

MINUTES OF REGULAR MEETING
OF
BRAZORIA COUNTY GROUNDWATER CONSERVATION DISTRICT

September 28, 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 28th day of September, 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, thus constituting a quorum.

Also present were the following: Kent Burkett, Chief Administrator of the Office of the Brazoria County Judge; Danny Cameron, Mike Hodge, 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; Rob Balcells of URS Corporation ("URS"); Stephen M. Robinson and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); and persons listed on the attached attendance sheet.

Director Davenport called the meeting to order.

RECEIVE PUBLIC COMMENTS

Director Davenport opened the meeting to receive public comments. No public comments were made.

APPROVE MINUTES

The Board next considered approving the minutes of the August 10, 2006, and August 31, 2006, meetings. Upon a motion made by Director Felder and seconded by Director Pyburn, the Board unanimously approved the minutes as written.

CONSIDER REQUEST FROM THE CITY OF PEARLAND REGARDING EXPORT FEES

Mr. Robinson reminded the Board that a request and new information was received from the City of Pearland regarding the assessment of export fees on pre-existing wells located within Brazoria County. He reviewed the export fees adopted by resolution and stated that the District is authorized to negotiate reasonable export fees and amend the resolution subject to the maximum amount of fees allowed to be charged by statute.

Mr. Cameron addressed the Board and stated that the City of Pearland (the "City") expects an export fee will be assessed if more water is exported than is imported. He stated that the City would like to receive a credit for the amount of water imported and reviewed the amounts of the City's water that is from well production, surface production, and surface importation. Director O'Day commended the City on being good stewards of Brazoria County's groundwater and support of the creation of the District. Following review and discussion, Director O'Day moved that the Board appoint a committee consisting of Directors O'Day and Pyburn to meet with the City to negotiate the assessment of export fees and make a recommendation to the Board. Director Felder seconded the motion, which was approved by unanimous vote.

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

Mr. Masters discussed with the Board his conversations with the Brazoria County auditor regarding providing basic accounting administrative services for the District. Mr. Burkett reviewed a draft Interlocal Agreement between the District and Brazoria County for office space leased at a cost of \$1.00 per year and basic accounting administrative services. Discussion ensued regarding the budget, estimated accounting and office administrative costs, administrative services to be provided by URS, hiring permanent and temporary employees, salaries, and office space. Following review and discussion, Director O'Day moved that the Board appoint a committee consisting of Directors Davenport and Felder to negotiate the services and fees for the Interlocal Agreement with Brazoria County and make a recommendation to the Board. Director Mikeska seconded the motion, which was approved by unanimous vote.

DISCUSS OPTIONS RELATED TO ACCOUNTING SERVICES AND ENGAGEMENT OF BOOKKEEPER

The Board concurred to table this item.

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

The Board concurred to table these items.

APPROVE BUDGET

The Board next considered adopting an Operating Budget for fiscal year 2007. Mr. Robinson noted that the budget can be amended as appropriate. Discussion ensued regarding revisions to line item 24 (Accounting) from \$20,000.00 to \$7,500.00, line item 45 (Office Lease) from \$8,000.00 to \$1.00, and adding the \$20,499.00 in savings to line item 10 (Contract Labor/Temporary). Following review and discussion, Director O'Day moved that the Board approve the budget with the revisions as discussed. Director Felder seconded the motion, which was approved by unanimous vote. A copy of the adopted budget is attached.

REVIEW AND APPROVE PERMITTING AND REGISTRATION FORM

The Board discussed finalizing permit application and registration forms for distribution and placement onto the web site. Discussion ensued regarding methods for administration and processing of the forms, and adding the mandatory requirement for well logs to the permit application form and a request for well logs to the permit registration forms. Following review and discussion, Director Felder moved that the Board approve the permit application and registration forms with the additions as discussed. Director O'Day noted that the forms were nearly identical to the forms used in Matagorda and Wharton Counties. Director Pyburn seconded the motion, which was approved by unanimous vote.

Director O'Day moved that the Board authorize Director Davenport to execute a letter transmitting the finalized permitting and registration forms, adopted Rules, and the self-reporting Production and Export Fee Form to the District's constituents and to well drillers operating in Brazoria County. The Board concurred that the letter should inform the reader that the forms are available on the District's web site. Director Felder seconded the motion, which was approved by unanimous vote.

RECEIVE REPORT ON GMA 14 JOINT PLANNING GROUP MEETING

Director O'Day reported that there was no meeting of the Upper Gulf Coast Aquifer (GMA 14) Joint Planning Group held in September. Mr. Balcells stated that the District's groundwater demand numbers are scheduled to be presented at the October GMA 14 Joint Planning Group meeting. He stated that the 2005 census numbers show that Brazoria County is growing faster than anticipated and the numbers will need to be adjusted accordingly.

DISCUSS CURRENT WATER ISSUES AFFECTING BRAZORIA COUNTY

Mr. Robinson briefly reviewed a Notice of an Application to Amend a Certificate of Adjudication 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, a copy of which is attached.

RECEIVE REPORTS FROM DIRECTORS

No reports from Directors were presented.

DISCUSS MEETING SCHEDULE

The Board concurred to hold a regular meeting on October 12, 2006, at the regularly scheduled time and location.

CONVENE EXECUTIVE SESSION PURSUANT TO SECTION 551.071 OF THE TEXAS GOVERNMENT FOR CONSULTATION WITH ATTORNEY REGARDING PENDING OR CONTEMPLATED LITIGATION

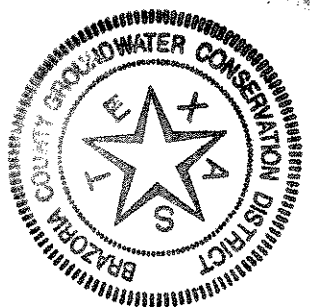
Director Davenport moved that the Board convene in executive session pursuant to Section 551.071 of the Texas Government Code. Director O'Day seconded the motion, which was approved by unanimous vote.

RECONVENE OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION FOR CONSULTATION WITH ATTORNEY REGARDING PENDING OR CONTEMPLATED LITIGATION

The Board reconvened in executive session. Following review and discussion, the Board concurred to hold a special meeting on October 5, 2006, to discuss current water issues affecting Brazoria County, receive an update on the Chocolate Bayou Water Company Application to Amend a Certificate of Adjudication, and consider engaging an attorney.

Upon a motion made by Director Mikeska and seconded by Director Felder, the Board voted unanimously to adjourn.

(SEAL)




Secretary, Board of Directors

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