

POST OAK SAVANNAH GROUNDWATER CONSERVATION DISTRICT
Board of Directors Meeting
POSGCD District Offices
310 East Avenue C
Milano, TX 76556
March 11, 2014 – 5:30 p.m.

MINUTES

Members Present

Jay Wilder
Tommy Tietjen
Lee Alford
Durwood Tucker
Sidney Youngblood
Robert Ware
Nathan Ausley
Dwayne Jekel
Kerry Starnes
Steven Wise

Entity

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Board Members Absent

POSGCD Staff

Gary Westbrook
Elaine Gerren

POSGCD
POSGCD

Others Present

Entity

Robby Jekel
Curtis Chubb
Ross Cummings
Darren Huckert
Bill Graham
Andy Hovorak
Barbara Boulware-Wells

D&L Services
Self
Blue Water Systems
Jones & Carter, Inc.
Self
Self
Knight and Partners

BOARD MEETING

1. Call to Order and establish quorum

Nathan Ausley, Board President called the Board Meeting to order and established a quorum at 5:30 p.m.

2 Accept resignation of Board Member

Board President Nathan Ausley presented the resignation of Director Carroll Glaser. A motion was made by President Nathan Ausley to accept Director Carroll Glaser's resignation. The motion was 2nd by Director Robert Ware. The motion carried unanimously.

3 Oath of office for Re-appointed and Appointed Board Members

President Nathan Ausley introduced new board member Steven Wise and administered the oath of office.

4 Public Comment

President Nathan Ausley opened this item and invited public comment. None was offered.

5 Minutes of February 20, 2014

A motion was made by Director Tommy Tietjen to approve the minutes of the February 20, 2014 Board meeting. The motion was 2nd by Director Kerry Starnes. The motion passed unanimously.

6 Consider Agreement for interim deferment of Transport Fees

President Ausley gave a summary of the reason for this item being brought before the board, and noted that the Advisory Committee had met with representatives of Blue Water Systems (BWS) on two occasions to discuss BWS's situation and request. He referred to the Advisory Committee's minutes which had been sent to the board previous to this board meeting. He then handed out a draft agreement and invited discussion on all related issues from the board. The Board discussed this item first between themselves and then with Ross Cummings of BWS, with Mr. Cummings answering questions and giving comment and reasoning for the request from BWS. Mr. Cummings also explained the separation of the permits issued by the District to BWS into two projects, with 20,000 acre feet per year designated as the "130 Project" and the remaining 50,993 acre feet per year being designated as the "Regional Supply Project." Mr. Cummings reminded the board that BWS was only seeking a deferment of transport fees on the portion of the permit covered by the Regional Supply Project, and that the payment of fees on the 20,000 acre feet per year for the 130 Project would continue unchanged. The board discussion on this item included the current District fee structure, the relationship between BWS and Metropolitan Water (MW), current leasing of land in the District by MW and assignment of those leases, status of negotiations between BWS and San Antonio Water Systems, the relationship between BWS and Abengoa, and BWS lack of finances to continue to move forward on the project. The recommendations of amendments to the agreement from the Advisory Committee were also discussed, including that any agreement should include language that BWS would owe the deferred fees whether or not they reached agreement with a customer for the permitted water, and that repayment of the deferred amount should not exceed 24 months, as well as other minor clarifications. President Ausley asked Barbara Boulware-Wells of Knight of Partners, the Districts general counsel, to briefly discuss the minor clarifications. She provided comment and noted that she had made notes for this purpose. A motion was made by board President Nathan Ausley to approve the agreement between the District and BWS for interim deferment of District Transport Fees with changes as recommended by the Advisory Committee, and for the details of the language in the agreement to be worked out between the General Manager and the District's general counsel, as discussed by the Board. Stating that he wanted to hear discussion of the agreement by the

Board, the motion was 2nd by Director Durwood Tucker. The Board continued to discuss terms of the agreement, as well as recommendations from the Advisory Committee. Director Ware called for the question with a role call vote. President Ausley asked General Manager Gary Westbrook to read the motion to be voted on. GM Westbrook read the motion and added a summary of language to be added to the agreement. The vote was 6 to 4 in favor of granting the deferment to Blue Water Systems. Those voting for were Nathan Ausley, Robert Ware, Dwayne Jekel, Kerry Starnes, Durwood Tucker, and Jay Wilder. Those voting against were Lee Alford, Tommy Tietjen, Sidney Youngblood, and Steven Wise.

7 2014 Budget

The board briefly discussed this item, noting that the 2014 Budget would possibly need to be amended later in the year based on the interim deferment of fees and repayments as discussed in agenda item 6.

8 District Groundwater Conservation Grant Program

President Nathan Ausley noted that the Advisory Committee had discussed this item and recommended to defer awards for the District's 2014 Groundwater Conservation Grant Program for six months, but that the deadline for submitting the grant remain March 14, 2014 at 4 pm. A motion was made by Director Jay Wilder to defer awards for the District's 2014 Groundwater Conservation Grant Program for six months. The motion was 2nd by President Nathan Ausley. The motion carried unanimously.

9 Requests for amendments to Groundwater Conservation Grant applications, awards, and contracts with the District

General Manager Gary Westbrook presented to the board a request from the City of Somerville to amend their application and contract with the District concerning the Grant awarded to the City in 2013. After discussion of the request, a motion was made by Director Dwayne Jekel to approve the amendment as requested. The motion was 2nd by Director Jay wilder. The motion carried unanimously.

General Manager Gary Westbrook presented to the board a request from the Clay WSC to amend their application and contract with the District concerning the Grant awarded to the Clay WSC in 2012. After discussion of the request, a motion was made by Director Robert Ware to approve the amendment as requested. The motion was 2nd by Jay wilder. The motion carried unanimously.

10 Joint planning process and Desired Future Conditions (DFC's), groundwater resources in the District, and future process for evaluating District DFC's and identification of possible necessary changes to District Rules and District Groundwater Management Plan

General Manager Gary Westbrook presented to the Board a memo from Intera concerning the review of GMA 8 Water use and Water Demands provided by Bill Mullican & Associates. After brief discussion, a motion was made by President Nathan Ausley to accept Intera's recommendation, and approve the work submitted by Mullican and Associates. The motion was 2nd by Director Kerry Starnes. The motion carried unanimously.

General Manager Gary Westbrook then advised the Board on the estimated expenses to the District due to work to be completed by Mullican and Associates on behalf of the districts in GMA 8 concerning the explanatory report which would accompany submissions of DFCs in this round of joint planning. He advised that the estimate was approximately \$3500 per year for the next three years, and was within the District's budget for this item, and requested that the board take action to approve this expense. After brief discussion, a motion was made by President Nathan Ausley to formally approve this expense. The motion was 2nd by Director Jay Wilder. The motion carried unanimously.

11 Receive report from District Manager on recent District activities and take appropriate actions

A. Permit applications filed with the District and Hearing Dates; Emergency Permits Granted

General Manager Gary Westbrook reported no application had been filed which would require hearings, and that no emergency permits had been issued.

B. Well recordings and registrations, New well applications and completions, Wells plugged

General Manager Gary Westbrook reported that there were 12 wells registered, 4 new well applications, 10 new wells completed, 0 well plugged, and 0 well that required inspection.

C. Recent and future District presentations and activities

1.) Texas Water conservation Association Interim Groundwater Committee

General Manager Gary Westbrook advised the Board of recent work by this committee concerning permit renewals and brackish groundwater permitting.

2.) Texas Water Conservation Association Conference of March 5-7, 2014

General Manager Gary Westbrook reported that he had attended the Texas Water Conservation Association Conference of March 5-7, 2014. Discussion was held concerning a letter from Roger Nevola to TWCA with regard to amending TWCA's policies with regard to groundwater regulation in Texas.

3.) Texas Alliance of Groundwater Districts quarterly meeting of February 25-26, 2014

General Manager Westbrook reported that he and Bobby Bazan had attended the quarterly meeting and advised them of some of the presentations beneficial to he and Mr. Bazan.

12. Bills received and current financial status.

After review and discussion of the report of the District's financial status and current bills, a motion was made by Director Robert Ware to approve the report and payment of the bills. The motion was 2nd Director Kerry Starnes. The motion carried unanimously.

11. Dates, locations, and times of future meetings.

President Nathan Ausley announced the next regularly scheduled meeting, if needed, would be April 8, 2014 at the District Office at 5:30 p.m.

12. Adjourn Board Meeting

President Nathan Ausley adjourned the meeting at 7:11 p.m.

THE ABOVE MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE POST OAK SAVANNAH GROUNDWATER CONSERVATION DISTRICT HELD ON MARCH 11, 2014 WERE APPROVED AND ADOPTED BY THAT BOARD ON APRIL 8, 2014.

Nathan Ausley, President

Attest:

Kerry Starnes, Secretary/Treasurer

Date_____

A meeting recording of this meeting is available on CD.