

MINUTES OF PUBLIC HEARING
AND GENERAL BOARD MEETING

JULY 17, 2007 – 4:00 P.M.

WELLS FARGO BANK 307 N. ESPLANADE CUERO, TX 77954

BOARD MEMBERS PRESENT: Vice-Chairman – Lias “Bubba” Steen, Secretary - Gary Colman, and Directors -Bob Davis, and Tim Voelkel

ALSO IN ATTENDANCE: GM - Kay Wild, Attorney – Jim Allison

GUESTS: Mela Walker

1. CALL TO ORDER: A quorum present, and all notices properly posted, the Public Hearing was called to order at 4:00 P.M. by Vice-Chairman Bubba Steen. The public hearing was opened and two applications for transport permit, as posted, were presented by the GM, Kay Wild. Discussion was then opened to the board and the floor for discussion. All concerns and questions from the floor were addressed by the Board of Directors, General Manager and attorney, Jim Allison. With discussions ending, Jim Allison noted that the applications were in order and ready for the board to consider. The public hearing was closed at 4:25 P.M. The general board meeting was then called to order by Vice-Chairman Steen at 4:25 P.M.
2. APPROVAL OF TRANSPORT PERMIT APPLICATION FOR C & K SUPPLY, Inc. dba C & K RENTALS: With a motion from Gary Colman to grant the transport permit request from C & K Supply, Inc. dba C & K Rentals for 45,000 gallons of groundwater exported monthly, for a period of three (3) years with renewal review at the end of that time period, and a second from Tim Voelkel, the motion carried unanimously.
3. APPROVAL OF TRANSPORT PERMIT FOR CERIFIED OILFIELD RENTALS: With a motion from Bob Davis to grant the transport permit request from Certified Oilfield Rentals for 31,000 gallons of groundwater exported monthly, for a period of three (3) years with renewal review at the end of that time period, and a second from Gary Colman, the motion carried unanimously.
4. PUBLIC FUNDS INVESTMENT INFORMATION: At the pervious meeting the board asked the GM to gather information on short-term interest rates for 30 and 60 day CDs from various banks. This information was presented to the board in the board packets. Also for consideration of the board, the GM suggested that the general fund bank account remain at Prosperity and place it in a NOW account. With a question from Gary Colman regarding liquidity, the board was assured that the information provided in the board packets represented security and liquidity, and that funds would be reviewed for re-investment at the time of maturity to see if those funds are needed to run the business of the District. With a motion from Gary Colman to approve the investment schedule as presented, and to place the general funds into a NOW account at Prosperity Bank, and a second from Bob Davis, the motion carried unanimously.
5. INTERNAL CONTROL PROCEDURES AND PRACTICES FOR FINANCIAL TRANSACTIONS: An internal control procedures and practices for financial transactions document was prepared and presented by the GM, Kay Wild. The document delineates the process for receiving and depositing funds, check writing practices and signatures, and a monthly financial review schedule. With a motion from Tim Voelkel to approve the Internal Control Procedures and Practices document, and a second from Bob Davis, the motion carried unanimously.
6. PROPOSED INTER-LOCAL AGREEMENT WITH REFUGIO GCD FOR FIELD AGENT SERVICES: The board reviewed the proposal from Garrett Engelking, GM at Refugio, for an inter-local agreement to share the services and expense of hiring a full-time field agent for monitoring and maintaining weather stations and to do well monitoring for the participating districts. An update from Jim Allison on this proposal resulted in the board tabling a decision on this issue pending a letter of information and participation request from Refugio. No action was required at this time.
7. PVGCD FIELD AGENT AND LOCATIONS OF WELLS: Based on several conversations between the GM and Bob McCurdy, field agent for PVGCD, expressing his desire to not continue doing the well locating at the agreed amount, and the GM's request for a proposal from Mr. McCurdy for monitoring wells gone unanswered, the GM asked the board to take into consideration the options at hand; (1) consider allowing the drillers to conduct the GPS and well locating, or (2) advertise the position. Discussion was held regarding

information the GM received from a request from other district managers regarding the pitfalls of having drillers do the well locating. The GM expressed concerns that most of the responses were not in favor of having the drillers do the locating, and those who do allow this procedure will then verify that information on a topography map. The board felt that the information gathered by the drillers, and supplied to the District was substantial enough to rely on. The GM, Kay Wild, wanted the board's endorsement in this procedure since it is a change from the historical practice of having a representative of the District do the well locating. The board agreed that random spot checking by the District would be a good practice. There was no action required on this item.

PUBLIC COMMENT: (Limited to 3 Minutes per person) No comments from the floor at this time.

EXECUTIVE SESSION: (If necessary) (Pursuant to Sec. 551.071, or Sec 551.074 Govt. Code.)

ADJOURNMENT: The meeting was adjourned at 5:14 P.M. with a motion from Bob Davis, second from Gary Colman; the motion carried unanimously.

Sec/Gary Colman
Recorded: Kay Wild, GM