

LONE STAR GROUNDWATER CONSERVATION DISTRICT

October 11, 2011

MINUTES OF SPECIAL MEETING

Lone Star Groundwater Conservation District (“District”) held a “Special Meeting,” open to the public, at 207 W. Phillips Street, Suite 300, Conroe, Texas, within the boundaries of the District on October 11, 2011.

President Tramm called the meeting to order at 9:05 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, Director Eichelberger and Director McCoy thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District 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”.*

After a proper and legally sufficient announcement to the public by President Tramm, the Board of Directors went into a Closed Executive Session at 9:06 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 Eichelberger arrived at 9:06 a.m. and Director Baker arrived at 9:20 a.m.

Following Executive Session, the Board reconvened in Open Session and declared it open to the public at 9:41 a.m.

No action was taken on matters discussed in Executive Session and the meeting was adjourned at 9:41 a.m.

PASSED, APPROVED, AND ADOPTED THIS 8th DAY OF NOVEMBER, 2011.

M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

October 11, 2011

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 207 W. Phillips Street, Suite 300, Conroe, Texas, within the boundaries of the District on October 11, 2011.

President Tramm called to order the Public Hearing on Permit Applications at 10:00 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 McCoy, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District 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, **C&S Investments** – President Tramm stated that no action would be taken regarding this permit.

Item #2, **Kings Manor MUD**, Item #5, **Montgomery County Precinct #4**, Item #20, **City of Woodbranch Village**, Item #23, **Pinehurst Decker Prairie**, Item #24, **Montgomery County MUD #112**, Item #25, **Spring Creek Utility District**, Item #29, **City of Oak Ridge North**, Item #30, **Corinthian Point MUD No. 2**, Item #31, **Aqua Texas, Inc. (Cimarron**

County), Item #32, **Aqua Texas, Inc. (Clear Creek Forest)**, Item #33, **Aqua Texas, Inc. (Legends Ranch Estates)**, Item #34, **Aqua Texas, Inc. (Greenfield Forest)**, Item #35, **Aqua Texas, Inc. (White Oak Ranch)**, and Item #37, **Montgomery County MUD #99** – Applicants are requesting amendments to their existing permits for additional production authorization for 2011 only. Based on technical review of information supplied by application, it is the General Manager's recommendation to approve that which is being requested. A motion was made by Director Wood, and seconded by Director Moffatt to approve the above amendments in accordance with the recommendations of the General Manager. Motion passed.

Item #3, **1601 Sawdust, LLC** – Applicant is requesting an amendment to their Operating Permit for an increase to their current authorization. Based on technical review of the information supplied by application, it is the General Manager's recommendation to authorize a reduced amount of 1,500,000 gallons for 2011. A motion was made by Director Eichelberger, and seconded by Director Baker to approve the above permit amendment in accordance with the recommendations of the General Manager. Motion passed.

Item #4, **Michael Keiller**, Item #6, **Houston Garden Center #17**, Item #7, **Quadvest, LP. (Benders Landing)**, Item #8, **Quadvest, LP. (Indigo Lakes)**, Item #9, **Quadvest, LP. (Lake Windcrest WS)**, Item #10, **Quadvest, LP. (Lonestar Ranch)**, Item #11, **Quadvest, LP. (McCall Sound)**, Item #12, **Quadvest, LP. (Mostyn Manor)**, Item #13, **Quadvest, LP. (Northcrest Ranch)**, Item #14, **Quadvest, LP. (Red Oak Ranch WS)**, Item #15, **Quadvest, LP. (Sendra Ranch)**, Item #16, **Quadvest, LP. (Stonecrest Ranch)**, Item #21, **The Corner Store**, and Item #27, **Spring Trails Community Assoc.** – Applicants are requesting amendments to their existing permits for additional production authorization for 2011 and annually thereafter. Based on technical review of information supplied by application, it is the General Manager's recommendation to approve that which is requested. A motion was made by Director Stinson, and seconded by Director Bleyl to approve the above permit amendments in accordance with the recommendations of the General Manager. Motion passed.

Item #17, **Rannefeld Farms**, and Item #28, **McConn Realty Partners** – Applicants are requesting drilling authorization for a new well and production authorization for 2011 and annually thereafter. Based on technical review of 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 Moffatt to approve the above permit applications in accordance with the recommendations of the General Manager. Motion passed.

Item #18, **Jacob's Reserve HOA** – Applicant is requesting drilling authorization for a new well and production authorization of 500,000 gallons for 2011 and 1,500,000 gallons annually thereafter. Based on technical review of information supplied by application, it is the General Manager's recommendation to approve a reduced amount of 300,000 for 2011 and 700,000 annually thereafter. A motion was made by Director Stinson, and seconded by Director Bleyl to approve the above permit application in accordance with the recommendations of the General Manager. Director Weisinger abstained. Motion Passed.

Item #19, **White Oak Water Supply** – Applicant is requesting an amendment to their existing permit for additional production authorization for 2011 only. Based on technical review

of information supplied by application, it is the General Manager's recommendation to approve a reduced amount of 30,000,000 for 2011. 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.

Item #22, **Bentwater Yacht & Country Club (Miller #4)**, and Item #26, **Montgomery County UD #2** – Applicants are requesting drilling authorization for new wells and production authorization for 2011 and annually thereafter. Based on technical review of 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 Moffatt to approve the above permit applications in accordance with the recommendations of the General Manager. Director Weisinger and Director Bleyl abstained from voting for Item #22, Bentwater Yacht & Country Club (Miller #4) and Director Weisinger also abstained from voting for Item #26, Montgomery County UD #2. Motion passed.

Item #36, **Bailey Properties, LLC** – Applicant is requesting an amendment to their Operating Permit for an increase to their current authorization. Based on technical review of information supplied by application, it is the General Manager's recommendation to authorize a reduced amount of 500,000 gallons for 2011. A motion was made by Director Stinson, and seconded by Director Bleyl to approve the above permit amendment in accordance with the recommendations of the General Manager.

CONTINUATION OF A PERMIT HEARING ORIGINALLY HELD ON SEPTEMBER 13, 2011, TO CONSIDER GRANTING, DENYING, OR AMENDING APPLICATION FOR THE FOLLOWING OPERATING PERMIT:

1. Crighton Ridge HOA

Ms. Jones stated that District staff met with representatives from Crighton Ridge after the September 13, 2011 board meeting and it was agreed that 1.5 MG would be adequate. Crighton Ridge HOA has submitted a letter stating that they do not wish to continue with a contested hearing and they will accept the 1.5 MG increase in allocation. President Tramm confirmed that there will be no other action taken on this item.

President Tramm adjourned the Public Hearing on Permit Applications at 10:08 a.m.

PASSED, APPROVED, AND ADOPTED THIS 8th DAY OF NOVEMBER, 2011.

M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

October 11, 2011

MINUTES OF HEARING ON CERTIFICATION OF GROUNDWATER REDUCTION PLAN (GRP) OR JOINT GROUNDWATER REDUCTION PLAN (JOINT GRP)

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 207 W. Phillips Street, Suite 300, Conroe, Texas, within the boundaries of the District on October 11, 2011.

Pursuant to §36.408 of the Texas Water Code and Rule 12.12 of the Lone Star Groundwater Conservation District’s (the “District’s”) Rules, these minutes serve as the official minutes of hearing on Certification of Groundwater Reduction Plan (GRP) or Joint Groundwater Reduction Plan (Joint GRP) identified in the Notice of Hearing issued by the District’s General Manager and admitted into the record in this hearing.

President Baker called to order the Hearing on Certification of Groundwater Reduction Plan (GRP) or Joint Groundwater Reduction Plan (Joint GRP) at 10:08 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 McCoy, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District 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”.*

President Tramm stated that he would be appointing Brian L. Sledge, General Counsel as co-presiding officer.

Brian L. Sledge, General Counsel, gave the Review of Notice observing that the following notice requirements had been met:

- (1) the General Manager timely published the appropriate notice in the newspaper;
- (2) the General Manager provided notice of the proposed permits and hearing to each permit applicant, and posted it at the District Office and at the County Courthouse;
- (3) the General Manager posted notice more than 72 hours prior to the hearing, in compliance with the Texas Open Meetings Act; and
- (4) no one had requested special notice under District Rule 12.3(d), so no notice was required to be issued under Rule 12.3(d).

Mr. Sledge continued with the Review of Hearing Procedures to the Board. He explained that he would read the summaries of each GRP and Joint GRP and then allow the Board to vote on them as one item unless circumstances, such as the challenging or protesting of a recommendation, prevented that. Mr. Sledge stated that should any circumstances arise then he would address the GRP on an individual basis; additionally any questions from the Board would be answered by Mark Lowry or himself.

HEARING REPORT ON THE GROUNDWATER REDUCTION PLAN (GRP) OR JOINT GROUNDWATER REDUCTION PLAN (JOINT GRP) SUBMITTED TO LSGCD.

A hearing report was given on each of the following GRP's or Joint GRP's submitted to the District:

1. GRP sponsored by April Sound Country Club

Based on District staff's technical review, the GRP meets the minimum requirements of Phase II (B) of the Districts Regulatory Plan and it is the General Manager's recommendation that the GRP be certified.

A motion was made by Director Wood, seconded by Director Weisinger and unanimously carried, to approve the certification of the uncontested Groundwater Reduction Plan (GRP) heard, in accordance with the General Manager's recommendations. *A copy of Resolution #11-0031 are attached hereto as Exhibit "B".*

President Tramm stated that there was no need to schedule the continuance of contested hearings at this time and adjourned the Public Hearing on Certification of GRP's and Joint GRP's at 10:11 a.m.

PASSED, APPROVED, AND ADOPTED THIS 8th DAY OF NOVEMBER, 2011.

M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

October 11, 2011

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 207 W. Phillips Street, Suite 301, Conroe, Texas, within the boundaries of the District on October 11, 2011.

President Tramm called to order the regular Board of Directors meeting at 10:11 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 with the exception of Director McCoy, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District 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 Weisinger, seconded by Director Baker and unanimously carried, to approve the meeting minutes as presented:

- a) September 13, 2011, Special Board Meeting
- b) September 13, 2011, Public Hearing on Permit Applications
- c) September 13, 2011, Show Cause Hearing
- d) September 13, 2011, Hearing on Certification of GRP’s or Joint GRP’s
- e) September 13, 2011, Regular Board of Directors Meeting

COMMITTEE REPORTS:

Water Awareness and Conservation Committee – Billy Wood, Chair. Ms. Jones reported that the committee met with Cinemark representative, Beth Garrett on September 20th to discuss conservation messaging within the movie theaters in Montgomery County. The committee agreed to move forward with the movie theater conservation ad campaign as well as the Water on Demand project with Barbara Payne. Paul Nelson, Assistant General Manager, gave a brief update stating that the Water on Demand program has gained another ten (10) restaurant participants bringing the total to 37 restaurants participating in the program. The Cinema ad campaign includes a 15 second conservation message that will show on every screen, before every movie at Tinseltown 17, The Woodlands 5, Kingwood 14, and the Conroe Grand 14 beginning on October 14th. Mr. Nelson thanked Director Stinson and the Woodlands Joint Powers Agency, for their generous contribution to the campaign and stated that their logo appears on the video. Mr. Nelson finished by stating that the Mobile Lab trailer made visits to Kings Manor Elementary in Kingwood and The Woodlands Landscaping Solutions Conference. Ms. Jones added that the District is still working with The Woodlands Children's Museum and are discussing adding a few water exhibits. Ms. Jones pointed out to the Board that Consolidated had included conservation messages and LSGCD's website address on their recent round of invoices. Finally, Ms. Jones stated that public water suppliers could contact District staff if they would like copies of LSGCD's 2011 annual inserts to go out with their mailings.

Rules and Bylaws Committee – Kathy Turner Jones, Coordinator. Ms. Jones reported that the committee had not met since last month's meeting but there is a meeting set for the last week of October with District Counsel.

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

Findings and Review Committee. Ms. Jones reported that the committee had not met since the last Board meeting.

Update and status project report related to Regional Groundwater Update Project with HGSD and the FBSD. Mark Lowry began by stating that a copy of the report was included in the packet from Freese & Nichols detailing the month's activities. Mr. Lowry stated that the panel is in the process of developing the population statistic projections for this round of planning. The statistics are being coordinated with the Water Development Board so that once they are complete they will be used as the baseline for the next Regional Water Plan, which will take place in 2016. The panel is addressing and correcting some specific issues but are still on track to complete the process by the end of the month. One of the issues they are dealing with has to do with the per capita usage and how it is going to be taken from the Water Development Board information and turned into projections. The panel is requesting input from various stakeholders as to what they believe the per capita usage is and what specifically the per capita usage includes.

Status Report on Catahoula Formation Hydrostratigraphic and Model Study. Mark Lowry stated that the panel is currently putting the official structure data into the model. The panel continues to stay in touch with all people who have drilled or are drilling into the Catahoula so they can update the model with any new pumping data. The model is still on track to completed by the end of this year.

Building and Facilities Committee – Kathy Turner Jones. Ms. Jones stated the committee did meet on September 19th and that the construction of the new office building is moving along nicely. The slab was poured last Friday and will need to cure for a full week before they begin framing. The contractor will have crews on site to finish grading the parking lot and laying the storm system and framing is scheduled to begin on October 17th. With regards to the sanitary sewer line that was recently discovered crossing the property without an easement, the sewer line is in the process of being surveyed and we plan to be in contact with our neighbors this week or early next week regarding relocating the line. At this time, all costs associated with the sewer line are expected to be reimbursed to the District by the adjoining property owner. If portions of the line remain on our property but out of our way for future expansion, the necessary easement documents will be obtained to protect the District.

Budget and Finance Development Committee – Jim Stinson, Chair. Director Stinson reported that the committee has 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 income of \$46,000 over budget and expenses of \$400,000 under budget. The capital improvement program has a budgeted expense of \$1.2 million versus an actual expense of \$100,000.

Review of 3rd Quarterly Investment Report for 2011. Director Stinson stated the report was included in the packet and he would answer any questions related to it.

ENGINEERING REPORT:

Mark Lowry, District Consultant, stated his report was included in the packet and if there were any questions he would be happy to answer them. This month he worked primarily on a large number of permit reviews and continued the coordination with the subsidence district on the groundwater model as well as with the team on the Catahoula model.

UPDATE STATUS REPORT ON INSTALLATION OF PERIODICALLY ACCESSIBLE MONITOR (“PAM”) EQUIPMENT FOR SUBSIDENCE MONITORING – Paul R. Nelson.

Mr. Nelson stated that all of the PAM sites have been approved and there are only two (2) sites left to be drilled at Precinct 2 and Precinct 4. Mr. Nelson explained that LSGCD has been able to download collected information at SJRA’s water plant site and at the St. Luke’s site. Currently the PAM unit is recording data at the City of Conroe’s water plant site at Carl Barton, Jr. Park. The information has been sent to the Harris-Galveston Subsidence District to interpret. Mr. Nelson stated that within the next few weeks all of the PAM sites will be on rotation and gathering information.

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 the GRPs have been finalized and the next step is for District staff to stay engaged with the LVGUs and make sure they meet their deadlines. Mr. Sledge added that there has been no action on any Supreme Court cases and he is still awaiting the legislature to initiate its interim charges on water issues. Mr. Sledge highlighted Proposition 2, which will be on voter's ballots in November. Proposition 2 would allow the Texas Water Development Board to issue additional bonds as long as no more than \$6 billion are outstanding at any one time, according to the "evergreen provision". Mr. Sledge stated that historically any time TWDB has needed additional authority, to issue bonds for water and wastewater projects they have to go to the voters per the constitution. Proposition 2 would allow for additional monies to be authorized to entities like LSGCD to assist with local and state water projects.

GENERAL MANAGER'S REPORT:

Kathy Turner Jones, General Manager, stated that her report was included in the packets and if anyone had any questions she would be glad to address them. Ms. Jones stated that October is a busy month for permitting staff. Permit renewal applications were mailed out on September 30th to all permit holders. It is during this time that a permittee may elect to reduce their permit allocation for the upcoming year due to temporary increases needed during the current year that are not intended to be continued next year. Permittees may only request an increase in their Historic Use or Operating Permit volume through an additional Operating Permit or amendment to an existing Operating Permit pursuant to the Rules of the District. The signed application forms are due back to the District by October 31st.

PUBLIC COMMENT: None.

NEW BUSINESS: None.

There being no further business, upon a motion by Director Baker, seconded by Director Weisinger, President Tramm adjourned the meeting at 10:41 a.m.

PASSED, APPROVED, AND ADOPTED THIS 8th DAY OF NOVEMBER, 2011.

M. Scott Weisinger, PG, Board Secretary