

PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT

December 18, 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 December 18, 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 9:08 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 McPherson, 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 McClure to approve the consent agenda. Director Curtis 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 November 2023. Mr. Watts presented the unaudited financials for November 2023. The balance sheet indicated an ending cash balance of \$1,555,163.66 for the District. A planned decrease of \$389,710.79 compared to the same period in 2022 was noted and previously

communicated to the Board.

Mr. Watts highlighted the District's financial status, noting the expected decrease in cash, providing a comprehensive overview of revenues, expenses, and net results for both the month of November and the fiscal year to date.

- Profit and Loss Report (November 2023):
 - Gross Revenue: \$33,100.89
 - Accrued Refund Allowance: \$2,052.67
 - Net Revenue: \$31,048.22
- Operating Expenses (November 2023):
 - Total Operating Expenses: \$114,751.12
 - Capital Expenses: \$4,372.00
 - Net Result: \$88,074.90 (Expenses in excess of revenues)
- Fiscal Year Summary (Year to Date):
 - Gross Revenues: \$2,240,662.52
 - Accrued Refund Allowance: \$289,124.30
 - Net Revenue (Year to Date): \$1,951,538.22

- b) Review of cash flow and cash flow projection for YE 2023. Mr. Watts presented an overview of the cash flow for the District, highlighting a decrease that brought the ending cash balance to \$1,555,163.66, as reflected in the November ending balance sheet. Mr. Watts projected the available cash for the close of business on December 31, 2023, is expected to exceed \$1,700,000. This positive projection indicates a favorable financial position for the District.

BUDGET AND FINANCE COMMITTEE – Maurice Osborn, Chair

- a) Discuss and consider possible action regarding additional 2023 debt service payment using remaining Rule 7.4 refund accrual funds. Ms. Jones reported the Budget and Finance Committee met on November 27, 2023, and following discussion, the Committee is not recommending an accrual rate towards the principal reduction payment for 2023. Motion was made by Director Tischler to approve the Committee's recommendation for 2023 and schedule for reconsideration in July 2024. Director McClure seconded the motion and it carried unanimously by all those who were present.
- b) Discuss, consider, and take action to approve transfer amendment(s) to the 2023 YE Budget. Motion was made by Director Osborn to approve transfer amendments to the 2023 YE Budget. Director Daniels second the motion and it carried unanimously by all those who were present.
- c) Review of financial policy(s) and possible action:
- a. Regulatory and Compliance Contingency Fund Resolution. The District's

Budget and Finance committee is tasked annually with reviewing the Regulatory and Compliance Contingency Fund Resolution (“Fund Resolution”), and in a committee meeting in November the Committee found no changes were needed, and therefore it would be the Committee’s recommendation to readopt the Fund Resolution. A motion was made by Director Osborn to approve readopting the Fund Resolution. Director Curtis seconded the motion and it carried unanimously by all those who were present.

- b. Operating Reserve Guidance Resolution. The District’s Budget and Finance committee is required every odd-year to review the District’s Operating Reserve Guidance Resolution (“Guidance Resolution”) for recommended changes. Following review, the Committee found no changes are necessary and recommends the readoption of the Guidance Resolution. A motion was made by Director Osborn to approve readopting the Guidance Resolution as is and Director Curtis seconded the motion and it carried unanimously by all those who were present.

- d) Discuss, consider, and take action to approve Resolution #23-012 reestablishing the maximum refund percentage of paid water use fees for authorized groundwater amounts not actually produced in a calendar year. *Copy of said Resolution #23-012 attached hereto as Exhibit “B”.* The District currently provides a twenty (20) percent refund to eligible permittees for payment of water use fees from the previous calendar year of the amount of groundwater authorized by permit to be produced that was not actually produced. The Board finds it prudent to review the practicality and effectiveness of the refund program and desires to reduce the percentage amount for which permittees are eligible to ten (10) percent. The change in the maximum refund percentage does not apply to refunds issued in calendar year 2024 for water use fees paid for groundwater production in calendar year 2023. Following discussion, a motion was made by Director Osborn to reduce the end of year refund amount to ten (10) percent beginning with water use fee refunds issued in 2025 for groundwater produced during calendar year 2024. The motion was seconded by Director McClure, and it carried unanimously by all those who were present.

- e) Discuss, consider, and take action to approve Resolution #23-013 reviewing and adopting FY 2024 Operating Budget and authorize the General Manager to take any and all action necessary for the implementation. *Copy of said Resolution #23-013 attached hereto as Exhibit “C”.* Mr. Watts presented the proposed 2024 Operating Budget and highlighted a comparison between the proposed 2024 budget and the 2023 operating budget, stating production fees for 2024 were calculated at the increased rate of 22 cents per 1,000 gallons as recently approved under Resolution #23-005 in August 2023. The anticipated deduction to the 2024 annual refund to 10% will lower the liability to a 7.75% reserve increasing total revenue for 2024 to \$2,573,518. Mr. Watts noted a line was added under Capital Expenses specifically for the well monitoring expansion program. A motion was made by Director Osborn to approve the 2024 Operating Budget and seconded by Director Tischler, and it carried unanimously by all those who were present.

DISCUSS, CONSIDER, AND TAKE ACTION TO APPROVE 2024 BOARD MEETING

SCHEDULE.

Ms. Jones presented a calendar of each month in 2024 showing highlighted dates indicated as intended board meeting dates, with the meetings remaining at 9:00 a.m. on the third Monday of each month with the exception of January and February. To avoid federal Holidays, January's date will be moved to Monday, January 22nd, and February will be moved to the third Tuesday, February 20th. Following a brief discussion, Director Tischler made a motion to approve the 2024 board meeting schedule as presented. Director Curtis seconded the motion and it carried unanimously by all those who were present.

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

Ms. Garcia provided an overview of her recent activities. She delivered a presentation on the Water Education Trailer (WET) to 146 seventh graders at Rio Vista Middle School and 77 students at Pleasant View Elementary in Godley. Additionally, she shared insights from her presentation to Leadership Cleburne on December 13th.

Ms. Garcia participated in the TAGD Information and Education Committee to discuss upcoming projects planned for 2024. Other information items discussed included a press release to each of the four county newspapers addressing winterization of wells and promoting water conservation during the winter season, followed by an e-blast to all exempt well owners. Furthermore, Ms. Garcia highlighted the distribution of an informative flyer to non-exempt well owners highlighting the District's 2024 water loss management initiatives. Ms. Garcia concluded her report by listing several upcoming educational presentations scheduled in the coming months and social media objectives.

HYDROGEOLOGIST REPORT – Wade Oliver, INTERA, Inc.

- a) Update on District involved activities. Mr. Oliver provided an update on District involved activities since the last board meeting, covering status, progress, and noteworthy developments.
- b) Update on activities related to Groundwater Management Area 8 joint planning and the development of desired future conditions. Mr. Oliver stated the technical consultant teams are actively working on updates to the NTGAM. This includes compiling water levels, assigning wells to aquifer data, and calibration sets.

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 the water levels were 92% complete of 252 annual measurements. Field staff continues to conduct routine GPS verifications and well location accuracies to ensure compliance. Mr. Heath concluded the District is using Eno Scientific Well Watch 700 monitoring equipment for gathering static water levels from wells that cannot be shut down for extended periods.

- a) Consider and take action to declare the following item(s) surplus and authorize General Manager to direct staff to dispose or auction:

- 1) Qty (2) - Stevens SatComm Goes data logger units. (S/N 210654, 210758) – disposal. Mr. Heath stated the datalogger units were purchased before 2016 and are no longer repairable with no replacement options and recommends to the Board to dispose of the equipment. A motion was made by Director Curtis to approve disposal of the datalogger units and seconded by Director Daniels and it carried unanimously by all those who were present.
- b) 2024 monitoring well expansion goal(s). Mr. Heath recapped 2023 expansion strategy goals stating all quadrant goals had exceeded their targeted number of wells and carried over into 2024 projections. Mr. Heath concluded only one remaining well is needed in the Hensell and two wells for the Hosston.

GENERAL MANAGER’S REPORT AND UPDATE – Kathy Turner Jones

- a) Update on current administrative activities of the District. Ms. Jones briefed the Board on Ms. Kelly Keel appointment as TCEQ new Executive Director.
- b) Monthly update on well registrations and groundwater production reports. Ms. Jones reported the month of November water usage totaled 447,207,643 gallons, with year-to-date production totaling 6,520,643,579 gallons. 2023 production through November 2023 is down 1.71% from 2022. Ms. Jones noted that in total, the District has issued 217 permits with an overall permitted authorization of 9,621,904,912 gallons. The District has received 268 well registrations so far and is on track to exceed the number of wells registered in 2022.
- c) Drought Monitoring. Ms. Jones shared that despite the welcome reprieve from rain in recent months, around 30% of the District still faces abnormally dry conditions.
- d) Enforcement. Nothing to report.

At this time 10:01 a.m., the Board recessed into a closed executive session under Sections 551.071 and 551.074 of the Texas Government Code to receive legal advice and discuss personnel matters regarding Agenda Item 8(c). No final action was taken during closed session. At the conclusion of the closed session, the Board will reconvene in an open public session.

At 10.46 a.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

Mr. Sledge had nothing to report that was not already discussed in closed session.

COMMITTEE APPOINTMENTS(S) (DISTRICT BYLAWS 4.1) – Charles Beseda, President

Ms. Jones reported that, based on responses to the committee preference survey, members are content with their current committee assignments. President Beseda noted this feedback and confirmed that standing committees will remain unchanged.

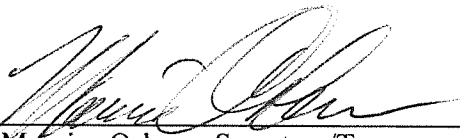
OPEN FORUM/DISCUSSION OF NEW BUSINESS FOR FUTURE MEETING AGENDAS

Director Osborn thanked Ms. Jones and staff for a successful Christmas party. Ms. Jones followed up by saying that those who were not able to attend were missed.

ADJOURN

There being no further business, Director Osborn made a motion to adjourn the meeting which was seconded by Director Curtis. The motion passed unanimously by all those who were present. The meeting was adjourned at 10:51 a.m.

PASSED, APPROVED, AND ADOPTED THIS 22ND DAY OF JANUARY 2024.



Maurice Osborn, Secretary/Treasurer