

PECAN VALLEY GROUNDWATER CONSERVATION DISTRICT
107 N. GONZALES CUERO, TX 77954
BOARD MEETING
MINUTES

AUGUST 20, 2013 – 2:00 P.M.

Board Members Present: Wilbert Sauermilch, Secretary/Treasurer (Pct. 3), Marvin Sager, Director (Pct. 4), and Clem Waskow, Vice-Chairman (At Large).

Board Members Absent: Tim Pennell, Director (Pct. 1), and Darnell Knippa, Chairman (Pct. 2).

Also in attendance: Jim Allison, Board Attorney, Charlotte Krause, GM, and Marcia Mann, Admin. Assistant.

1. Call to order: The meeting was called to order by the Vice-Chairman at 2:00 P.M.
2. Welcome guests: Guests were welcomed by Vice-Chairman.
3. Public comment: No public comment at this time.

PUBLIC HEARINGS OPENED AT 2:02 P.M.

4. Public Hearing – Big Diamond, LLC
 - a. Public Hearing on the Drilling and Operating Permit Applications from Big Diamond LLC's Property. The proposed permit application is to be for commercial use for a convenience store. The Operating Permit Application is requesting 3 AF of water per year. This property is located at the intersection of State Hwy 72 & US Hwy 87 near Cuero, Texas and involves 6 acres. No public comment or objection stated
 - b. Discussion and consideration of drilling and operating permit applications from Big Diamond, LLC: A motion to approve the Drilling Permit and to approve the Operating Permit in the amount of 3AF of water per year was made by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.
5. Public Hearing – Petrohawk Energy – Kermit Koehler
 - a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Kermit Koehler's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 13 AF of water per year. This property is located on Rogge-Seifert Road near Nordheim, Texas and involves 31 acres: No public comment or objection stated.
 - b. Discussion and consideration of operating permit application from Petrohawk Energy on Kermit Koehler's property: A motion to approve the Operation Permit

in the amount of 13 AF of water per year was made by Marvin Sager, seconded by Wilbert Sauermilch, which carried unanimously.

6. Public Hearing – Petrohawk Energy – Lisa Braly & Ellyce Hansen
 - a. Public Hearing on the Operating Permit Application from Petrohawk Energy on Ellyce Hansen & Lisa Braly's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 30 AF of water per year for a total of 84 AF per year from 3 water wells. This property is located on Bellevue Cemetery Road near Westhoff, Texas and involves 368 acres: No public comment or objection stated
 - b. Discussion and consideration of operating permit application from Petrohawk Energy on Lisa Braly & Ellyce Hansen's property: A motion to approve the Operating Permit in the amount of 30 AF of water per year for a total of 84 AF per year from f3 water wells was made by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.
7. Public Hearing – Chesapeake Energy – Johnnie Bednorz
 - a. Public Hearing on the Operating Permit Application from Chesapeake Energy on Johnnie Bednorz's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 79 AF of water per year. This property is located on Metting Road near Yorktown, Texas and involves 158 acres: No public comment or objection stated.
 - b. Discussion and consideration of operating permit application from Chesapeake Energy on Johnnie Bednorz's property: A motion to approve the Operating Permit in the amount of 79 AF of water per year was made by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.
8. Public Hearing – Pioneer Natural Resources – Howard McElroy
 - a. Public Hearing on the Operating Permit Application from Pioneer Natural Resources on Howard McElroy's Property. The proposed permit application is to be used to hydraulic fracture an oilfield location. The Operating Permit Application is requesting 30 AF of water per year. This application is also asking to aggregate this production permit and operating permit #0206 for a total of 130 AF per year from two water wells. This property is located on Garfield Road near Yorktown, Texas and involves 295 acres: No public comment or objection stated.
 - b. Discussion and consideration of operating permit application from Pioneer Natural Resources on Howard McElroy's property: A motion to approve the Operating Permit in the amount of 30 AF of water per year and to aggregate this production permit and operating permit #0206 for a total of 130 AF of water per year from two water wells was made by Marvin Sager, seconded by Wilbert Sauermilch, which carried unanimously.

PUBLIC HEARINGS CLOSED AT 2:08 P.M.

9. Minutes from 07-16-2013 & 07-23-2013 Meetings (provided prior to meeting): A motion to approve the minutes as presented was made by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.
10. Financial Report: A motion to approve the Financial Reports as presented was made by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.
11. Discussion and possible action on proposed FY 2014 Budget and Order Adopting Budget: A motion to approve the proposed FY 2014 Budget and the Order Adopting the FY 2014 Budget was made by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously.
12. Public hearing on Tax rate for FY 2014
 - a. Public Hearing on tax rate for FY 2014: Opened public hearing at 2:13 p.m. No public comment, public hearing closed at 2:14 p.m.
 - b. Discussion and possible action on tax rate for FY 2014: A motion that the property tax rate be increased by the adoption of a tax rate of \$0.00870, which is effectively a 7.94 percent increase in the tax rate, was made by Marvin Sager. Motion was seconded by Wilbert Sauermilch, and carried unanimously.
13. Discussion and possible action on Order Approving Certified Tax Roll as Submitted by DeWitt County Tax Assessor/Collector: A motion was made by Wilbert Sauermilch to approve and adopt the Certified Appraisal Roll for the 2013 tax year as submitted by the DeWitt County Appraisal District. Motion was seconded by Marvin Sager and carried unanimously.
14. Discussion and consideration of Auditor Engagement Letter: A motion to accept the Audit Engagement Letter from Goldman, Hunt, & Notz as presented was made by Marvin Sager, seconded by Wilbert Sauermilch, which carried unanimously.
15. Discussion and consideration of draft rules revisions: GM outlined changes suggested by Chairman Knippa by email. With a motion by Wilbert Sauermilch, seconded by Marvin Sager, which carried unanimously, the GM was authorized to publish this preliminary draft rules changes on District's website.
16. Discussion and consideration of draft management plan revisions: GM presented the draft Management Plan revisions in the format suggested by TWDB. Minor revisions will be made for presentation at the next Board meeting.
17. Discussion and consideration of changes to the By-Laws: Board members decided to change District By-laws to allow a payment of \$200 to each board member for any day on which District business is conducted. Current By-laws do not allow payments for Board

members. A motion was made by Wilbert Sauermilch, seconded by Marvin Sager, to begin paying all board members a flat fee of \$200 each for any day on which District business is performed, to be effective October 1, 2013. Motion carried unanimously.

18. Discussion and consideration of RFP for consultants for Water Quality Testing Program: Attorney Allison asked for clarification as to whether the Board preferred GM to develop and issue an RFP (Request for Proposal) or an RFQ (Request for Qualifications). GM was directed to proceed with an RFQ format to develop a list of consultants for consideration.
19. Discussion and consideration regarding non-compliance of Ann Mary Williams' permit: Board authorized Attorney Allison to prepare a letter to Ms. Williams which is the next step in the District's Enforcement Policy.
20. Closed Meeting (If necessary) – Close the meeting to conduct private consultation with PVGCD attorney regarding matters protected by the attorney-client privilege pursuant to V.T.C.A. Government Code 551.07, or to discuss matters regarding personnel pursuant to V.T.C.A. Government Code 551.074: No Executive Session called.
21. Return to Open Meeting (If Necessary) – Return to open meeting and take any action deemed necessary based upon discussions in closed meeting pursuant to V.T.C.A. Government Code 551.102: No Executive Session called.
22. Next Scheduled Board Meeting: Next meeting is scheduled for September 17, 2013.
23. Adjournment: The meeting adjourned at 3:15 P.M. with a motion by Wilbert Sauermilch, seconded by Marvin Sager, and carried unanimously.



Sec/Wilbert Sauermilch

Recorded: Marcia Mann, Admin. Assistant