

PRAIRIELANDS GROUNDWATER CONSERVATION DISTRICT

October 20, 2025

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 20, 2025.

CALL TO ORDER AND DECLARE REGULAR MEETING OPEN TO THE PUBLIC

President Charles Beseda presided and called the public hearing to order 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
Brad Daniels
Barney McClure
Paul Tischler

John Curtis
Maurice Osborn
Marty McPherson
Gary Farmer

All members of the Board were in attendance, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, General Manager; District staff; and members of the public. Brian Sledge, General Counsel, and John Ellis, INTERA, attended via videoconference. *Copies of the public sign-in sheets are attached hereto as Exhibit “A.”*

PUBLIC COMMENT

None.

GRANDVIEW FFA’S AGRICULTURAL ISSUES FORUM PRESENTATION

Grandview FFA students participating in the Agricultural Issues Forum gave an informative presentation on the local use of biosolids, highlighting both the benefits and drawbacks. The students will present at the district competition next month.

CONSENT AGENDA

A motion was made by Director Tischler 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 September 2025. – Mr. Watts reported ending cash balances for September 30, 2025, of \$2,218,308.29. This represents a 10.96% increase compared to the ending cash balances for September 30, 2024. The Profit & Loss Report for September reflects a gross revenue of \$388,062.27, with a refund allowance of \$26,544.67, resulting in a net revenue of \$361,517.60.
- b) Review of cash flow and cash projection for year end 2025. – Mr. Watts provided an overview and a positive projection of the 2025 Cash Flow Schedule, indicating a favorable financial position for the District.
- c) Review 3rd Quarter Investment Report for 2025. – Mr. Watts presented the Quarterly Investment Report for the 3rd Quarter of 2025 detailing the banking and investments transactions for all funds of the District. He reported that for the 3rd quarter, the funds of the District were being held across three accounts in two separate depositories. Mr. Watts noted that in the summary section of the report, all the District's funds are adequately collateralized by a combination of FDIC insurance and pledged securities, and all funds are in compliance with the PGCD Investment Policy. Director Curtis made a motion to accept the 3rd Quarter Investment Report and Director Daniels seconded the motion. The motion passed unanimously by all those who were present.

At 9:35 a.m. President Beseda announced the Board of Directors will recess into a closed executive session under Sections 551.071 and 551.074, Government Code, to consult with the District's legal counsel on items on today's agenda and to discuss personnel matters related to agenda item 13. No final action will be taken during the closed session. At the conclusion of the closed session, the Board will reconvene in an open public session and announce that the board meeting is again open to the public.

At 10:26 a.m. President Beseda announced the meeting is reconvened into an open public session and was open the public.

CONSIDER ENFORCEMENT ACTION FOR THE FOLLOWING, INCLUDING WITHOUT LIMITATION TO SETTLE THE VIOLATION, ORDER A SHOW CAUSE HEARING TO BE SET, OR INSTRUCT THE GENERAL MANAGER TO INSTITUTE A CIVIL SUIT FOR VIOLATIONS OF DISTRICT RULES – Kathy Turner Jones, General Manager

- a) Operating a well without permit; Failure to submit Water Use Fees; Failure to Meter Groundwater Production; and Failure to Submit Accurate Water Production Reports for water well PGCD-002814 located at 13800 N HWY 171, Cresson, Johnson County, TX:
 - Lucky's RediMix Concrete/Challenger Holdings Properties LLC/LBJG Realty LP

Following discussion in executive session, Ms. Jones presented to the Board considerations on enforcement actions to either consider limitations to settle the violation, order a Show Cause Hearing, or instruct the General Manager to institute a civil suit for violation of District Rules. Mr. Marc Mahoney, representing Lucky's RediMix, was present and invited to address the Board.

- 1) Mr. Mark Mahoney, representing Lucky's RediMix, addressed the Board and stated that the well is equipped with a 30-horsepower pump. He reported that he attempted to reduce the well's production rate to 25 gallons per minute to comply with District Rules but was unable to achieve the reduction. He noted that his next step is to install a dole valve in an effort to achieve compliance.

Following further discussion, Director Tischler made a motion to set a Show Cause Hearing for 9:00 a.m. on November 17, 2025, ordering Lucky's RediMix Concrete, LBJG Realty LP, and Challenger Holdings Properties LLC, including all applicable subsidiaries or affiliates of those three companies, to appear before the Board and show cause why an enforcement action, including the filing of a lawsuit for civil penalties and injunctive relief, should not be pursued by the District for multiple violations of the District Rules related to the operation of one or more water wells located at or near 13800 N Hwy 171, Cresson, in Johnson County, TX. The motion was seconded by Director McClure, and it passed unanimously by all those who were present.

POLICY AND PERSONNEL COMMITTEE – Marty McPherson

On behalf of Director McPherson, Ms. Jones reported on the Board on the Policy and Personnel Committee meeting held October 16, 2025.

- a) Review and action as necessary regarding Texas County District Retirement System's Plan Assessment for Plan Year 2025-2026 – Kathy Turner Jones – Ms. Jones presented the TCDRS plan assessment, which included the District's contribution rate information for the Board to review in considering possible benefit adjustments. Based on prior Board direction to maintain a positive funding balance, the Committee recommended retaining the current employer contribution rate of 10.64% and the employee deposit rate of 5% for 2026. Following the recommendation, Director Tischler motioned to retain the employer 2025 funding rate of 10.64% and the current employee deposit rate of 5% for 2026. Director McPherson seconded the motion, and it carried unanimously by all who were present.
- b) Report and recommendations from Board's Policy and Personnel Committee to consider adoption of Resolution #25-005 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 – Ms. Jones reported that the Policy and Personnel Committee reviewed and recommended the proposed redline amendments to the District's Personnel Policy Procedures Manual, as summarized in Appendix A. Following discussion, Director Osborn made a motion to approve Resolution #25-005, authorizing amendments as discussed to the District's Personnel and Procedures Manual and further authorizing the General Manager to take all action necessary to implement the revisions. Director McPherson seconded the motion, and it passed unanimously by all those who were present.

HYDROGEOLOGIST REPORT – John Ellis, INTERA, Inc.

Mr. Ellis provided an overview of recent GMA 8 joint planning activities, noting technical committees for both the northern and southern groups have met to review additional model runs (4.3, 4.4, and 4.5). Runs 4.1 and 4.2 have been completed, with 4.3 incorporating minor updates to water use estimates and non-district pumping for Run 4.1. Run 4.4, which proposes a 10% per decade reduction in water use after 2040, received little support from the southern GCDs and will be discussed and voted on at the November 14th GMA 8 meeting. Run 4.5, which maintains steady water use after 2040, received support from both committees and will proceed.

Discussion followed regarding Williamson County's proposed pumping estimates, maintaining higher estimates to align with regional water planning needs. Ms. Jones expressed concern about transparency and the division of northern and southern technical meetings, emphasizing the need for future joint open meetings. Mr. Ellis concluded his report noting that the next GMA 8 meeting is scheduled for November 14, 2025, at 10:00 a.m., where results for Runs 4.3, 4.4, and 4.5 will be reviewed and discussed.

UPDATE ON WELL REGISTRATION AND PERMITTING ACTIVITIES – Kaylin Garcia, Permitting Director

Ms. Garcia shared with the Board an update on permitting activities, noting that meter verification requests have been sent to all permittees, with approximately 60% responded. Staff has begun receiving permit renewals and are developing a standardized review process.

Ms. Garcia reported 25 new registrations were received, with 16 of those in Johnson County. Registrations remain consistent with last year's totals, with 141 wells registered year-to-date compared to 131 in 2024. Third quarter total production was approximately two billion gallons, bringing the year-to-date total to 4.9 billion gallons, a 2.76% decrease from 2024.

Ms. Garcia concluded her report noting three oil and gas permits were waived this month; with four new permits approved, the District now has 251 active permits, authorizing 9.8 billion gallons annually.

At this time, Ms. Jones requested the Board allow General Counsel to present his report before Item 10 of the agenda due to another commitment.

GENERAL COUNSEL'S REPORT — Brian L. Sledge

Mr. Sledge reported ongoing discussions with the House and Senate leadership regarding groundwater legislation anticipated for the next session. Key topics under consideration include addressing inconsistencies in district rules within the same GMA, potential restrictions on groundwater export projects, rule of capture and district liability, and the concern for smaller districts unable to manage aquifers effectively. Mr. Sledge concluded his report noting continued discussions have been held regarding potential adjustments to maximum production fees authorized in the Water Code, and that legislative activity is expected to resume after the March primaries.

UPDATE ON WELL MONITORING AND FIELD OPERATIONS – Michael Heath

Mr. Heath reported meter and well tag-out verifications were nearly complete, with 13 meter and 54 tag-out verifications conducted. Water level measurements are now underway, and staff will be contacting well owners to schedule site visits. Flow rates were verified on 10 wells, both exempt and non-exempt, to ensure compliance with District Rules.

Field staff installed solar-powered monitoring units equipped with Whale Watch 700 acoustic devices at three sites—two Hosston wells in Hill County and one Woodbine well in eastern Ellis County, within the City of Palmer. In addition, a new Glen Rose monitoring well located just outside the District was added to grid 32-61, meeting the District’s 2025 monitoring network expansion goals.

Mr. Heath concluded his report noting that water level readings across Ellis, Hill, Johnson, and Somervell counties remain generally stable, with only minor fluctuations observed. One well in Ellis County showed greater variation due to recent production activity and slower recovery time.

UPDATE ON PUBLIC OUTREACH ACTIVITIES, EDUCATIONAL, AND CONSERVATION EFFORTS – Sarah Clark, Public Relations/Education Coordinator

Ms. Clark provided an update on public relations and education activities since the last board meeting. Kaylin Garcia presented at a Grandview Chamber of Commerce luncheon to 48 attendees, highlighting District programs and conservation initiatives. Ms. Clark and Dillon Bybee took the Water Education Trailer to the Ellis County Rural Heritage Farm Day on September 21, reaching approximately 85 participants, and several PGCD staff participated in a Cleburne Lions Club donation drive. An E-blast regarding the 2026 water use fees rate increase was sent on September 26.

Recruiting for the Fall 2025 education program continues, with nine schools funded (445 students) across Ellis, Johnson, Hill, and Somervell counties. Ms. Clark concluded her report highlighting social media activity, which included 11 Facebook posts reaching 1,069 people with 77 interactions, eight tweets with 234 impressions, and six LinkedIn page views.

GENERAL MANAGER’S REPORT AND UPDATE – Kathy Turner Jones

Ms. Jones reported she attended a TCEQ public hearing on September 18th in Ellis County regarding a proposed biogas production facility utilizing anaerobic digestion to produce renewable natural gas and agricultural by-products, including liquid fertilizer. The facility is seeking a land application permit for disposal of process wastewater. The hearing drew significant community concern due to the site’s proximity to residential areas. During the hearing it was noted that the facility would require approximately 1.46 million gallons of groundwater annually; however, no permit application has been submitted to the District. Staff will continue monitoring any related well permit activity.

Ms. Jones also noted that Johnson and Somervell Counties have expressed interest in reviewing their county subdivision rules related to minimum lot size requirements.

She further reported that both Region C and Brazos G Regional Water Planning Groups have formally adopted their regional water plans, which have now been submitted to the Texas Water Development Board ahead of schedule for inclusion in the State Water Plan.

Ms. Jones concluded her report highlighting the upcoming Texas Water Association meeting scheduled for October 22, and that meetings for both the Budget and Rules Committees will need to be scheduled soon.

GENERAL MANAGER PERFORMANCE EVALUATION AND COMPENSATION PACKAGE—DISCUSSION, CONSIDERATION, AND POSSIBLE ACTION. — Marty McPherson

Based on recommendations from the Personnel and Policy Committee, Director McPherson moved to approve changes to the General Manager's compensation package and performance evaluation, effective October 1st, as discussed in executive session. Director McClure seconded the motion, and it carried unanimously by all those who were present.

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

- a) Budget and Finance Committee – President Beseda reappointed Maurice Osborn (Chair), John Curtis, and Brad Daniels to the Budget Committee. Director Osborn made a motion to accept the President's appointments, and Director Tischler seconded the motion. The motion passed unanimously by all those who were present.
- b) Advisory Committee(s) – No action was taken. Ms. Jones noted that a committee preference form has been distributed to Directors to indicate their interest in serving on the various advisory committees. Chairman Beseda will announce appointments to the Advisory Committee at the November 17th Board meeting.

OPEN FORUM / DISCUSSION OF NEW BUSINESS FOR FUTURE MEETING AGENDAS

None.

ADJOURN REGULAR MEETING

There being no further business, Director McPherson made a motion to adjourn the meeting, which was seconded by Director Osborn. The motion passed unanimously. The meeting was adjourned at 11:50 a.m.

PASSED, APPROVED, AND ADOPTED THIS 17TH DAY OF NOVEMBER 2025.



Maurice Osborn, Secretary/Treasurer