

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 12, 2012

MINUTES OF SPECIAL MEETING

Lone Star Groundwater Conservation District (“District”) held a “Special Meeting,” open to the public, at 655 Conroe Park North Drive, Conroe, Texas, within the boundaries of the District on June 12, 2012.

President Tramm called the meeting to order at 9:00 a.m., announcing that it was now open to the public.

The roll was called of the members of the Board of Directors, to wit:

Sam W. Baker
John D. Bleyl, PE
Reed Eichelberger, PE
Roy McCoy, Jr.
Rick J. Moffatt
Jim Stinson, PE
Richard J. Tramm
M. Scott Weisinger, PG
W. B. Wood

All members of the Board were present thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District General Manager; Paul R. Nelson, Assistant General Manager; Brian L. Sledge, General Counsel; District staff; and members of the public. *Copies of the public sign-in sheets are attached hereto as Exhibit “A”.*

After a proper and legally sufficient announcement to the public by President Tramm, the Board of Directors went into a Closed Executive Session at 9:00 a.m. pursuant to Texas Government Code, Sections 551.071, to consult with the District's attorney regarding pending or contemplated litigation, settlement offers, or on matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act, Chapter 551, Government Code.

Following Executive Session, the Board reconvened in Open Session and declared it open to the public at 10:00 a.m.

No action was taken on matters discussed in Executive Session and the meeting was adjourned at 10:00 a.m.

PASSED, APPROVED, AND ADOPTED THIS 10th DAY OF JULY, 2012.

M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 12, 2012

MINUTES OF PUBLIC HEARING ON PERMIT APPLICATIONS

The Board of Directors of the Lone Star Groundwater Conservation District (“District”) met in regular session, open to the public, in the Lone Star GCD – Board Room located at 655 Conroe Park North Drive, Conroe, Texas, within the boundaries of the District on June 12, 2012.

President Tramm called to order the Public Hearing on Permit Applications at 10:09 a.m., announcing that it was now open to the public.

The roll was called of the members of the Board of Directors, to wit:

Sam W. Baker
John D. Bleyl, PE
Reed Eichelberger, PE
Roy McCoy, Jr.
Rick J. Moffatt
Jim Stinson, PE
Richard J. Tramm
M. Scott Weisinger, PG
W. B. Wood

All members of the Board were present, with the exception of Director Weisinger, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District General Manager; Paul R. Nelson, Assistant General Manager; Brian L. Sledge, General Counsel; District staff; and members of the public. *Copies of the public sign-in sheets are attached hereto as Exhibit “A”.*

Director Weisinger arrived at 10:13 a.m.

Item #1, **Quadvest LP (Lake Windcrest)** – Applicant is requesting an amendment to OP for drilling authorization for a new well. No additional authorization is being requested at this time. Based on technical review of the information supplied by application, it is the General Manager’s recommendation to approve that which is being requested. A motion was made by Director Baker, and seconded by Director Eichelberger to approve the above permit amendment in accordance with the recommendations of the General Manager. Director Bleyl abstains and motion passed.

Item #2, **Jerry Gregurek (Clean Harbors)** – This is an existing well that staff found in non-compliance. Applicant is requesting 150,000 gallons for 2012 and annually thereafter. Based on technical review of the information supplied by application, it is the General Manager's recommendation to approve that which is being requested. A motion was made by Director Baker, and seconded by Director Eichelberger to approve the above permit amendment in accordance with the recommendations of the General Manager. Motion passed.

Item #3, **Noe Gonzalez** – This is an existing well that staff found in non-compliance. Applicant is requesting 1,000,000 gallons for 2012 and annually thereafter. Based on technical review of the information supplied by application, it is the General Manager's recommendation to approve that which is being requested. A motion was made by Director Baker, and seconded by Director Eichelberger to approve the above permit amendment in accordance with the recommendations of the General Manager. Motion passed.

Item #4, **Joe Reissig (Pelican Cove Valet & Boat Storage)** – Applicant is requesting drilling authorization for a new well with a production authorization of 550,000 gallons for 2012 and 700,000 annually thereafter. Based on technical review of the information supplied by application, it is the General Manager's recommendation to approve that which is being requested. A motion was made by Director Baker, and seconded by Director Eichelberger to approve the above permit amendment in accordance with the recommendations of the General Manager. Director Bleyl abstains and motion passed.

Item #5, **D.R. Horton** – Applicant is requesting drilling authorization for a new well with a production authorization of 8,000,000 gallons for 2012 and 6,000,000 annually thereafter. Based on technical review of the information supplied by application, it is the General Manager's recommendation to authorize a reduced amount of 1,000,000 gallons for 2012 and annually thereafter. A motion was made by Director Baker, and seconded by Director Eichelberger to approve the above permit amendment in accordance with the recommendations of the General Manager. Motion passed.

Continuation of a Permit Hearing originally held on May 8, 2012, to Consider Granting, Denying, or Amending Application for the Following Operating Permit:

Item #6, **George Turek** - Applicant is requesting an amendment to OP for additional production authorization of 200,000 gallons for 2012 and annually thereafter. President Tramm passed the item to District Counsel, Brian Sledge, for the update. Mr. Sledge stated that at the May 8th Board meeting, the permit application was protested by The Woodlands Land Development Company, LLP, and the Board approved their request for a contested case hearing request. Since the May meeting the two parties have subsequently negotiated their differences on the application and the District has received a written notice from The Woodlands Land Development Company, LLP that they are withdrawing their request for a contested case on the matter. President Tramm declared the permit amendment uncontested. Based on technical review of the information supplied by application, it is the General Manager's recommendation to approve that which is being requested. A motion was made by Director Stinson, and seconded by Director Bleyl to approve the above permit amendment in accordance with the recommendation of the General Manager. Motion passed.

President Tramm adjourned the Public Hearing on Permit Applications at 10:13 a.m.

PASSED, APPROVED, AND ADOPTED THIS 10th DAY OF JULY, 2012.

M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 12, 2012

MINUTES OF REGULAR MEETING

The Board of Directors of the Lone Star Groundwater Conservation District (“District”) met in regular session, open to the public, in the Lone Star GCD – Board Room located at 655 Conroe Park North Drive, Conroe, Texas, within the boundaries of the District on June 12, 2012.

President Tramm called to order the regular Board of Directors meeting at 10:13 a.m. announcing that it was open to the public.

The roll was called of the members of the Board of Directors, to wit:

Sam W. Baker
John D. Bleyl, PE
Reed Eichelberger, PE
Roy McCoy, Jr.
Rick J. Moffatt
Jim Stinson, PE
Richard J. Tramm
M. Scott Weisinger, PG
W. B. Wood

All members of the Board were present thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District General Manager; Paul R. Nelson, Assistant General Manager; Mark Lowry, District Consultant; Brian L. Sledge, General Counsel; District staff; and members of the public. *Copies of the public sign-in sheets are attached hereto as Exhibit “A”.*

APPROVAL OF THE MINUTES:

President Tramm stated the Board would consider all meeting minutes listed as one item. Upon review of the following, a motion was made by Director Wood, seconded by Director Eichelberger and unanimously carried, to approve the meeting minutes as presented:

- a) May 8, 2012, Special Board Meeting
- b) May 8, 2012, Show Cause Hearing
- c) May 8, 2012, Public Hearing on Permit Applications
- d) May 8, 2012, Regular Board of Directors Meeting

COMMITTEE REPORTS:

Water Awareness and Conservation Committee – Billy Wood, Chair. Director Wood stated that the committee had not met since last month and at the request of Chairman Wood, Paul R. Nelson, Assistant General Manager, gave an update on conservation activities since the last Board meeting.

Briefing on conservation efforts. Mr. Nelson reported that the General Manager and he attended the 2012 Texas Water Summit in Austin. It was a day-long seminar that spoke about the world-wide use of water and all the techniques that are being used to get more water to more folks. One of the interesting topics was on the relationship between electricity and energy generation versus water. The focus was on how the water gets to your house, emphasizing that there is an associated electrical use that plays a part when using water in our homes, not only to bring it up out of the ground but to push it to our house.

On Tuesday, May 22nd, the LSGCD and SJRA jointly sponsored a Water Conservation Workshop at the Lone Star Convention Center. It was well attended by more than 50 people, in addition to staff and speakers. Of those in attendance, 32 were from cities, municipal utility districts, and Investor Owned Utilities (I.O.U.). Speakers included former Senator Kip Averitt; Carole Baker with the Alliance for Water Efficiency and the Texas Water Foundation; Dana Nichols of the San Antonio Water System (SAWS); Chris Loomis of the City of Conroe; as well as LSGCD Director and WJPA General Manager, Jim Stinson. Director Stinson discussed various activities The Woodlands has performed regarding conservation, including, forming a water conservation committee made up of Board members and interested parties from throughout the communities. This same committee is where the WISE Guys program originated; it was initially called the Woodlands Irrigation System Evaluation, after seeing how promising the program was WJPA was asked if they could change the program's name and take it state-wide. Also discussed at the workshop was The Woodland's tier-rate structure which had a huge impact on reducing usage; Director Stinson also emphasized the odd-even watering program they started strongly advertising last year and talked about the feedback received from the focus groups that recently wrapped up. It was a very successful meeting.

June 4th, the first meeting of the Water Efficiency Network was held, another great turnout of more than 40 people, with speakers from the Central Texas Water Efficiency Network, Kip Averitt, Carole Baker, and others. The plan is to continue to meet each month and discuss new technology and new rules. Most importantly, the goal is to get all the Districts and cities together to share success stories as well as what fell short of their expectations, so we aren't trying to recreate the wheel. Mr. Nelson believes there is a lot of knowledge out there that has not been shared and hopes that this Efficiency Network will help spread the word. The next meeting date has not been set but a survey has been sent out to decide on potential dates.

Mr. Nelson has been in contact with Pam Cobb, City of Conroe's Media Relations person, who works with the cable television networks to run various ads and meetings happening throughout the city. Ms. Cobb will be airing several of LSGCD's videos on the channel to help spread our conservation message.

Lastly, Mr. Nelson added that the District's May Dockline article was about porous concrete and grass paver parking, both of which the District's new building showcases. The Children's Museum included a few tips in their monthly newsletter this month and will continue

to do so with the information provided by the District. Mr. Nelson also pointed out that the District's website has a link to a Water Efficiency Calculator which takes visitors through a tour of a sample home and allows you to input information on your specific home and then calculates the water usage and gives tips on how to reduce that usage.

Rules and Bylaws Committee – Kathy Turner Jones, Coordinator. Ms. Jones reported that the committee met at the end of May and on June 11th. The committee is continuing to work on draft rules and amendments to incorporate more of the GRP process and rules into the District's existing rules. A follow up meeting is scheduled for July 11th.

Policy and Personnel Development Committee – Sam W. Baker, Chair. Director Baker stated that the committee met on June 7th to ensure that the District had proper policies in place regarding the personal use of District computers and equipment.

Findings and Review Committee – Paul R. Nelson, Coordinator. Mr. Nelson stated that the committee had not met and he had no report.

Update and status project report related to Regional Groundwater Update Project w/ HGSD and the FBSD – Mark Lowry. Mr. Lowry stated that the project is still underway with the subsidence districts; they have completed the allocation of population throughout the various areas. There is a stakeholders meeting on June 20th where the group will be presenting and discussing both the current and projected populations by area. Mr. Lowry added that there are some significant issues with the TWDB process, in which the board explores land area. This process looks at the land area available for expansion and allocates population to those areas. This has made some difference in what has been projected in the past, which basically means that there is more population allocated in the county "other" portion than there is in municipalities that do not have any more land to expand.

Update and status project report related to the District's modeling study of the Catahoula Formation/Aquifer – Mark Lowry. Mr. Lowry stated that the consultant team is responding to comments from the Status Report on Catahoula Formation Hydrostratigraphic and Model Study presentation from March 21st.

Building and Facilities Committee – Kathy Turner Jones. Ms. Jones stated that the committee has not met since the last Board meeting. District staff continues to work with our contractor to finalize the outstanding items on the punch list, with most of the major issues having been taken care of. The committee had asked Ms. Jones and Mr. Nelson to get with local counsel regarding a demand letter to the seller of the property concerning the sewer line that runs across the District's property. The attorney has returned from out of town and has prepared a draft letter which Ms. Jones and Mr. Nelson reviewed. A revised letter is expected to go out this week.

Budget and Finance Development Committee – Jim Stinson, Chair. Director Stinson reported that the committee had not met since the last Board meeting.

Review of Monthly Financial Reports. Director Stinson stated he had reviewed the monthly financial reports and if anyone had any questions he would be glad to address those. The District shows the operating budget has an actual income of \$1.6 million compared to a budget of \$1.6 million. The operating expenses show a budget of \$764,000 compared to an

actual budget of \$681,000. The capital improvement budget for our building shows expenses of \$814,000 compared to a budget of \$684,000 for this period. Director Stinson has spoken with District staff and staff has found there is an error in the capital improvement budget and they will be setting up a committee meeting to explain and correct the error before the next board meeting.

ENGINEERING REPORT:

Mark Lowry, District Consultant, stated that his report was included in the packet and if there were any questions he would be happy to answer them. Mr. Lowry added that his time has been spent primarily on permit reviews, coordination of the two projects he reported on, and working on filling in gaps in the watering data received from Texas A&M.

GENERAL COUNSEL REPORT:

Brian L. Sledge updated the Board on pertinent legal issues and developments impacting the District since the last regular Board Meeting. Mr. Sledge stated that all enforcement actions have been resolved. Most of the month Mr. Sledge worked on rules development and trying to stay apprised of consultants and their activities. Additionally, there was action by the Texas Supreme Court last week which denied the motions for rehearing in the Edwards Aquifer Authority (EAA) v. Day case; the denial makes the previous opinion final. On June 27th the House Natural Resources Committee will have a joint hearing with the House Energy Resources Committee in Austin on the impacts of hydrolytic fracturing and the potential impacts on groundwater. On June 28th the House Natural Resources Committee has two hearings on nexus between water & energy. The first hearing plans to discuss the amount of water that is used and impacts on the water from fuel production, oil and gas acquisition, coal mining, etc..., while the second hearing will be on the nexus of water and energy and power generation. Mr. Sledge will keep the board updated on other issues should they arise.

GENERAL MANAGER'S REPORT:

Ms. Jones stated that the General Manager's report was included in the packets and if anyone had any questions she would be glad to address them. Ms. Jones encouraged District board members to attend the Texas Alliance of Groundwater Districts' Texas Groundwater Summit in Austin on August 28-30th.

PUBLIC COMMENT: None.

NEW BUSINESS: None.

There being no further business, upon a motion by Director Wood, seconded by Director Bleyl, President Tramm adjourned the meeting at 11:48 a.m.

PASSED, APPROVED, AND ADOPTED THIS 10th DAY OF JULY, 2012.

M. Scott Weisinger, PG, Board Secretary