

**MINUTES OF A BUSINESS MEETING OF
THE PINEYWOODS GROUNDWATER CONSERVATION DISTRICT
HELD ON THE 7th DAY OF DECEMBER, 2022**

On the 7th day of December, 2022, 1:30 p.m. at Kurth Lodge in Angelina County, Texas, the Board of Directors of the Pineywoods Groundwater Conservation District convened in a Regular Business meeting at which time the following items were discussed and action taken with the following members thereof, to wit:

Business Meeting

1 Call to Order & establish a quorum:

Called to order: President Jimmy Mize

Start time: 1:31

Open with Prayer by David Alders

Board Members Present:

President - Jimmy Mize

VP - David Alders

Secretary - Gloria Motes

Director - Stephen Raley

Director - Kevin Gee

Absent:

Treasurer - Tommy Carswell

Director - Roger Russell

Also present:

General Mgr. - John McFarland

Admin. Asst. - Wil Blough

2 Public Comments: None

3 Approval of the minutes of the meeting, October 26, 2022

a. **Discussion:** None

b. **Motion:** Kevin Gee **Second:** Stephen Raley

c. **Motion carried.**

4 General Manager's District Report

a. **Well Report:** 18 exempt, 9 non-exempt wells in progress. 1361 exempt wells total. 296 non-exempt wells total. 206 production fee wells total. O&G wells 551 total. Frac wells 32 total. 3061 total district wells. Smaller public water companies' capacities are maxed out, causing a rise in exempt well drilling.

b. **District updates:** Static water level appears to be stable. Drought is continuing. Management plan to be updated in 2023.

5 General Manager's Financial Report:

a. **Review bills, banking & other financials.** Discussed anticipated cash flow surplus. Talked about possibly reducing production fee or updating and/or purchasing additional equipment for the field or office. Board requested that we pull 10 years of data to look at cash flow trends. Also requested a list of current

equipment and cost to replace along with equipment age and expected life. John suggested adding GM to signature card for checks. Board members requested he speak with the auditors about that before they would consider.

6 Review & possibly approve 3rd quarter 2022 investment report.

- a. **Discussion:** Reviewed next move for investment into Tex-Pool. Decided to invest ½ in CD's & ½ in Tex-Pool.
- b. **Motion to approve the Investment report.**
- c. **Motion:** Kevin Gee **Second:** David Alders
- d. **Motion carried**

7 Review & possibly approve amendments to 2022 budget:

- a. **Discussion:** Talked about the unexpected increase in cost of fuel for truck, increase in insurance coverage for new truck, office equipment purchase, monthly health insurance premium increase for 2023 that fell into last month of year. Also spoke to the reduction in the retirement benefit cost being impacted by life expectancy. Total adjustments didn't increase the total expenses expected for the year.
- b. **Motion:** Kevin Gee **Second:** Stephen Raley
- c. **Motion carried**

8 Review & possibly approve 2023 budget:

- a. **Discussion:** Talked about the permit renewal cycle peaking in 2023 and the adjustment of the production income, impacting the expected income level. Spoke about the increase in health insurance and the new vehicle insurance. Mentioned the need for some equipment on the new truck and for the field. Touched on the office systems hardware, software and their age. Also mentioned the increase in salaries approved by the budget committee.
- b. **Motion:** David Alders **Second:** Kevin Gee
- c. **Motion carried**

9 Announcement of the date and location of the next quarterly business meeting:

Tentative date set for February 8, 2023.

10 Adjourn.

- a. **Closed by & Time:** President Jimmy Mize, 2:29 p.m.

Jimmy Mize, President

Gloria Montes, Secretary