

MINUTES OF REGULAR MEETING
OF
BRAZORIA COUNTY GROUNDWATER CONSERVATION DISTRICT

August 31, 2006

THE STATE OF TEXAS §
 §
COUNTY OF BRAZORIA §

The Board of Directors of Brazoria County Groundwater Conservation District, met in regular session, open to the public, on the 31st day of August, 2006, at the Brazoria County Courthouse, West Annex, 451 N. Velasco Street, 1st Floor Conference Room, Angleton, Texas, inside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Dennis Davenport	President
Michael O'Day	Vice President
Raymond Felder	Secretary
John Pyburn	Assistant Secretary
Leo Mikeska	Director

and all of said Directors were present except Directors O'Day and Mikeska, thus constituting a quorum.

Also present were the following: Danny Cameron and Bobby Whisenant of the City of Pearland; David Ellis of the City of Lake Jackson; Dennis Ferguson, Director candidate; Tom Masters of Kennemer, Masters & Lunsford, LLC; Donald R. Mudd, Director candidate; Gary Wilson of Bryan Beach WSC; David Kocurec of the City of Alvin; Clarence Wittwer of the City of Alvin and Director candidate; Rob Balcells of URS Corporation ("URS"); and Stephen M. Robinson and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR").

Director Davenport called the meeting to order.

RECEIVE PUBLIC COMMENTS

Director Davenport opened the meeting to receive public comments. Mr. Ellis addressed the Board to determine whether water wells for golf courses are subject to the District's fees and commented on the timing of the Board's adoption of fees. Mr. Wilson addressed the Board to comment on the District's fees as they apply to Bryan Beach WSC. Mr. Kocurec addressed the Board regarding the City of Alvin's efforts to comply with the District's fees.

One of the gentlemen from the City of Pearland addressed the Board to request reconsideration of the assessment of export fees. He stated that the city limits of the City of Pearland encompass the counties of Brazoria, Harris, and Fort Bend, and the City of Pearland's wells are located within Brazoria County. He stated that the City of Pearland does not sell water to another entity and that approximately 3,000 to 4,000 homes served by the City of Pearland are located outside of Brazoria County. He stated that many of the homes served are 30 to 40 years old. He stated that there are approximately 300 to 400 acres of land available for future development which is located within the City of Pearland's city limits and outside of Brazoria County. The Board requested that information regarding the quantity of water being exported and the quantity of water anticipated to be exported for future development be provided for review.

APPROVE MINUTES

The Board concurred to table this item.

DISCUSS MISSION, OBJECTIVES, FEES, ADMINISTRATION, REVIEW AND APPROVE PAYMENT OF INVOICES AND RECEIVE UPDATE ON REQUEST TO BRAZORIA COUNTY FOR FINANCIAL ASSISTANCE

The Board discussed projected revenues and expenses, amounts owed to Brazoria County pursuant to Reimbursement Agreements, and amounts owed to ABHR and URS for services provided. Director Davenport reported on his conversation with Mr. Burkett who spoke with Brazoria County Judge Willy. He stated that a request was made for the Board to develop a recommended payment schedule. The Board and Mr. Robinson responded to meeting attendees' inquiries regarding the amounts owed by the District. No action was taken by the Board.

CONSIDER AMENDMENT TO CONTRACT WITH URS FOR ADMINISTRATIVE SERVICES

Mr. Balcells reminded the Board of the verbal proposal presented last month for a URS employee to provide interim administrative services related to collections and permitting for the District from September through December 2006, for the estimated cost of \$16,000.00 pursuant to an amendment to the current URS contract. He reviewed a Cost Summary and Proposed Budget containing estimates of \$16,800.00 for basic elements and \$20,300.00 for optional elements, a copy of which is attached. He stated that the estimates are based on \$50.00 per hour for 20 hours a week and that the District would be billed for actual hours worked. The Board discussed finalizing forms for placement onto the web site, anticipated office space and employee needs, and the District's budget. The Board and Mr. Robinson responded to meeting attendees' inquiries regarding the District's administrative and office space needs. Additional discussion ensued regarding forwarding a formal request to the Brazoria County

Commissioners Court for office space and advancement of funds for anticipated expenses. Following review and discussion, Director Felder moved that the Board accept the proposal from URS for interim administrative services as presented in the Cost Summary and Proposed Budget. Additional discussion ensued regarding the proposed tasks. Director Pyburn seconded and amended the motion to accept the proposal from URS for interim administrative services as presented in the Cost Summary and Proposed Budget in an amount not to exceed \$37,100.00 without prior Board approval. Mr. Felder accepted the amendment to the motion. The motion passed by unanimous vote.

ENGAGE BOOKKEEPER

Mr. Masters reviewed with the Board the types of bookkeeping services his company could provide and the fees for those services. He stated that the goal would be to structure the bookkeeping services in a manner where the bookkeeping function would be transferred to a District employee. Following review and discussion, the Board concurred to consider an engagement letter for bookkeeping services from Mr. Masters at the next meeting and to appoint Director Davenport as the District's liaison with the bookkeeper.

ADOPT RESOLUTION ADOPTING INVESTMENT POLICY, RESOLUTION APPOINTING INVESTMENT OFFICER, RESOLUTION ESTABLISHING AUTHORIZED DEPOSITORY INSTITUTIONS, AUTHORIZE EXECUTION OF DEPOSITORY PLEDGE AGREEMENT

Mr. Robinson and Mr. Masters briefly reviewed requirements under the Public Funds Investment Act and responded to meeting attendees' questions regarding the requirements. Mr. Robinson requested that the Board review a draft Investment Policy, including appointment of an Investment Officer, for discussion at the next meeting. Mr. Masters reviewed training requirements for the Investment Officer and stated that he would most likely recommend that the District open a bank account with First National Bank, Lake Jackson, when funds are received. No action was taken by the Board.

APPROVE BUDGET

Mr. Balcells next reviewed with the Board a Preliminary 2007 Operating Budget. Discussion ensued regarding projected revenues and expenses, and amounts owed to Brazoria County pursuant to Reimbursement Agreements. Mr. Robinson noted that the legal budget would decrease as ABHR's administrative tasks decrease with the transfer of those tasks to District employee(s). He recommended review of the draft budget by the District's bookkeeper. Mr. Masters stated that there are many unknown items at this point. He stated that the District is not allowed to exceed the budget at the fund level and is able to amend the budget when appropriate. No action was taken by the Board.

DISCUSS CURRENT WATER ISSUES AFFECTING BRAZORIA COUNTY

Mr. Balcells next reviewed with the Board a Chocolate Bayou Water Company Water Rights Amendment Summary, a copy of which is attached. The Board discussed the application submitted to the Texas Commission on Environmental Quality (the "TCEQ") by the Chocolate Bayou Water Company to change its diversion point for surface water from the Brazos River. Discussion ensued regarding the potential effects the change might have on the quality and use of Brazoria County's groundwater and actions that could be taken by the Board. Mr. Robinson reported that a letter was received stating that the District has been placed on the TCEQ notice distribution list for the application submittal. A copy of the letter is attached. Following review and discussion, the Board requested that ABHR make inquiries regarding the proposed actions of the parties who contested a previous amendment application by the Chocolate Bayou Water Company. The Board concurred to discuss whether to contest the application at the next meeting.

RECEIVE REPORT ON GMA 14 JOINT PLANNING GROUP MEETING

Mr. Balcells reported on a meeting of the Upper Gulf Coast Aquifer (GMA 14) Joint Planning Group held on August 22, 2006, at the Lone Star Groundwater Conservation District boardroom attended by him and Director O'Day. He stated that a review of the 2005 census during the meeting show that the growth of Brazoria County has been significantly underestimated. He stated that the District's groundwater demand numbers are scheduled to be presented at the September GMA 14 Joint Planning Group meeting.

RECEIVE REPORTS FROM DIRECTORS

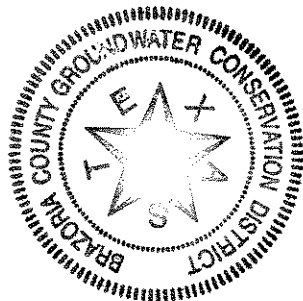
No reports from Directors were presented.

DISCUSS MEETING SCHEDULE

The Board concurred to hold regular meetings on September 14, September 28, October 12, and October 26, 2006, at the regularly scheduled time and location.

Upon a motion made by Director Pyburn and seconded by Director Felder, the Board adjourned.

(SEAL)




Secretary, Board of Directors

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