

Minutes of Meeting
July 6, 2004 - 3:00 P.M.

PVGCD OFFICE
Cuero Plaza Mall-Suite 1129
Cuero, TX 77954

BOARD MEMBERS PRESENT: Errol John Dietze (Chairman), Bob McCurdy (GM), Tim Voelkel, Bob Davis, Gary Colman and Bubba Steen.

CALL TO ORDER: A quorum being present, and all notices having been properly posted, the meeting was called to order at 3:10 P.M. by the Chairman, Errol John Dietze.

APPROVAL OF MINUTES: Minutes of the May 20th meeting were presented in the board packet. With no changes, additions or deletions, Bob Davis made a motion to accept the minutes as presented, second by Tim Voelkel; the motion carried unanimously.

FINANCIAL REPORT: Copies of the financial report were presented and discussed by Bob McCurdy. Attention was called to the balance of the Friends of Pecan Valley account in the amount of \$750. Prosperity Bank has indicated that this money needs to be used. There was discussion as to how the money should be used. Bubba Steen made a motion that it be used for seminars, seconded by Tim Voelkel; the motion carried unanimously. Bob Davis made a motion that the financial report be accepted as presented, seconded by Bubba Steen; the motion carried unanimously.

RULES CHANGES: Bob McCurdy began the discussion of rules changes. He first introduced a mitigation statement suggested as an addition to the rules. Bob McCurdy presented the reasons behind the need for a mitigation clause stating that it will protect existing wells in the area should they be affected by production or export from another well. Gonzales Co. is currently experiencing problems with excessive amounts of water going out of the country. They have no mitigation clause. The mitigation statement includes a clause regarding the establishment of an escrow account to cover damages to surrounding land owners. Bob McCurdy said he would get more information and a ruling on the escrow clause from Jim Allison, PVGCD attorney. Errol John Dietze shared that there is currently a situation regarding the issue of mitigation in Goliad Co., and San Antonio has asked for a hearing. It was noted that there is no precedence set for this issue. It is the consensus of the board that a wait-and-see posture would be advisable to see how the situation is handled in Goliad. Bob McCurdy said he would talk to Jim Allison regarding the legality of the escrow issue. Bubba Steen asked for clarification of the wording in the mitigation statement regarding the production permit. Bob McCurdy said we will have to institute such a permit ... currently we do not have one. Errol John Dietze suggested changing the wording in the first paragraph where it says **same** producer, be changed to **any** producer. Errol John Dietze also suggested that in referencing production for export out of the county, that **commercial** be added somewhere in the wording. There was discussion regarding the production amounts; one acre foot per acre, per year, no greater than 300 acre/feet of water per year. Bob McCurdy stated that the acreage must be contiguous. Bob McCurdy indicated that we need to look at this further. Bob McCurdy told the board that in the production permit, the producer has to indicate where the water is going and if it is for beneficial use. The board has the authority to deny a permit if it is not for beneficial use. Bubba Steen asked if there are any stipulations in current laws regarding escrow. Errol John Dietze said "there definitely is." The escrow account needs to be separate and apart from the PVGCD operating funds. It was noted that the last line in #7 of the Mitigation statement regarding administration and disbursement of the escrow account by **Board discretion**, should be omitted. Bubba Steen also suggested that the first sentence be rewritten for clarity and state: **exceeds greater than 300 acre/feet of water per calendar year.**

Rule 4.1 (page 14)

- Need to establish a copying charge – Bubba Steen said the General Services Commission sets these rates

Rule 5.1 (page 14)

- Spacing requirement – 150 ft. from adjacent land owner needs to be changed Bob McCurdy said that spacing on property lines varies from district to district. Suggested change from 150 ft. spacing to 100 ft. spacing. Bubba Steen suggested we follow State regulations for 60 ft. from septic.

Rule 5.2 (page 15)

- 1) Waiver – we need to make a form for this
Bubba Steen suggested that where it says **will not apply**, change to **may not apply**.
- 2) Change "Board" to "District – Leave Board in this rule; change 150 ft. to 100 ft.
- 3) Change "Board" to "District" - Make this change

Rule 6.1 (page 15)

- 3) Need to create a production permit

- 3) Add wording to indicate that metering will be the responsibility of the producer. Suggestion and agreement to omit the last line of this rule.
- 4) Add “for water supplied within the district (cities)” at the end. Bubba Steen asked for clarification of “service area” and how that would relate to rural water districts. The clause is too open-ended. Bob McCurdy said he would ask Allison how to correctly word this rule.

Rule 8.1 (page 16)

- Need to create transport permit

Rule 8.2 (page 16)

- Need clarification on this – Suggestion and agreement that this rule should be omitted

Rule 9.1 (page 17)

- In second paragraph, change 8 months to 4 months – Unanimous agreement to change to 4 months Reflects the 120 days stated in the application

Rule 10.1 (page 17)

- b) Need to clarify registration and indicate that the application is considered the registration – Bubba Steen suggested that a registration number be added to the approved application.

Rule 10.2(page 18)

- b) Applications and operating permit – SAME
- c) Delete this rule ... we do not have separate permits for drilling, operating and permit renewal.

Rule 10.3 (page 19)

- 1) Notification and control – Errol John Dietze indicated that records of land transactions/sales could be tracked through the county clerk. Gary Colman said we could track this through the tax office. Bubba Steen suggested that the title company could have this stipulation put in the deed. Gary Colman suggested we only track the wells with the capacity to drill large quantities. Bob McCurdy said there really isn’t any reason to track the sale of the land. Landowners are not the concern. Wells are registered with the District with location and drilling capacity. Bubba Steen motioned that we accept the suggested changes in the rest of the rules as stated below, Bob Davis seconded this motion and it carried unanimously.
- 3) Send notification to city managers ... DONE
- 6) Violations – need to establish policy/amount of fines for non-compliance.

Rule 10.4 (page 19)

- b) Change Operating Permit to Permit Application. Delete “awaiting approval by the Board of Directors.”

Rule 11.1 (page 20)

- c) Change board to District
- e) Change board to District

Rule 12.2 (page 21)

- a) Change 150 ft. to 60 ft.
- b) Change 150 ft. to 100 ft.
- c) delete “steel” (most often it is plastic)

Bubba Steen made a motion to accept the rule change suggestions, and to have Bob McCurdy present them to Jim Allison, seconded by Tim Voelkel; the motion carried unanimously.

Bubba Steen made the motion to adjourn the meeting, seconded by Tim Voelkel, and the meeting was adjourned at 5:00 P.M.

_____, Sec/Gary Colman