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3.21 Approved  
Janon 3/2/18

**MINUTES**  
OF THE  
**SOUTHWESTERN TRAVIS COUNTY GROUNDWATER CONSERVATION DISTRICT**  
**Board Meeting Held Friday, March 2, 2018**

**1. Call to order, declare meeting open to the public, and take roll.**

The Meeting was called to order at 3:05 pm by Vice President Tricia Davis, who presided over the meeting in the absence of Board President Rick Scadden. All Board Members were in attendance at the start of meeting with exception of Jim Ross, Rick Scadden, and Jim Dower. Jim Ross arrived shortly after the meeting began, but Directors Scadden and Dower did not attend the meeting. The District's legal counsel was also present, Mr. Troupe Brewer with Lloyd Gosselink Rochelle & Townsend, P.C.

**2. Public comments.**

There were no public comments.

**3. Minutes of the February 8, 2018; February 16, 2018; and February 20, 2018 meetings will be considered and action taken as appropriate.**

The Board reviewed the draft minutes from the February 20, 2018 meeting, as those were the only minutes presented for Board approval. Director Buddin moved to approve the February 20<sup>th</sup> minutes, and Director Urie seconded that motion. Director O'Malia stated that those draft minutes did not reflect a conversation he held with a member of the public regarding the criteria for serving as a member of the District Board of Directors, specifically regarding use of groundwater versus owning a well. A discussion ensued as to whether or not that conversation took place at the February 20<sup>th</sup> meeting or a prior meeting. Director Buddin then withdrew his motion, and the Board decided to table consideration/adoption of all minutes (February 8<sup>th</sup>, February 16<sup>th</sup>, and February 20<sup>th</sup>) until such time that those minutes are prepared and available for the Board's review to ensure adequate recording of Director O'Malia's conversation and others.

**4. Discuss, consider, and act on cancellation of May District Confirmation Election and Directors Election.**

Director Davis solicited comments from staff for Representative Paul Workman, as the Board understood Rep. Workman would attend the meeting. Don Barber with Rep. Workman's office then informed the Board that Rep. Workman had just been in a car accident on the way to the meeting. Mr. Barber indicated the Rep. Workman was not harmed but informed the Board that he would not make it to the meeting. Mr. Barber indicated to the Board that Rep. Workman's desire was for the Board to "move forward" with the election as scheduled.

Director O'Malia was the first Board member to offer substantive comment on this topic. Director O'Malia first noted the extremely difficult situation the Board was put into regarding the timing, language, and cost associated with the confirmation election. Director O'Malia discussed the offer

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from Travis County to cover the cost of the election, but noted importantly that his understanding (later confirmed by Travis County representatives in attendance) was that this financial contribution would be a loan from the County, and not a gift. Director O'Malia expressed his overall concern regarding the financial uncertainty facing the District in regards to basic operating costs. Director O'Malia also commented that despite the generous offers from the County regarding financial support to the District, none of the Directors have seen anything in writing – there is no document with loan terms, etc. before them to consider. Director O'Malia stated that moving forward with the election at this point, given all the uncertainty surrounding the District's financial position, would be "unacceptable" and that the Board should not saddle the District with considerable debt without a clear picture of how such debt would be repaid. Director O'Malia then yielded the floor.

Director Ross then spoke and began by saying he agreed with Director O'Malia's position. Director Davis then commented and said she was told that Travis County would provide the funds as a loan because a gift of funds from the County to another governmental entity is not allowed. Director Davis also stated she was told that the loan terms would be favorable to the District, but again noted that there was nothing in writing before the Board at this time. Director Davis also commented on the possibility of moving forward with the election, but if the confirmation election fails, the District may end up paying for two elections.

Discussion ensued regarding the explicit requirements in the District's enabling legislation. Director Davis then solicited further comments from staff members of Senator Buckingham and Representative Workman who were in attendance, asking if they see any possible legislative fix for the issue going forward. Travis Richmond from Senator Buckingham's office provided some comments, saying that the District appears to have satisfied its requirement under its enabling act that states the District "shall order" an election to be held in May 2018. Mr. Richmond stated that there is clearly a need for clean-up language if the Board elects not to go forward with the May 2018 election, and stated that such a fix would be relatively minor.

Director Davis stated that the District believes no one is at fault for this present situation. Director Davis stated that the costs associated with the confirmation and director elections must not have been adequately presented to legislators or otherwise not properly estimated.

The Board discussed the importance of moving forward to work to develop a legislative change to allow for a November confirmation election to reduce the financial burden associated with the election.

Director Ross asked what the District's legal duties are regarding notification to the voting public regarding the financial position of the District as it pertains to the election. Mr. Brewer stated that the District has no legal duty beyond conducting open meetings and deliberating about its business, including the potential agreement to enter into a debt obligation, in open forums. Director Ross stated that the District should be as transparent and accountable to its constituents as possible regarding this election and all the factors involved therein.

Director Davis and Director Ross discussed how best to relay this financial information to the voting public, weighing ideas such as including a statement in the ballot language or some other publication/statement regarding the cost of the election and the arrangement between the County and the District.



Representative from the County relayed information from the Commissioners Court regarding their affirmative desire to assist the District in paying for the election, noting their own unhappiness regarding the cost. Mr. John White with the County stated that the County is in support of an agreement that is extremely "flexible" and understanding of the financial constraints facing the District.

Director O'Malia and Director Budding discussed the possible timing of a future election to confirm the District, with Director O'Malia noting that such election could be held in a November election cycle without a legislative change, i.e. November 2020, and it was also noted that a legislative change could occur that could authorize an election in November of 2019.

There was a question from Juli Hennings regarding the cost estimate of a November election. Director Davis stated that it's the Board's understanding that the price of a November election on the District would be considerably less than the present estimate of \$180,000 - \$200,000 for this coming May election. The Board indicated they'd received estimates ranging from \$20,000 - \$50,000 for a November election. 35,000

The Board discussed the possibility that the County would take over the District in the event of a default on the potential loan. Mr. White indicated the County has "no desire" to get into the water business.

Director Buddin made several comments regarding certain factual information that the District currently knows and doesn't know, and how the lack of certain information adds significantly to the difficulty in making this decision that will have a major financial impact on the District. Director Buddin stated that "no groundwater conservation district is better than a bad groundwater conservation district."

Director Davis asked about the deadline the following day, Saturday March 3<sup>rd</sup>, for cancelling an election and whether or not that deadline is "set in stone."

Director Urie asked the Board whether or not anyone would be comfortable moving forward with the election without seeing any terms or having anything in writing from the County. County representative explained that while he knows what terms and suggestions he would put forward for the agreement, there is nothing in writing at this point. Director Davis then asked if it was possible for the Board to table action to allow the County to prepare a document or term sheet to put before the Board's consideration late next week (the week of March 5). Director O'Malia stated his thoughts regarding the internal deadlines set by the County for election action items and suggested that were the Board to further delay action on this, that could throw off the timing for all other elections and cause significant hardship for the County. Mr. White added that his understanding was that the March 3<sup>rd</sup> deadline was a hard deadline and agreed with Director O'Malia's understanding regarding the effect on other action items and other elections.

Question from the public regarding the effect of the uncontested director candidates and whether or not the District needs to seat those candidates at this point. Mr. Brewer explained that the District is at a crossroads – if the District acts now to cancel all elections, then the District will not take actions under Agenda Items 5, 6, and 7 which would include formal action to declare certain candidate races unopposed. If the District did move forward with the elections, then the District

would take action to declare those candidates elected, but if the District acts under Agenda Item 4 to cancel all elections, the Board remains in place as it currently stands.

Before closing discussion on this Agenda Item, Mr. Brewer offered information for the Board's consideration regarding loan money available from the Texas Water Development Board ("TWDB") for "start-up" costs for new groundwater conservation Districts. Director Davis then asked if there was any further discussion under this Agenda Item.

Director O'Malia made a motion to withdraw from the election process and attempt to seek a way to hold the confirmation election in a November election, to cancel the elections as previously ordered by the District, and to approve the Board Resolution to memorialize such action. Director Buddin seconded that motion. Director Davis asked if there was any further discussion. Director Davis asked if there was any way, under the current wording of the enabling act, the District could hold its election in November 2018. A representative from Senator Buckingham's office stated that no, the statute would not allow this course of action as its currently written.

The Board voted unanimously in favor of Director O'Malia's motion, with a vote of 5 ayes and 0 nays.

Director Davis offered a closing comment to say the District was not done, that it would continue to work to confirm its creation and reiterated the Board's understanding of the importance of the District and thanked everyone for their effort and hard work.

**5. Discuss, consider, and act on matters pertaining to funding and/or conducting the SWTCGCD participation in the May election.**

Discussion on this Agenda item was effectively combined with discussion under Agenda Item 4 above.

**6. Discuss, consider, and act on uncontested Director elections.**

Given the Board's action under Agenda Item 4, the Board moved past this agenda item and there was no discussion thereon.

**7. Discuss, consider and act on revisions to the ballot language as appropriate.**

Given the Board's action under Agenda Item 4, the Board moved past this agenda item and there was no discussion thereon.

**8. Discuss, consider, and act on Travis County staff support.**

Minimal discussion from Director Davis, Agenda Item is mostly a placeholder. Mr. White indicated that the Commissioners Court remains in full support of the District and will continue to provide assistance so long as they are able to do so. No action.

**9. Discuss, consider, and act on resolution and other required documents for District bank accounts.**



The Board discussed the previous gift they received in the amount of \$3,000, and indicated they desired to set up a bank account.

Director Buddin offered a motion to approve the resolution to authorize signatories to the District's bank accounts. Director O'Malia requested clarification regarding the actual physical signatures of the Board members, and Director Davis indicated that the bank would require signature cards to be filled out by all authorized signatories. Director O'Malia seconded Director Buddin's motion, and the motion carried unanimously 5 ayes 0 nays.

**10. Discuss, consider, and act on public outreach and education, including background information documents.**

Director Davis began this Agenda Item by discussing the upcoming Hill Country Alliance meeting on March 7<sup>th</sup>, where the District could/should begin its public education mission. Director Davis said this would continue to be an Agenda item at the next District Board meeting. There was a question from the public regarding whether or not the District posted notice for the upcoming meeting on the 7<sup>th</sup>. Mr. Brewer indicated that notice must still be posted for the event if a quorum of Board members would be present.

**11. Discuss, consider, and act on new business for the next meeting agenda.**

Board members suggested that the adoption/approval of previous meeting minutes be on the agenda for the upcoming meeting. Director Davis mentioned the idea of inviting a representative from the Texas Water Development Board to attend, possibly Director Kathleen Jackson, to address the Board and provide background information on the work and operations of Texas GCDs.

**12. Discuss, consider, and act on setting the date, time and location for the next Board meeting.**

Board members discussed a possible date, time, and location for the next Board meeting. Board decided upon Wednesday March 21<sup>st</sup>, 10:00 AM at Bee Cave School House.

**13. Adjourn.**

Motion from Director O'Malia to adjourn. Seconded by Director Urie. Motion carried unanimously.

The Board of Directors of the Company, after reviewing the information provided to it, has approved the proposed amendments to the Charter and the Bylaws of the Company.

Director Robert J. ... has approved the amendments to the Charter and the Bylaws of the Company. The Board of Directors of the Company, after reviewing the information provided to it, has approved the proposed amendments to the Charter and the Bylaws of the Company.

10. Director ... and all other directors and officers, including the Chairman of the Board, are authorized to execute and deliver the same.

Director ... has approved the amendments to the Charter and the Bylaws of the Company. The Board of Directors of the Company, after reviewing the information provided to it, has approved the proposed amendments to the Charter and the Bylaws of the Company.

11. Director ... and all other directors and officers, including the Chairman of the Board, are authorized to execute and deliver the same.

Director ... has approved the amendments to the Charter and the Bylaws of the Company. The Board of Directors of the Company, after reviewing the information provided to it, has approved the proposed amendments to the Charter and the Bylaws of the Company.

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