

LONE STAR GROUNDWATER CONSERVATION DISTRICT

July 9, 2013

MINUTES OF SPECIAL MEETING

The Board of Directors of the Lone Star Groundwater Conservation District (“District”) held a “Special Meeting,” open to the public, in the Lone Star GCD – James B. “Jim” Wesley Board Room located at 655 Conroe Park North Drive, Conroe, Texas, within the boundaries of the District on July 9, 2013.

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, with the exception of Director Baker and 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”.*

After a proper and legally sufficient announcement to the public by President Tramm, the Board of Directors went into a Closed Executive Session at 9:01 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.

Director Weisinger and Director Baker arrived at 9:08 a.m. and 9:23 a.m. respectively.

Following Executive Session, the Board reconvened in Open Session and declared it open to the public at 9:30 a.m.

No action was taken on matters discussed in Executive Session and the meeting was adjourned at 9:30 a.m.

PASSED, APPROVED, AND ADOPTED THIS 13th DAY OF AUGUST, 2013.

Samantha Reiter, Assistant Secretary for
M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

July 9, 2013

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 July 9, 2013.

President Tramm called to order the Public Hearing on Permit Applications at 10:02 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, General Manager; Paul R. Nelson, Assistant General Manager; Brian L. Sledge, General Counsel; Mark Lowry, District Consultant; District staff; and members of the public. *Copies of the public sign-in sheets are attached hereto as Exhibit “A”.*

Item #1, **City Montgomery (AWS Production Well)** - Applicant is requesting authorization to begin construction on an Alternative Water Supply Well, to be drilled into the Catahoula Formation. In addition to the construction authorization, applicant is seeking a total allocation for the proposed well of 6,600,000 gallons for 2013 and 45,000,000 gallons for 2014. Based on technical review of information supplied, it is the General Manager’s recommendation to approve the registration of the well, authorize construction and the allocation being requested.

Item #2, **Peter Pletcher** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,800,000 gallons for 2013 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #3, **Gulf Coast Stabilized Materials (Sleepy Hollow)** – Applicant is requesting drilling authorization for a new well to be drilled with a production authorization in the amount of 1,000,000 gallons for 2013 and 1,500,000 gallons for 2014 annually thereafter. Based on technical review of the information supplied, it would be my recommendation to approve that which is being requested.

Item #4, **Jim Oates** – Applicant is requesting drilling authorization for a new well to be drilled with a production authorization in the amount of 1,700,000 gallons for 2013. It is the applicant's intent to open a small office on the property in 2014 for an insurance business but applicant does not know exactly when this office will open or how many people will be employed. Based on technical review of information supplied, it is the General Manager's recommendation to approve the registration and allocated request for 2013 only. (Applicant has been advised that before the end of 2013, he must provide additional information regarding his 2014 plans and amend his permit in order to receive an allocation for 2014).

Item #5, **Alfredo Albiter** – This is an existing well previously registered as exempt use. Applicant is requesting registration of the well, and issuance of an Operating Permit with a production authorization in the amount of 500,000 gallons for 2013 and annually thereafter. Based on technical review, it would be my recommendation to authorize a reduced amount of 450,000 gallons for 2013 and annually thereafter.

Item #6, **Paramount At Kingwood** – Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 3,800,000 gallons for 2013 and annually thereafter. Based on technical review of the information supplied, it would be my recommendation to authorize a reduced amount of 1,230,000 gallons for 2013 and annually thereafter.

Item #7, **Turnkey Industries** – This is an existing well that staff found in non-compliance. Applicant is requesting registration of the well and production authorization in the amount of 500,000 gallons for 2013 and annually thereafter. Based on technical review of the information supplied, it would be my recommendation to approve that which is being requested.

A motion was made by Director Stinson, seconded by Director Moffatt, and items #1, #2, #3, #4 and #7 were approved in accordance with the General Manager's recommendations. Directors Bleyl and Weisinger abstained for item #1, **City of Montgomery (AWS Production Well)** and the motion passed.

Next, a motion was made by Director Stinson, seconded by Director Bleyl, and items #5, and #6 were approved in accordance with the General Manager's recommendation and the motion passed.

President Tramm adjourned the public hearing on permit applications at 10:05 a.m.

PASSED, APPROVED, AND ADOPTED THIS 13TH DAY OF AUGUST, 2013.

Samantha Reiter, Assistant Secretary for
M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

July 9, 2013

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 –James B. “Jim” Wesley Board Room located at 655 Conroe Park North Drive, Conroe, Texas, within the boundaries of the District on July 9, 2013.

President Tramm called to order the regular Board of Directors meeting at 10:05 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, General Manager; Paul R. Nelson, Assistant General Manager, Brian L. Sledge, General Counsel; Mark Lowry, District Consultant; 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 Baker, and unanimously carried, to approve the meeting minutes:

- a) June 11, 2013, Special Board Meeting
- b) June 11, 2013, Public Hearing on Permit Applications
- c) June 11, 2013, Regular Board of Directors Meeting

COMMITTEE REPORTS:

Water Awareness and Conservation Committee – Billy Wood, Chair. Director Wood reported that the committee had not met since the last board meeting. He asked Paul Nelson to update the Board on conservation activities since the last Board meeting.

Briefing on conservation efforts. Mr. Nelson advised the Board that he and Mr. Chris Loomis of the City of Conroe have continued their efforts to visit with the boards of utility district in Montgomery County. The importance of water conservation efforts was stressed at these meetings and Mr. Loomis informed the board members of the recent successes experienced by the City of Conroe and the Woodlands. They also asked the board members to share any conservation efforts that they had initiated or planned to put in place.

Mr. Loomis and Mr. Nelson met with Montgomery County MUD #3 on June 17, Southern Montgomery County MUD on June 19, and Montgomery County UD #4 on June 25th.

Mr. Nelson is hoping to meet with MUD #18 on July 9th and will have information for the Board at the August meeting. Mr. Nelson continues to stress the benefits of “purple” pipe projects and the re-use of treated wastewater effluent during his meetings.

Lastly, Mr. Nelson discussed the development of the weather station. The station was received last week and is being assembled and will be housed behind the District’s building. The station will have a rain gauge, relative humidity monitor, a radiation gauge which will measure the radiant energy from the sun as well as temperature and wind monitors. Rain gauge communication will be monitored from sites around the county and will be conducted via telephone contract carriers. The remote access and data will be received at the District, and then put into our database. The information will be sent to Texas A&M each week where they will administer the same calculations comparable to Kingwood and Huntsville. A recommended watering volume will be calculated each week and distributed. Everything should be operational by the end of August.

Rules Development Committee – Kathy Turner Jones, Coordinator. Kathy Jones reported that the Rules Development Committee had not met since the June 11th Board meeting. Ms. Jones stated that there is a committee meeting scheduled for Thursday, July 13th at 9:00 a.m.

Update and status project report related to Intera Study on well spacing calculations—Kathy Jones/Mark Lowry Ms. Jones reminded the Board that this scope of work was approved in October and that Intera is studying ‘well spacing’ in the Catahoula and other areas. Mr. Lowry updated the Board on the progress of the well-spacing study. He noted that the purpose of the study is to provide the technical knowledge to continue to allow the use of the Catahoula formation as an alternate water source, while at the same time protecting the interests of those who have already invested in alternate water source wells in the Catahoula to meet the conversion requirements established by the District. Intera has also looked at the effects of spacing in the Chico, Evangeline and Jasper. More information will be available after the Rules Development Committee meeting.

Ms. Jones stated that there have not been any findings reported on the water quality project contracted with Intera in August of 2012. Testing has been completed, but the results have not

been tabulated and placed in final format. The study is still ongoing and the Board will be updated on the status of the study as information is received.

Policy and Personnel Development Committee – Sam W. Baker, Chair. Director Baker stated that the Committee had not met since the last Board meeting.

Findings and Review Committee – Paul R. Nelson, Coordinator. Mr. Nelson reported that the committee had not met since the last Board meeting.

Budget and Finance Development Committee - Jim Stinson, Chair. Director Stinson stated that the committee met on June 14th, for the purpose of reviewing the Public Funds and Investment Policy and to also review the Fee Schedule for Agriculture and Pumpage Fees.

Review of monthly financial reports. Director Stinson reported that the financial statement indicated an actual income of \$1,700,000 compared to a budget of \$1,800,000 and that actual expenses were \$825,000 versus a budgeted estimate of \$1,200,000.

Consider and act on Resolution #13-004 authorizing water use for fee rate schedule for 2014. Director Stinson discussed the ‘Water Use Fee Rate Schedule’, stating the committee’s recommendation is to keep the ‘agricultural use’ fee at \$1.00 per acre foot and the water use fee at \$0.06 per 1,000 gallons of water produced. The minimum regulatory water use fee would be set at \$10.00. The committee also recommended a 50% surcharge for exporting water outside the District. Director Stinson stated that the export fee is capped and that without changing statute, the District is limited to charging a maximum of 50% more than what the current water use fee is. A motion was made by Director Stinson, seconded by Director Eichelberger and unanimously carried to approve Resolution #13-004 authorizing the water use fee rate schedule for 2014. ***Copies of Resolution #13-004 are attached hereto as Exhibit “B”.***

Consider and act on Resolution #13-005 amending and re-establishing administrative fee schedule. Mrs. Jones summarized the amendments made to the Administrative Fee Schedule including the removal of the word “expedited” from the title Emergency and/or Expedited Permit application. Mrs. Jones stated that the removal was necessary to clarify what is allowed under the District’s rules for an emergency permit and expedited is not relevant to those rules. In addition, to the change in verbiage, the committee supported the increasing of the Emergency Permit Application fee from \$500 to \$1,000 per well, in hopes that this will ensure applicants have reviewed all options and that the request is in fact an emergency. Other revisions to the fee schedule included the addition of item #18, “Expedited Permit Application Fee” which requires applicant to submit a \$2,500 fee per well to the District in advance of a “Special Hearing” for an Expedited Permit. The applicant would also be responsible for all reasonable costs associated with holding the “special hearing”, including attorney, engineering, and technical costs that are associated with the hearing. A motion was made by Director Stinson, seconded by Director Baker and unanimously carried to approve Resolution #13-005 to amend and re-establish the administrative fee schedule. ***Copies of Resolution #13-005 are attached hereto as Exhibit “C”.***

Discuss, consider and take action as necessary to approve Resolution #13-006 reviewing and approving Investment Policy and Investment Strategies as required annually by the Public Funds Investment Act of Texas. Director Stinson reported that the only modification to the Investment Policy and Investment Strategies was an update of the Brokers/Brokerage Firms list that the District conducts business with. A motion was made by Director Stinson, seconded by

Director Moffat and unanimously carried to approve Resolution #13-006 to review and approve the Investment Policy and Investment Strategies as required annually by the Public Funds Investment Act of Texas. *Copies of Resolution #13-006 are attached hereto as Exhibit "D".*

Building and Facilities Committee - Kathy Turner Jones, Coordinator. Ms. Jones reported that the committee has not met since the last board meeting but is in the process of scheduling a meeting.

Update and possible action regarding detention pond redesign. Ms. Jones reported that she has emailed the committee available dates to discuss the 'low-impact' project and ideas presented by Texas A&M and the detention pond redesign is on hold until the committee decides how to move forward in regard to the 'dirt work'.

ENGINEERING REPORT:

Mark Lowry, District Consultant, reported that most of his activity during the prior month dealt with meeting on the Well Spacing Study as well as reviewing changes to GRP's, including, a new one being developed and one needing to be modified. Mr. Lowry stated that the city of Montgomery is developing their own GRP and as a result have asked to be removed from the Montgomery County UD #3/UD #4 Joint GRP, thus requiring an amendment to the UD #3/UD #4 Joint GRP.

GENERAL MANAGER'S REPORT:

Ms. Jones informed the Board that she had emailed the directors the District's Preliminary Audit Report which includes the results of the state audit conducted and informing us that the District is in full compliance. Formal notification will be received from the State Auditor's Office at the end of the year.

Ms. Jones then briefed the Board on the resolution that she and Director Bleyl presented to the City of Conroe's Council Workshop in June. The purpose of the resolution was to recognize the city for their conservation efforts and to encourage them to continue those efforts with new development in the city and its ETJ, including the use of "purple pipe" and low impact development. At the same workshop, David Daniels of the Texas A&M School of Landscape and Architectural Urban Planning presented an overview of the low impact development ideas that their class prepared for the District's grounds. The presentation generated much interest and as a result, Ms. Jones will be scheduling another presentation at Commissioners Court in August.

Discuss, consider and possible action to approve AMENDED "Scope of Work" with Freese & Nichols (FNI) for professional services associated with 06.11.13 approved interlocal agreement for governmental functions and services related to Joint Planning in GMA 14.

Ms. Jones stated that at the recent meeting of GMA 14, it was revealed that Phase I and Phase II of the DFC project will be performed at the same time and that instead of the initial \$53,000.00 budget, the overall project will now be a total of \$115,000.00 which will be shared by individual districts and participating counties. Because the District and both subsidence districts contributed significant funds to the Houston Area Groundwater Model update, the District will not be asked to contribute to any new monies that may be required. However, by combining the

two phases, the District's revised share will be \$16,000.00 instead of the initial \$8,000.00. The Board approved a budget of \$10,000.00 at the June meeting and the request before the Board is that the Board approve the additional funds so that the DFC effort can continue. A motion to approve the funding was made by Director Eichelberger, seconded by Director Wood and unanimously carried approving the additional monies.

PUBLIC COMMENT: None

NEW BUSINESS: None

There being no further business, upon a motion by Director Wood, seconded by Director Baker, President Tramm adjourned the meeting at 10:46 a.m.

PASSED, APPROVED, AND ADOPTED THIS 13th DAY OF AUGUST, 2013.

Samantha Reiter, Assistance Secretary for
M. Scott Weisinger, PG, Board Secretary