

PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT

August 21, 2023

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 August 21, 2023.

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 10:04 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

John Curtis

Brad Daniels

Maurice Osborn

Barney McClure

Marty McPherson

Paul Tischler

Kathy Tucker

All members of the Board were in attendance, with the exception of Director Osborn, thus constituting a quorum of the Board of Directors. Also present 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 sheet(s) are attached hereto as Exhibit “A”.*

PUBLIC COMMENTS

None.

CONSENT AGENDA

Motion was made by Director Curtis to approve the consent agenda. Director McClure seconded the motion and it carried unanimously by all those who were present.

DISCUSS, CONSIDER, AND TAKE ACTION TO UPDATE OFFICE SECURITY EQUIPMENT AND MONTORING – Kathy Turner Jones

Ms. Jones requested authorization from the Board to negotiate and approve a proposal not to exceed \$12,900 to update the office building and shop security equipment and monitoring services.

Director Curtis made a motion to approve authorization not to exceed \$12,900 to seek a new security and monitoring company and Director McPherson 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 March 2023. – Mr. Watts reported ending cash balances for July 31, 2023, of \$2,072,486.85. Compared to the ending cash balances on July 31, 2022, totals reflect an 8.45% increase in cash, which continues to be a positive indication of the overall financial health of the District. The Profit & Loss Report for the month of July reflects gross revenue of \$29,200.53 with a refund allowance of \$1,602.18 making our “net” revenue \$27,598.35. Mr. Watts highlighted that July is a month in which the District only invoices monthly payers.

BUDGET AND FINANCE DEVELOPMENT COMMITTEE – Maurice Osborn, Treasurer

In Director Osborn’s absence, Ms. Jones updated the Board on the Budget and Finance Development Committee meeting held August 1, 2023.

- a) Discussion, consideration, and possible action adopting Resolution #23-003 approving Investment Policy and Investment Strategies as required annually by the Public Funds Investment Act of Texas. Ms. Jones advised the Board that the District’s Budget and Finance committee is tasked annually with reviewing the Investment Policy, and in a committee meeting the prior week the Committee found no changes were needed, and therefore it would be the Committee’s recommendation to approve the resolution. Director Curtis made a motion to approve Resolution #23-003, approving and re-adopting the Investment Policy and Investment Strategies. Director McClure seconded the motion and it carried unanimously by all those who were present. *Copy of Resolution #23-003 attached hereto as Exhibit “B”.*
- b) Discussion, consideration, and possible action adopting Resolution #23-004 establishing Administrative Fee Schedule and authorizing the General Manager to take any and all action necessary for the implementation of this resolution. Ms. Jones reported the Budget and Finance Committee reviewed staff’s proposed amendments to the current administrative fee schedule and further recommends the Board adopt Resolution #23-004 amending and reestablishing the administrative fee schedule effective August 21, 2023. Director McClure made a motion to approve Resolution #23-004, reestablishing the Administrative Fee Schedule with proposed amendments effective August 21, 2023. Director McPherson seconded the motion and it carried unanimously by all those who were present. *Copy of Resolution #23-004 attached hereto as Exhibit “C”.*
- c) Discussion, consideration, and possible action adopting Resolution #23-005 approving the Water Use Fee Rate Schedule for 2024. The Budget and Finance committee has met twice since the July board meeting to review the District’s projected revenues and activities. Since the District’s creation in 2009, the District has continually held its water use fees at 20 cents per 1,000 gallons since its creation in 2009. However, inflation has

steadily risen. After giving much consideration to these important factors, the budget committee proposed a \$0.02 increase per each one thousand gallons for all non-agricultural groundwater permitted. The committee further recommends no changes for both "agricultural use" water use fee of \$1 per acre-foot of groundwater permitted," as defined by § 36.001(20), Tex. Water Code and the groundwater transport fee for the transportation of groundwater out of the District set forth in Rule 7.2 adopted by the District. Director Tischler made a motion to approve Resolution #23-005, approving and re-adopting the Water Use Fee Rate for 2024. Director McClure seconded the motion. The motion passed unanimously by all those who were present. *Copy of Resolution #23-005 attached hereto as Exhibit "D".*

DISCUSS, CONSIDER, AND TAKE ACTION FOR APPROVAL TO EXTEND WELL REGISTRATION FOR WELL ID 2702 (BUENA VISTA BETHEL) – Kathy Turner Jones

Motion was made by Director McPherson to approve the Well Registration extension for Well ID 2702 (Buena Vista Bethel). Director Tischler seconded the motion and it carried unanimously by all those who were present.

At 10:33 a.m., the Board recessed into a closed executive session to consult with legal counsel on items on today's agenda, as authorized by Section 551.071, Texas Government Code. No final action was taken during closed session.

At 11:11 a.m. President Beseda announced the meeting was reconvening into an open session and was open to the public.

RULES AND BYLAWS COMMITTEE – Paul Tischler, Vice President

- a) Discussion, consideration, and possible action adopting Resolution #23-006 adopting proposed amendments to the District Bylaws. Section 4 – Committees. Director Tischler made a motion to approve Resolution #23-006, approving and adopting the proposed amendments to the Bylaws. Director Curtis seconded the motion and it carried unanimously by all those who were present. *Copy of Resolution #23-006 attached hereto as Exhibit "E".*
- b) Discussion, consideration, and possible action adopting Resolution #23-007 implementing new laws approved by the 88th Texas Legislature, Regular Session, 2023, including House Bill 1971, House Bill 2443, And Senate Bill 1746, regarding an additional exemption from permitting for certain water wells drilled solely to supply water for a rig drilling another water well and regarding permitting and rulemaking procedures; adopting temporary requirements on these topics by Board order until formal amendments to the district rules are adopted by the Board. Director Tischler made a motion to approve Resolution #23-007, adopting requirements relating to new laws approved by the 88th Texas Legislature. Director McPherson seconded the motion and it carried unanimously by all those who were present. *Copy of Resolution #23-007 attached hereto as Exhibit "F".*
- c) Discussion, consideration, and possible action adopting Resolution #23-008 amending the District's Code of Ethics to implement new Conflict of Interest laws approved by the

88th Texas Legislature, Regular Session, 2023, in House Bill 1971. Director Tischler made a motion to approve Resolution #23-008, adopting amendments to the District's Code of Ethics policy to conform with new laws approved by the 88th Texas Legislature pertaining to conflicts of interest of Board members. Director McClure seconded the motion and it carried unanimously by all those who were present. *Copy of Resolution #23-008 attached hereto as Exhibit "G".*

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

Ms. Jones reported the technical committee is scheduled to meet with GMA8 technical consultant on September 19th.

ENGINEERING REPORT – Wade Oliver, INTERA

- a) Update on District involved activities. – Mr. Oliver stated he has completed one GAC for Gills Crossing Phase 3 and is working on a second for Perla Addition, both located in Johnson County. INTERA is also making good progress on the GMA8 Northern Trinity Groundwater Availability Model with improved run times while still working with the Districts to compile all the data. The District's monitoring well should begin drilling and construction by the end of next week. He also received a letter and presentation from Collier Consulting to correct items in from their original presentation in discussions regarding the District's permitting allocation. In conclusion, Mr. Oliver stated he had reviewed the District's groundwater production comparing January – July 2022 to January – July 2023. In 2022, production through July was at 47%, as compared to 40% through July in 2023.

UPDATE ON PUBLIC OUTREACH ACTIVITIES, EDUCATIONAL AND CONSERVATION EFFORTS – Kaylin Garcia, Public Relations and Education Director

Ms. Garcia noted letters had been sent to 43 platting entities within the District with information related to Senate Bill 2440 and Groundwater Availability Certifications. The District's Summer 2023 E-line newsletter was distributed and included the following topics: Senate Bill 2440, collaborative efforts with Upper Trinity GCD, excerpts from the 2022 Annual Report, and Tinker Water Education Program. August 10th the District hosted Cleburne Chamber of Commerce's after-hours social event. She concluded her update by outlining the objectives for the water education program including outreach targeting school district in all four counties and coordinating school participation to coincide with Tinker's Fall/Spring schedule in the coming year.

UPDATE ON WELL MONITORING AND FIELD OPERATIONS – Michael Heath, Field Operations Coordinator

Mr. Heath reported on field activities since the last board meeting. He stated field staff has completed three exempt well checks with no violations and seven verifications on permitted wells. He added, wells selected during the geophysical logging efforts were deemed not viable to use as monitoring wells due to findings that were imbedded in the casings of the wells. Other

field activities reported included: continue to contact well owners regarding the inclusion of their wells in the expansion of the Districts Monitoring Program and work with INTERA on monitor well drilling project. Mr. Heath concluded his report emphasizing the decline in water levels across all four counties.

GENERAL MANAGER'S REPORT AND UPDATE – Kathy Turner Jones

- a) Update on current administrative activities of the District. – Ms. Jones reported on the efforts staff is making to ensure the data available in the online Groundwater Management System is accurate and up to date. Staff is also continuing to monitor production reported to the District due to the drought; though water usage is down for the year to date, July production was up significantly compared to June.
- b) Monthly update on well registrations and groundwater production reports. – Ms. Jones reported the month of July water usage reported totaled 863,490,669 gallons. 2023 production through July 2023 is down 13.3% from 2022, totaling 3,859,495,162 gallons. Ms. Jones noted in total, the District has issued 212 permits with a total permitted authorization of 9,569,322,512 gallons.
- c) Enforcement. – Ms. Jones stated that staff is managing those currently on enforcement and no formal board action is required at this time.
- d) US Drought Monitor - Excessive heat and minimal rainfall this summer have re-intensified drought conditions across the state, with nearly 80% of Texas in a drought – ranging from abnormally dry to exceptional drought from the latest US Drought Monitor Report. Large areas across the entire state experienced one class of drought degradation, and the most recent increase was the largest weekly increase in three years. Drought has reached its largest extent since early November 2022.

Looking at the Drought Monitor map index for counties within the District,

Ellis County 21% abnormally dry; 79% Moderate Drought
Johnson County: 35% Moderate Drought; 65% Severe Drought
Hill County: 38% Moderate Drought; 62% Severe Drought
Somervell County: 100% Severe Drought

Ms. Jones concluded that all four counties within the District must be declared in Extreme Drought to consider implementing a drought resolution.

GENERAL COUNSEL'S REPORT – Brian L. Sledge

Mr. Sledge provided an update on the current work, which includes evaluating bills recently enacted by the legislature. Actions of TCEQ and the RRC in relation to injection wells are being monitored. Mr. Sledge expressed concern regarding the biggest issue on radar is the new push to allow discharges of oil and gas waste into surface water and streams due to injection wells being impacted by earthquakes and other natural disasters, so the RRC is looking for other ways to dispose of waste. It is uncertain as to what measures TCEQ will take to address this issue considering it has never been done, at least in Texas.

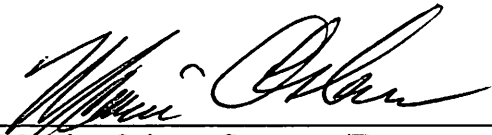
OPEN FORUM / DISCUSSION OF NEW BUSINESS FOR FUTURE MEETING AGENDAS

None.

ADJOURN

There being no further business, Director McPherson made a motion to adjourn the meeting which was seconded by Director Daniels. The motion passed unanimously. The meeting was adjourned at 11:57 a.m.

PASSED, APPROVED, AND ADOPTED THIS 18th DAY OF SEPTEMBER 2023



Maurice Osborn, Secretary/Treasurer