

**MINUTES OF MEETING  
OF  
BOARD OF DIRECTORS**

THE STATE OF TEXAS                   §  
   §  
BRUSH COUNTRY GROUNDWATER       §  
CONSERVATION DISTRICT               §

The Board of Directors of Brush County Groundwater Conservation District (the “District”) met at a regular meeting, open to the public, May 28<sup>th</sup>,2024 at the Brush Country Groundwater Building 732 W. Rice Falfurrias, Texas, in accordance with the duly posted notice of said meeting.

1. The meeting was called to order at 9:30 a.m. and the roll was called. Board members’ presence at the meeting or absence is as follows:
  - i. David Kelly absent
  - ii. Bill Botard present
  - iii. Mario Martinez present
  - iv. Robert Scott absent
  - v. A.C. Jones IV present
  - vi. Humberto Martinez present
  - vii. Paul Goranson absent
  - viii. Jesse Howell present
  - ix. Mauro Garcia present

Also in attendance were General Manager Luis Pena, Bill Dugat Legal Counsel, Royce Carrera administrative assistant Brush Country GCD, Robert Howard Legislative consultant. Felix Saenz Brush Country Consultant and Mr. Andy Garza Kenedy County GCD. Ericelda DeLeon and Christopher Funk from First National Bank of Falfurrias. Sam May with ITC Corporation.

2. Pledge of Allegiance. Pledge of Allegiance was recited.
3. Public Comment. None
4. Discuss, consider, and possibly act on Minutes of the Regular Meeting on April 23rd, 2024 and minutes of the Special Meeting on May 2<sup>nd</sup>,2024. Motion was made by Bill Botard to approve the minutes, seconded by Mario Martinez, motion carries unanimously.
5. Discuss, consider, and possibly act on General Manager’s Report:
  - A. Report on meeting with Alice Rotary Club Thursday May 9<sup>th</sup>,2024 Mi Ranchito Restaurant 820 Hwy. 281 Alice, Texas. General manager mentioned that he gave a

power point presentation to approximately 20 attendees, spoke about different types of permits, water well plugging program, and water well screening.

B. Report on Region M regional water planning group in Weslaco, Texas May 15<sup>th</sup>,2024. General manager mentioned that the main focus and biggest concerns was the lack of releases of water from Mexico with the 1944 treaty, the drought, the low levels of Lake Falcon and Lake Amistad have caused havoc for the ranchers and farmers in the valley, not enough “push water”, it was mentioned that the area was being declared a disaster area, they mentioned the closing of the sugar mill and as a result that farmers had to destroy their sugar cane fields and decide what crops to plant. Dr. Giner mentioned that Mexico is having their elections in June and after their new president is elected would then address the treaty.

C. Report on meeting Kenedy County GCD meeting May 15<sup>th</sup>,2024 Sarita, Texas. General Manager Andy Garza mentioned that he would be meeting with Oxy with the carbon capture injection project to discuss how much brackish water they will be needing. On the visit to the Alice desal plant, the well log shows the depth at 2,000 feet deep in the Jasper formation with a static level of 65 feet, water temperature of 100 degrees. Mr. Garza also mentioned that he had attended a meeting in Duval County, they have a master plan which the county paid \$250,000 back in 2022 had recommendations for infrastructure and improvements for sewer and water. Urging the leaders to use, mentioned that Barbara Canales Black was hired as a consultant for Duval County. Mr. Garza mentioned that the taxable values were a lot lower, that they may have to go with a no new tax revenue rate this year. Mr. Garza also mentioned that they were saddened to announce that Danny Butler will be resigning at their June meeting. Also, the district discussed purchasing the building that they are in buying it from the County.

D. Report on Region N meeting May 16<sup>th</sup>,2024 Robstown, Texas. General manager Louie Pena mentioned that before attending the meeting he had gone to the desal plant in Alice to tour the plant, mentioned that they were producing 2.7 million gallons per day, the discharge was going to go San Diego creek and end up lowering the salinity in Baffin Bay. At the Region N meeting during the comment period, several women spoke about their opposition to the Avina Ammonia plant. One comment made was how could the Water improvement control district sell 7 million gallons of water per day to industry when the city of Corpus Christi is almost in stage 3 water restrictions. Another lady mentioned the new Tesla plant would require 800,000 gallons a day, “once industry uses up all our water what are the residents going to left with”.

E. Report on Duval County meeting May 29<sup>th</sup>,2024 Benavides, Texas. General manager Louie Pena mentioned that Duval would hold their meeting on this date, he also mentioned that he participated in the 1 hour course that Duval had with the TWON.

F. Report on TWON seminar May 22,2024. General manager Louie Pena mentioned that they had tested nearly 200 samples. We had approximately 25 attendees, had 4 hour course presented by Joel Pigg, John Smith, Samantha Selman.

G. Report on procedure to document, and report (bank review with cpa/auditor/employees, bank and ITC to protect finances of the District). Mr. Pena mentioned the protocol: As per request of the book keeper *Carlos R. Martinez, CPA* this supporting documentation needed:

1. Monthly copy of the bank accounts with check images.
2. Check stubs to accompany the monthly bank statements.

3. Your detailed list of payments along with category codes.
4. Anything that can help identify infrequent expenses and/or deposits.

As per recommendation of Mrs. Ericelda De Leon:

We installed account alerts on the online banking accounts. By doing this, any activity automatically triggers an email alert to the general manager. We also mentioned and discussed that there should be no withdrawals from the reserve account, and only one credit which is interest earned on a monthly basis. The new tax account should only have one withdrawal per month, which is to provide money into the operating account to pay all bills due and payroll. The tax account credits should only be from interest earned on a monthly basis and the 3 tax collecting entities. Brooks, Jim Hogg, Jim Wells deposits from tax collections. The operating account will have debits that will be provided on a monthly bill list and only 2 credits per month. One credit from the tax account to pay for bills and payroll, and one deposit for the interest earned. All accounts will be reconciled on monthly basis with all employees/staff.

From our telephone conference with our auditor Byron Blair and with board members Jesse Howell and Paul Goranson, and the Brush Country GCD staff, we visited at 1:00 pm, we talked about strong passwords, to reconcile all bank statements, look at the bank statements once a week, look at the items that are authorized by the bank. We should implement banking safety protocol. Mr. Goranson mentioned procedures, how the process should prevent unauthorized monies from being withdrawn, to place a proposal that is robust with internal controls, possibly a 6 month test to test the procedures, documented and properly verified. To adhere and follow this procedure to ensure that taxpayers public funds are safeguarded. Mr. Goranson requested to please put together a proposal. To make sure the controls are effective, Mr. Goranson also mentioned cybersecurity training, and mentioned that IT specialist Sam May would do a computer review.

From our discussion with our IT specialist, Mr. Sam May with ITC Corporation will present a proposal of perimeter protection as well as a zero-trust endpoint protection. This is what we would recommend adding. It is priced here by the month but I know they offer one month free if you choose to pay annually.

H. Update from Beazley Insurance Services Andrew Maeng. Mr. Pena showed email from Andrew Maeng: As per our conversation today, since the incident occurred less than a month ago, Beazley is currently waiting for additional updates to the active investigation as it has not been determined whether the funds are not able to be recovered. As you know, the authorities were able to recover some funds during their ongoing investigation and there is no indication as to whether they will be able to recover additional funds as the investigation continues. Please keep Beazley updated on the status of the investigation and any additional documents you receive that may further support your claim.

In the meantime, while Beazley's coverage evaluation remains ongoing, Beazley respectfully reserves all rights under the Cyber Form, in equity, and at law. Informational purposes only.

6. Discuss, consider, and possibly act on payment of bills May 2024. A motion to pay the May bills was made by Humberto Martinez and seconded by Bill Botard, motion carries unanimously.
7. Discuss, consider, and possibly act on monthly financial statement and pledge report. Consultant Felix Saenz presented the financial book keeper report mentioning that there is still some questions on the bookkeeper's report, he mentioned that he had called Mr. Martinez and had sent him some figures in question. General Manager Louie Pena mentioned that he had received the pledge report from First National Bank and mentioned that we were securely over pledged. Motion was made by Mr. Mauro Garcia, seconded by Mr. A.C. Jones, motion carries unanimously.
8. Review, discuss, and possibly act on unauthorized transactions from District's bank account. This agenda item was covered on general manager's report 5.G. Motion by Mauro Garcia and seconded by Dick Jones, motion carried unanimously.
9. Discuss, consider, and possibly act on proposal from ITC corporation to enhance the protection of the District's information technology network. Mr. Sam May with ITC corporation presented his proposal, mentioned that this firewall routing and intrusion prevention systems has frontline IPS, inline IPS and infected LAN layer 3 to 7. The White Cloud Security Solution blocks All executable and scripted malware, effectively inoculates users against ransomware/Cyrtoblocker attacks, and represents a paradigm-shifting departure from antivirus blacklisting and whitelisting. Mr. May mentioned that there is 2 levels of protection, first is on the perimeter anything that goes in and out of the network. The second is on the inpoint every device that is on the network we will provide a zero trust platform. Any process that is not allowed will not run, even is something malicious were introduced, either by opening an email or by mistake, it will not allow it to run, ultimate protection. What cost would this be, was asked by Mr. Jesse Howell \$161.00 per month. Motion was made by Mr. A.C. Jones to approve the purchase of the enhanced computer security and protection services proposed by ITC Corporation, seconded by Mr. Bill Botard, motion carries unanimously.
10. Discuss, consider, and possibly act on proposal from Byron Blair regarding financial security protocols. Mr. Byron Blair was not available, we will bring agenda item back in June 2024. Informational purposes only.
11. Discuss, consider, and possibly act on approving the following tax sale resolution: Discuss, consider, and possibly act on approving the following tax sale resolution.
  - a. Chad Davis's \$52,022.66 offer to purchase tax sale property  
Acct.No.1239508400300; All that certain Tract or Parcel of land containing 0.36 acres, out of Lot Thirteen (13), Block Seven (7), of the Rehmet Addition of the City of Orange Grove, Jim Wells County, Texas; and being more particularly described with metes and bounds in that certain Deed with Vendor's Lien from MID-State, II to

Bill Martinez and Rosalie C. Martinez, dated 11/14/1996 and recorded at Document No. 305277, if the deed records of Jim Wells County, Texas; and also being known as Lot Thirteen-C (13-C), Block Seven (7), Rehmet Addition. Motion was made by Bill Botard to adopt the tax sale resolution approving the tax sale, seconded by Mario Martinez, motion carries unanimously.

- b. Fox Real Estate and Investments LLC sum of \$8,750.00 for the purchase of a tax sale property Acct. NO.1141705700000; Lot 43, Block 2, El Camino Al Lago, Section 4, an addition to Jim Wells County, Texas, as described in Volume 1090, Page 548, Official Public Records of Jim Wells County, Texas. Motion was made by Bill Botard to adopt the tax sale resolution approving the tax sale, seconded by Mario Martinez, motion carries unanimously.

12. Discuss, consider, and possibly act on legislative report from Robert Howard. Legislative Consultant Mr. Robert Howard mentioned that today was election day, lot of attention to the speakers race David Phelan, lots of closely watched run off races, watch those very closely. Senator Perry released his interim charges for the following topics for groundwater: Examine groundwater data infrastructure, data collection, and monitoring practices and identify policy solutions. The Senate Water, Agriculture and Rural Affairs had its first interim hearing on May 15<sup>th</sup>, which he attended. Mentioned the well plugging redrafted bill that he submitted last session by Senator Zaffirini that would create a statewide plugging program for abandoned and deteriorated water wells. Mr. Howard mentioned that he distributed the redrafted bill to the general managers in our area, to our legislators' staffs, and the new TAGD director and other advocates to get their input. Mr. Howard also mentioned that the legislative committee will hold its first meeting with the new TAGD executive director, Adam Foster on Thursday May 30<sup>th</sup>. The meeting will be held virtually and Louie and I will attend. Mr. Howard also mentioned that he will be in person at the legislative committee in Round Rock as part of TAGD's Spring Business Meeting. Mr. Howard also mentioned that he read an article that Mexico City was losing water due to leaky pipes. Informational purposes only.


13. Discuss, consider, and possibly act on GMA 16 issues. Mr. Pena mentioned that he had received the GMA 16 agenda from Lonnie Stewart and mentioned that we would have our meeting on June 25<sup>th</sup>,2024. Informational purposes only.

14. Review, discuss, and possibly act on the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of District employees including the General Manager.

The board convened in executive session under Government Code section 551.074 (Personnel Matters), at 11.15 a.m.

Closed session ended at 12:23p.m. No action taken in closed session.

The board then reconvened at 12:24 p.m, in open session, Motion was made by Bill Botard that the general manager receive a written reprimand in connection with failure to reconcile financial statements , seconded by Dick Jones, motion carries unanimously.

15. Review, discuss, and possibly act on District’s transition to new general counsel. Legal Counsel Mr. Bill Dugat mentioned that he would be retiring in December and we will need to have a succession plan. He mentioned that “it’s been a pleasure working with you guys.” We can get a succession plan or a team/committee, we can get RFQ’s out to lawyers and place on TAGD website with Julia Stanford. Jesse Howell mentioned that possibly a committee of Mr. David Kelly, Jesse Howell, Paul Goranson, and Mauro Garcia. A motion was made by Bill Botard followed by a second by Mauro Garcia, motion carries unanimously.
16. Discuss, consider, and possibly act on new business and select date for next meeting.  General manager mentioned that the next meeting would be on June 25<sup>th</sup>, 2024. Informational purposes only.
17. Adjourn. Motion to adjourn was made by Mauro Garcia seconded by Humberto Martinez, motion carries unanimously. The meeting adjourned at \_\_\_\_\_.

Passed and approved this 25th, day of June, 2024.

\_\_\_\_\_  
President, Board of Directors

Attest by:

\_\_\_\_\_  
Secretary, Board of Directors