANY AND ALL ACTION NECESSARY FOR THE IMPLEMENTATION OF THIS RESOLUTION – Kathy Turner Jones. *Copy of said Resolution #21-010 attached hereto as Exhibit “C”.*

Ms. Jones reported the Board's Policy and Personnel Committee had met on September 20 to discuss necessary amendments needed to the District's personnel policy. She stated the committee had identified amendments to be made, which included amending "Pay Periods and Pay Days" so that employee pay periods coincide with payroll service cutoff dates; amended "Salary Adjustments" to include consideration of COLA increases in employee annual salary adjustments; amended "Cost of Living Allowance" policy to better define the policy as an 'adjustment' to salary ranges for purposes of determining employee's overall annual salary adjustment; and updated "Organization Chart" salary ranges to include previously approved COLA adjustments for 2020 and 2021. Director Tischler emphasized how the COLA items are not required offerings to employees, but the Board may consider granting them as deemed necessary and appropriate to adjust employee salary ranges. Director Tischler made a motion to adopt the recommended amendments to the District's Personnel Policy as presented, and to authorize the General Manager to take any and all action necessary for the implementation of this resolution. Director McClure seconded the motion and it carried unanimously.

REVIEW AND ACTION AS NECESSARY REGARDING TEXAS COUNTY DISTRICT RETIREMENT SYSTEM'S PLAN ASSESSMENT FOR PLAN YEAR 2022 – Kathy Turner Jones

Ms. Jones explained each year TCDRS provides a plan assessment containing the District's current rate information as a resource document for the District to use in reviewing rates and considering any benefit adjustments. She stated based on the 2022 Plan Assessment, the District is required to increase its elected funding rate from 9.47% to 10.64% for 2022. She offered her recommendation to accept the increased employer funding rate of 10.64% for Prairielands GCD effective January 1, 2022 and retain the current employee deposit rate of 5%. Director Tischler made a motion to accept TCDRS' increased employer funding rate of 10.64% and retain the employee deposit rate of 5% for 2022. Director McPherson seconded the motion and it carried unanimously

GROUNDWATER MANAGEMENT AREA 8 – UPDATE ON ACTIVITIES RELATED TO JOINT PLANNING IN THE DEVELOPMENT OF DESIRED FUTURE CONDITIONS – Kathy Turner Jones

Ms. Jones updated the Board on the upcoming GMA 8 meeting to be held November 4 at the Prairielands GCD office and stated that the representatives would be receiving comments on the summary report regarding the proposed DFCs as well as possible action(s) to approve the DFCs as final and to approve the Explanatory Report for submission to the Texas Water Development Board. .

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

Ms. Newby discussed taking the District's Water Education Trailer and rainwater harvesting demonstration model to an event in Cleburne on September 29, as well as an educational presentation to members of the Grandview Lions Club on October 12. She also highlighted a presentation on protecting and conserving groundwater given to District staff by members of the Alvarado FFA Ag Issues team as the team members prepared for an upcoming competition. She concluded her report by mentioning an upcoming event with the Water

Education Trailer for the Glen Rose 4-H Club on October 19.

ENGINEERING REPORT – Wade Oliver, INTERA

Mr. Oliver reported considerable progress had been made on multiple projects he had been working on for the District, including evaluating data for water level trend analysis, working on the aquifer storage and recovery project required by the District's management plan, and monitoring well network plan developments. He stated he met with District staff on October 6th to discuss these items and that these projects would soon be ready to take to committees or to the full board for consideration. He concluded his report by also discussing recent work he had done with the Rules and Bylaws Committee related to well spacing requirements.

GENERAL MANAGER'S REPORT AND UPDATE – Kathy Turner Jones

- a) Update on current administrative activities of the District. Ms. Jones reported there had been many committee meetings over the previous month to work on amendments to the District Rules as well as amendments to the Personnel Policy. She mentioned she had been working on finalizing an internal policy for District staff to utilize as they communicate with permittees regarding the requirements for meter testing. She also stated she would be scheduling meetings with the Budget and Finance Committee soon to begin planning the 2022 Operating Budget and preparing a draft Operating Reserve Guidance Document for the Board's consideration.

She highlighted the year-to-date water use chart in the board packet, and compared the 2021 numbers to the same period in 2020 and reported there was showing to be a 8.77% decrease in overall groundwater pumpage reported compared to 2020. She continued on to discuss how although there was an overall decrease, there was actually an increase in the amount reported by Somervell County with a 3.65% increase from 2020. She reminded the Board that in 2020, permittees still had the option to report semi-annually, therefore the comparison could still reflect even greater usage in 2020 since some permittees had not yet submitted their usage for the second half of the year.

- b) Historic Use Permit Applications. Ms. Jones stated District staff were continuing to work with General Counsel on preparing for the finalization of Historic Use Permit applications.
- c) Enforcement. Ms. Jones reported District staff had been working with permittees to monitor groundwater usage amounts in comparison to permitted amounts to avoid overpumping penalties, as well as keeping permittees informed on reporting and payment deadlines in order to avoid enforcement items.

There being no further discussion, President Beseda announced, "At this time, 10:07 a.m., the Board will recess into a Closed Executive Session to consult with legal counsel on items on today's agenda under Government Code Section(s) 551.071 for consultation concerning attorney-client matters. No action will be taken in closed session. At the conclusion of the closed session, the Board will reconvene in open session with the public."

At 12:35 p.m. President Beseda announced the meeting was reconvening into an open

session and was open to the public.

GENERAL COUNSEL'S REPORT – Brian L. Sledge

None.

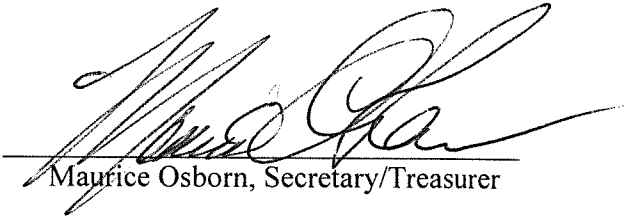
**OPEN FORUM / DISCUSSION OF NEW BUSINESS FOR FUTURE MEETING
AGENDAS**

None.

ADJOURN

There being no further business, Director Osborn made a motion to adjourn the meeting which was seconded by Director Kirk. The motion passed unanimously. The meeting was adjourned at 12:36 p.m.

PASSED, APPROVED, AND ADOPTED THIS 15th DAY OF NOVEMBER 2021.



Maurice Osborn, Secretary/Treasurer

Exhibit "B"

RESOLUTION NO #21-009

PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT

RESOLUTION TO MODIFY THE DETERMINATION OF MINIMUM WELL SPACING DISTANCES, TO CLARIFY THE DETERMINATION OF CONTROLLED CONTIGUOUS ACREAGE FOR CERTAIN RETAIL PUBLIC UTILITIES, AND TO PROVIDE NOTICE OF INTENT TO AMEND THE DISTRICT RULES

THE STATE OF TEXAS

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PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT

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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 (“District Rules”) during a properly called and noticed regular meeting on December 17, 2018, and adopted amendments to the District Rules on October 21, 2019, and on November 16, 2020, 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 having met on numerous occasions over the course of several months, the District’s Rules and Bylaws Committee made a recommendation to the Board on proposed amendments to the District Rules;

WHEREAS, Section 4 of the District Rules impose minimum well spacing requirements from property lines and existing wells drilled in the same layer of an aquifer as a new well in order to limit the impacts of the new well on existing wells and the available drawdown in the applicable layer of an aquifer;

WHEREAS, District Rule 4.3(d) requires an applicant for a new well registration or permit to utilize a specified methodology to derive minimum well spacing distances from property lines and from existing wells drilled in the same layer of an aquifer as the new well;

WHEREAS, District Rule 4.3(g) states that, for any new well application where there are multiple wells on one tract that are completed or proposed to be completed, the District will consider a geographic weighted centroid calculated based upon the location and the maximum designed production capacity of each of the wells for purposes of calculating the minimum well spacing distances from property lines and existing wells;

WHEREAS, the Board has determined that the use of a geographic weighted centroid should no longer be used in calculating the minimum well spacing distances from property lines or other wells necessary to accomplish the District's goal of minimizing well interference and the drawdown in the applicable layer of an aquifer due to the geometric configuration of certain tracts and for other reasons;

WHEREAS, the Board finds that the methodology specified in District Rule 4.3(d) is sufficient to prevent interference between wells and minimize drawdown in the applicable layer of the aquifer, and that the District should no longer consider a geographic weighted centroid;

WHEREAS, the Board has determined that, for applications for a new well with a maximum designed production capacity over 17.36 gpm considered by the District from the approval of this resolution forward, the applicant shall only be required to utilize the methodology specified in District Rule 4.3(d) to calculate the minimum spacing distances from property lines and from existing wells, including without limitation any existing wells or well sites owned by the same owner, and the applicant will not be required to calculate nor the District required to consider a geographic weighted centroid;

WHEREAS, Section 5 of the District Rules provides for the District's regulation of production under an Operating Permit, including special provisions for an Operating Permit held by a retail public utility;

WHEREAS, the method for determining the maximum annual quantity of groundwater that may be authorized by the Board under an Operating Permit held by a retail public utility under current District Rule 5.3 is based on the amount of contiguous controlled acreage within the utility's certificate of convenience and necessity (CCN), or the acreage within the utility's corporate boundaries if the utility is a political subdivision that does not have a CCN, minus certain deductions from that acreage as specified in the rule;

WHEREAS, the Board finds that the method for calculating the amount of contiguous controlled acreage within a utility's CCN under current District Rule 5.3(a) is sufficient for a CCN with a Bounded Service Area; however, the rule does not distinguish and address the other types of CCNs recognized and issued by the Public Utility Commission in determining the amount of contiguous controlled acreage of a retail public utility;

WHEREAS, the Board finds it necessary for the District to consider the type of CCN held by a utility applicant for an Operating Permit in order to accurately determine a utility's contiguous controlled acreage, and thus establish an appropriate maximum production amount for an Operating Permit; and

WHEREAS, the Board determines that, beginning with the approval of this resolution, the District shall determine the maximum contiguous controlled acreage that may be assigned under Rule 5.3 to an Operating Permit for a retail public utility for a well located within a CCN based on whether the CCN type is a 1) Bounded Service Area - a certificated service area with closed boundaries that often follows identifiable physical and cultural features; 2) Facilities +200 Feet - a certificated service area represented by lines on a map that includes a buffer of a specified number of feet (usually 200 feet, but sometimes another specified number of feet); or 3) Facilities Only - a certificated area represented by lines on a map and granted for a "point of use" that covers only the customer connections at the time the CCN is granted;

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.
2. The Board of Directors resolves and orders that all applicants for new wells with a maximum designed production capacity over 17.36 gpm from the approval of this resolution forward shall solely utilize the methodology specified in Rule 4.3(d) of the District Rules for calculating minimum distances from property lines and other existing wells, including without limitation wells owned by the same owner, and shall not also be required to use a geographic weighted centroid.
3. The Board of Directors resolves and orders that, upon approval of this resolution, the maximum contiguous controlled acreage that may be assigned under Rule 5.3(a) to an Operating Permit for a retail public utility for a well located within a CCN that is not a Bounded Service Area CCN, including without limitation a Facilities Plus 200 Feet CCN or a Facilities Only CCN, prior to making the acreage subtractions set forth under Rule 5.3(a)(1) – (3), shall be calculated as the amount of acreage of the properties actually being served by the retail public utility that the retail public utility can demonstrate through evidence to the satisfaction of the Board at the hearing on the Operating Permit application.
4. The Board of Directors resolves to adopt amendments to the District Rules consistent with this order as soon as practical, but no later than February 1, 2022.
5. 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.
6. This resolution shall take effect immediately upon adoption and shall be applied to all applications considered by the Board or the General Manager after its adoption.

7. 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 18th day of October, 2021.

PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT

Charles Bender

By:

Board President

ATTEST:

I, *Marice 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 September 20, 2021. Said resolution appears in the minutes of this meeting and has not been rescinded or modified.

Marice Osborn

Secretary/Treasurer

[SEAL]



Exhibit "C"

RESOLUTION NO #21-010

RESOLUTION OF THE PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT ADOPTING AMENDMENTS TO THE DISTRICT'S PERSONNEL POLICIES AND PROCEDURES

THE STATE OF TEXAS §

PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT §

WHEREAS, the 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 body politic and corporate; and

WHEREAS, the Board of Directors of the District has adopted, in writing, a Personnel Policies and Procedure Manual (the "Personnel Policy") for the District, which provides important information concerning conditions, policies, guidelines, rules, benefits, and procedures of employment for all employees of the District;

WHEREAS, the Personnel and Policy Committee (the "Committee") held a meeting of the committee on September 20, 2021, to review the Personnel Policy adopted and has determined that amendments to the Personnel Policy are necessary and appropriate.

WHEREAS, the Board of Directors of the District have determined the Committees revisions and updates to the Personnel Policy are required, such revisions and updates now incorporated into the Personnel Policies and Procedures Manual attached hereto.

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 for the Prairielands Groundwater Conservation District hereby adopts recommended changes to Personnel Policies and Procedure Manual for the District.

3. That the Personnel Policies and Procedure Manual shall be applicable to all employees and shall govern the relationship between the District and the employees of the District until amended, repealed or replaced.
4. That such Personnel Policies and Procedure Manual supersedes any and all personnel policies previously adopted by the Board of Directors.
5. That the General Manager of the District is further authorized to take any and all action necessary to implement this Resolution and its Policies as practicable and in coordination with benefit renewal(s) and plan changes(s).

AND IT IS SO ORDERED

PASSED AND ADOPTED this 18th day of October, 2021

PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT

By: Charles Berada
President

ATTEST:

I, Monice 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 October 18, 2021. Said resolution appears in the minutes of this meeting and has not been rescinded or modified.

Monice Osborn
Secretary

[SEAL]

