



POST OAK SAVANNAH GROUNDWATER CONSERVATION DISTRICT
Board of Directors Meeting
POSGCD District Offices
310 East Avenue C
Milano, TX 76556
February 10, 2015 – 5:30 p.m.

MINUTES

Directors Present

Nathan Ausley
Sidney Youngblood
Kerry Starnes
Bob Ware
Steven Wise
Jay Wilder
Tommy Tietjen
Lee Alford

Directors Absent

Durwood Tucker
Dwayne Jekel

Staff Present

Gary Westbrook
Bobby Bazan
Elaine Gerren
Meredith Earwood

Others Present

James Bené
Barney Knight
Steve Young
Kodi Sawin
Eddie McCarthy
Paul Terrill
Pat Reilly
Ross Cummings
Brant Konetchs
Rick Morgan
Dave Barkemeyer
Jim Renda
Robbie Jekel

Entity

RW Harden & Associates
Knight & Partners
Intera
Sawin Group
JSMT
Terrill Firm
Blue Water
Blue Water
LBG –Gayton
Abengoa
Milam County
SWMWC
Milano Water Supply

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. Election of Board Officers

Director Tommy Teitjen nominated Nathan Ausley to continue as President of the Board. A motion was made by Director Steven Wise for nominations to cease and Director Ausley to be elected by acclamation. The motion was 2nd by Director Sidney Youngblood. The motion passed unanimously. Director Steven Wise nominated Director Sidney Youngblood as Vice-President of the Board. A motion was made by Director Bob Ware for nominations to cease and Director Youngblood to be elected by acclamation. The motion was 2nd by Director Kerry Starnes. The motion passed unanimously. Director Steven Wise nominated Director Kerry Starnes to continue as Secretary-Treasurer of the Board. A motion was made by Director Sidney Youngblood for nominations to cease and Director Starnes to be elected by acclamation. The motion was 2nd by Director Bob Ware. The motion passed unanimously.

3. Public Comment

President Ausley asked for public comment. No public comment was heard.

4. Amend 2014 Budget

General Manager Gary Westbrook recommended that the 2014 Budget be amended by moving \$5900 from insurance to Payroll. The Board discussed the 2014 budget amendments. A motion was made by Director Wise to amend the 2014 budget as recommended. The motion was 2nd by Director Jay Wilder. The motion passed unanimously. President Ausley then moved to item 7 of the Agenda.

5. Minutes of November 11, 2014 Board Meeting

After brief discussion, a motion was made by Director Bob Ware to approve the minutes of the November 11, 2014 Board meeting. The motion was 2nd by Director Kerry Starnes. The motion passed unanimously.

6. District Fee Schedule

General Manager Gary Westbrook explained that the efforts to develop the District's Groundwater Sampling and Analysis Plan (GSAP) were progressing, but since the process of sampling had not been completely identified, the District was unable to sample at this time. He further reported that due to that delay, after receiving advice from both the President of the Board and the District's General Counsel, the GM had waived the newly adopted \$1500 fee associated with applications for use of groundwater from frac in favor of the previously existing application fee of \$100. He further requested that the Board ratify his actions and that the Board approve the GM to continue to assess the \$100 application fee for frac until the GSAP is adopted. President Nathan Ausley made a motion to ratify these actions of General Manager Gary Westbrook and direct him to continue until the GSAP is adopted. The motion was 2nd by Director Kerry Starnes. The motion passed unanimously.

7. Draft Groundwater Sampling and Analysis Plan

General Manager Gary Westbrook and Steven Young of Intera presented a draft of the Groundwater Sampling and Analysis of the District, and reported on progress, cost and meetings held to receive comments from staff at TCEQ and TWDB. After discussion Director Lee Alford moved to continue

development of the GSAP. The motion was 2nd by Director Kerry Starnes. The motion passed unanimously.

8. Engagement Letter with Alton Thiele, CPA for auditing services for 2015

The board discussed continuing to use Alton Thiele, CPA for auditing services. Director Wise made a motion to continue using Mr. Thiele for 2015 and execute the letter of engagement. The motion was 2nd by Director Tommy Tiejten. The motion passed unanimously.

9. Agreement with Aquaveo for internet web based well database

Water Resource Management Specialist, Bobby Bazan and Dr. Steven Young of Intera, presented on the web based database the District has considered using. The Board discussed the benefits and issues with the web based data and tabled the subject until further information is available. President Ausley then moved to item 17 of the Agenda.

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

General Manager Gary Westbrook discussed with the Board amendments requested by recipients of the 2015 Groundwater Conservation Grant applications and awards. After discussion, President Nathan Ausley made a motion to approve the amendments to the applications as requested, and to allow the General Manager to approve these requests in the future without board action if requests were consistent with the original application as far as percentage of work, funding, etc. The motion was 2nd by Director Jay Wilder. The motion passed unanimously.

11. Continuation of Administrative Agreement with Texas Municipal League

President Ausley open item 11 and 12 of the agenda simultaneously. After brief discussion a motion was made by President Nathan Ausley to continue the administrative agreement and Interlocal Agreement with Texas Municipal League. The motion was 2nd by Director Kerry Starnes. The motion passed unanimously.

12. Continuation of Inter local Agreement with Texas Municipal League for Employee Benefits Pool

13. Process and procedure to be followed for the five year review of permits

General Manager Gary Westbrook discussed a new procedure for the five year review of permits. District Council Barney Knight commented that the new procedure would streamline the process, and remove bureaucracy. GM Westbrook was directed to proceed with finalizing this process and return at the next Board meeting.

14. District Education Program, 2015 Milam & Burleson Counties Groundwater Summit, Big Spring Clean

After brief discussion a motion was made by Director Tommy Tietjen to host the Milam and Burleson Counties Groundwater Summit during August, 2015, and be a sponsor of the Big Spring Clean in 2015. The motion was 2nd by President Nathan Ausley. The motion passed unanimously.

15. Resolution requesting Members of the 84th Legislature to support allowing Groundwater Conservation Districts to use money from transport fees for purposes related to infrastructure projects

The Board discussed the resolution adopted by both Milam and Burleson Counties Commissioner's Courts on February 9, 2015. A motion was made by Director Lee Alford to support the actions of the

two Commissioner's Courts. The motion was 2nd by Director Sidney Youngblood. The motion passed unanimously.

16. Permit applications filed by Clayton Williams Energy, Inc. to produce groundwater for hydraulic fracturing on the Clint Lewis lease and the Sally Flosi lease

General Manager Gary Westbrook reviewed the existing situation and explained to the Board that Clayton Williams Energy, Inc. (CWEI) did frac these wells prior to obtaining permits from the District. He noted that Clayton Williams and Blue Water Systems (BWS) had agreed to a contract whereby CWEI purchased this water from BWS and had provided that contract, with values redacted, which completed applications for these frac jobs. Mr. Westbrook noted that he would be assessing an administrative fine according to the District's Rules to CWEI for \$1,000 for producing without permits. He noted that Clayton Williams was aware of the fine, and had agreed to pay the penalty. District Council Barney Knight commented that the District now has all the required documents and agreements between the parties and the District can now issue a permit. After discussion President Nathan Ausley made a motion to support the administrative fine for Clayton Williams Energy, Inc. of \$1000 and consider the issue resolved. The motion was 2nd by Director Jay Wilder. The motion passed unanimously.

17. Joint planning process and Desired Future Conditions (DFCs), groundwater resources in the District, and future process for evaluating District DFCs for Groundwater Management Area 12 (GMA 12) and Groundwater Management Area 8 (GMA 8)

General Manager Gary Westbrook commented on the upcoming GMA 12 meeting, explaining that GMA12 will begin making decisions to adopt DFCs. District Hydrologist Steve Young recommended to the Board to investigate the shallow portions of the aquifers. He noted the current concern that there is lack of information and the GMA is in need of an updated model. Dr. Young also requested the board continue to consider a shallow DFC independent of the model. After discussion Intera was tasked by the Board to return further information and studies for discussion. After further discussion, the Board considered President Ausley sufficiently briefed on DFC issues to represent the District's concerns at future GMA 12 meetings. President Ausley then moved to item 5 of the Agenda, and then moved through the agenda in remaining order of items not yet covered.

18. 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 that there were no applications filed which would require a hearing, and that no emergency permits had been issued.

B. Well Drilling activities: registrations, applications, completions, plugging, inspections.
General Manager Gary Westbrook reported 29 registrations, 8 new well applications, 22 completions, and 1 well plugged.

C. Recent and future District presentations and activities

1. Annual Reports to Commissioners Courts of Milam and Burleson Counties

General Manager Gary Westbrook reported providing annual reports at the Burleson County Commissioners Court on Dec. 8, 2014, and in Milam County on Jan. 26, 2015.

2. University of Texas 2014 Water Law Institute CLE Conference November 19-21, 2014

GM Westbrook summarized his efforts presenting at this conference.

3. Texas Water Conservation Association Spring Water Conference March 4-6, 2015

GM Westbrook noted that he had been invited to give a similar presentation at this conference as he provided at the UT CLE Conference.

4. Well Monitoring Network and Water Level Well Monitoring Work

GM Westbrook noted that Bobby Bazan would begin the 2015 monitoring in the next week, and

that the District had completed another monitoring well near Deanville.

5. Brazos Region G Water Planning Group

GM Westbrook noted vacancies on the group for industrial, electrical, and municipalities and Reported on serving as a resource at a Region G presentation in Williamson County

6. Bell County Water Symposium of November 18, 2014

GM Westbrook reported that he and Bobby Bazan had attended this event.

7. Texas Alliance of Groundwater Districts quarterly meeting of February 11-12, 2015

GM Westbrook reported that he and Bobby Bazan would attend this event.

8. District Groundwater Conservation Grant Program

GM Westbrook reported the deadline to submit Grants is March 13, 2015

Director Bob Ware requested information about the Texas Water Development Board's report.

Mr. Westbrook and the Board discussed the current procedure included in the application process for these grants.

9. Townhall Meetings of December 17, 2014

GM Westbrook reported on these events

10. Annual Report from General Manager

GM Westbrook presented a draft of the General Manager's Annual Report, pending comments from Steven Young of Intera, for consideration by the Board, and asked the Board to approve, provided there were no major changes.

President Nathan Ausley made a motion to approve the Annual Report as requested. The motion was 2nd by Director Jay Wilder. The motion passed unanimously.

11. Downhole Camera and Water Well Surveying System

Water Resource Specialist, Bobby Bazan gave a presentation on the District's recently acquired downhole camera.

12. Office needs and improvements

President Nathan Ausley requested to create a committee to look at all options on storage, remodel, or to build a new office for the District. Director Bob Ware volunteered to chair the committee, and appointed Directors Durwood Tucker, Lee Alford, and Sidney Youngblood.

13. Legislative Update

General Manager Gary Westbrook summarized several bills filed this session.

19. Bills received, current financial status, Investment Officer Report.

After review and discussion of the report of the District's financial status and current bills, a motion was made by President Nathan Ausley to approve the report and for payment of the bills. The motion was 2nd Director Lee Alford. The motion carried unanimously.

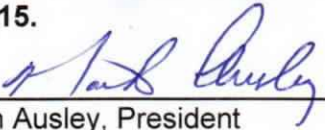
20. Dates, locations, and times of future meetings.

President Nathan Ausley announced the next regularly scheduled meeting, if needed, would be March 10, 2015 at 5:30. The meeting will be at the District Office.

21. Adjourn Board Meeting

President Nathan Ausley adjourned the meeting at 7:20 p.m.

THE ABOVE MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE POST OAK SAVANNAH GROUNDWATER CONSERVATION DISTRICT HELD ON FEBRUARY 10, 2015 WERE APPROVED AND ADOPTED BY THAT BOARD ON APRIL 14, 2015.



Nathan Ausley, President

Attest:


Kerry Starnes, Secretary/Treasurer

Date 4/14/15