

LONE STAR GROUNDWATER CONSERVATION DISTRICT

November 13, 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 November 13, 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, with the exception of Director Weisinger, Director Baker, and Director Eichelberger, 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 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 Baker arrived at 9:32 a.m.

Following Executive Session, the Board reconvened in Open Session and declared it open to the public at 10:03 a.m.

No action was taken on matters discussed in Executive Session and the meeting was adjourned at 10:03 a.m.

PASSED, APPROVED, AND ADOPTED THIS 11th DAY OF DECEMBER, 2012.

M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

November 13, 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 November 13, 2012.

President Tramm called to order the Public Hearing on Permit Applications at 10:05 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 Directors Weisinger and Eichelberger, 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 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, **Montgomery County MUD 99** – Applicant is requesting an amendment to its Operating Permit for an increase in production authorization in the amount of 30 million gallons for 2012 and annually thereafter. The SJRA GRP Administrator has been notified and has no objections to the request. Based on technical review, it is the General Manager’s recommendation to approve that which is being requested.

Item #2, **Montgomery County MUD 89** – Applicant is requesting an amendment to its Operating Permit for an increase in production authorization in the amount of 60 million gallons for 2012 and annually thereafter. The SJRA GRP Administrator has been notified and has no objections to the request. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #3, **Jim Cluiss** – Applicant is requesting drilling authorization for a new well with a production authorization of 25,000 gallons for 2012 and 75,000 annually thereafter. Applicant provides water for Petroleum Measurement Equipment Company's office. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #4, **Enchanted Cove Water System** – Applicant is requesting an amendment to its Operating Permit for an increase in production authorization in the amount of 1 million gallons for 2012 and annually thereafter. Based on technical review, it is the the General Manager's recommendation to approve that which is being requested.

Item #5, **Mike Simpson (Conroe Taxidermy)** – Applicant is requesting an amendment to his Operating Permit for an increase in production authorization in the amount of 250,000 gallons for 2012 and annually thereafter. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #6, **Northwoods Water Supply Corp.** – Applicant is requesting an amendment to its Operating Permit for an increase in production authorization in the amount of 1 million gallons for 2012 and 5 million gallons annually thereafter. The SJRA GRP Administrator has been notified and has no objections to the request. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #7, **Montgomery Count UD #3** – Applicant requested an emergency permit for a replacement well and was granted authorization for drilling only. Applicant's existing PWS wells located in the Jasper aquifer were failing and replacement waters were needed immediately to prevent imminent threats to the health and safety of the public. No additional authorization is being requested at this time. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #8, **Budget Boat Barn** – Applicant is requesting amendment to its Operating Permit for an increase in production authorization in the amount of 150,000 gallons for 2012 and annually thereafter. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #9, **KM-1488 Water, LLC** – Applicant is requesting an amendment to its Operating Permit for an increase in production authorization in the amount of 1,750,000 gallons for 2012 and annually thereafter. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #10, **Jason Mayfield (Bed Bath and Biscuit, Ltd)** – Applicant is requesting an amendment to its Operating Permit for an increase in production authorization in the amount of

750,000 gallons for 2012 and annually thereafter. Based on technical review, it would be the General Manager's recommendation to approve that which is being requested.

Item #11, **Aqua Texas, Inc. (Greenfield Forest)** – Applicant is requesting an amendment to its Operating Permit for an increase in production authorization in the amount of 8 million gallons for 2012 and annually thereafter. The SJRA GRP Administrator has been notified and has no objections to the request. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #12, **Joe Worthy** – Applicant is requesting an amendment to his Operating Permit for an increase in production authorization in the amount of 94,500 gallons for 2012 and annually thereafter. Based on technical review, it would be the General Manager's recommendation to approve that which is being requested.

Item #13, **Porter Church of Christ** - Applicant is requesting amendment to its Operating Permit for an increase in production authorization in the amount of 150,000 gallons for 2012 and annually thereafter. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #14, **Weisinger, Inc. (East Montgomery County MUD #3 Supply Well)** – Applicant is requesting drilling authorization for a new well to be drilled with a production authorization of 2 million gallons for 2012 and 5 million gallons annually thereafter. Applicant will provide water for drilling a new supply well for East Montgomery County MUD #3. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #15, **Montgomery County MUD #9** – Applicant is requesting an amendment to its Operating Permit for an increase in production authorization in the amount of 50 million gallons for 2012 only. Montgomery County MUD #9 GRP representatives have been notified and have no objections to the request. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #16, **Pump Solutions, Inc.** – Applicant is requesting drilling authorization for a new well with a production authorization of 300,000 gallons for 2013 and annually thereafter. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #17, **Washington County Railroad** – Applicant is requesting an amendment to its Operating Permit for an increase in production authorization in the amount of 3 million gallons for 2012 and annually thereafter. The SJRA GRP Administrator has been notified and has no objections to the request. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #18, **ES Water Utility Consolidators, Inc.** – Applicant is requesting an amendment to its Operating Permit for an increase in production authorization the amount of 500,000 gallons

for 2012 and annually thereafter. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #19, **Piney Shores Utility** – Applicant is requesting an amendment to its Operating Permit for an increase in production authorization in the amount of 5million gallons for 2012 and annually thereafter. The SJRA GRP Administrator has been notified and has no objections to the request. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #20, **Davis Family Realty, LLC** – This is an existing well staff found in non-compliance and was previously registered as an exempt residential well. Upon a change in classification, applicant is requesting 150,000 gallons for 2012 and annually thereafter. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #21, **J. Beard Commercial IV, L.P.** – Applicant is requesting drilling authorization for a new well with a production authorization of 300,000 gallons for 2013 and annually thereafter. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #22, **Chrisman Properties, LLC** – Applicant is requesting an amendment to its Operating Permit for an increase in production authorization in the amount of 100,000 gallons for 2012 and annually thereafter. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #23, **New Horizons** – Applicant is requesting an amendment to its Operating Permit for an increase in production authorization in the amount of 214,000 gallons for 2012 and annually thereafter. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Item #24, **Montgomery County MUD #112** – Applicant is requesting an amendment to its Operating Permit for an increase in production authorization in the amount of 8 million gallons for 2012 and annually thereafter. The SJRA GRP Administrator has been notified and has no objections to the request. Based on technical review, it is the General Manager's recommendation to approve that which is being requested.

Upon a motion made by Director Stinson, seconded by Director Wood, items #1 thru # 24 were approved in accordance with the General Manager's recommendations. Motion passed.

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

PASSED, APPROVED, AND ADOPTED THIS 11TH DAY OF DECEMBER, 2012.

M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

November 13, 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 November 13, 2012.

President Tramm called to order the regular Board of Directors meeting at 10:10 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 Weisinger and Director Eichelberger 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 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 Baker, seconded by Director Wood and unanimously carried, to approve the meeting minutes as presented:

- a) October 9, 2012, Special Board Meeting
- b) October 9, 2012, Public Hearing on Permit Applications
- c) October 9, 2012, Regular Board of Directors Meeting
- d) October 9, 2012, Show Cause Hearing

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 that Paul R. Nelson, Assistant General Manager update the Board on conservation activities since the last Board meeting.

Briefing on conservation efforts. Paul Nelson reported the District renewed the agreement with the NCM Cinema Network. Six screens at Star Cinema Grill in Conroe have been added to the agreement. There was an increase in contribution from WJPA, allowing the District's contribution to remain the same. A new video message is being prepared and should be ready next week. The price per spot remains at approximately \$0.28.

Mr. Nelson reported that the Mobile Lab was requested by the Science Department of the new Irons Junior High School located at 16780 Needham Road, Conroe, TX. It was utilized for four days from October 23 – 26, 2012. An estimated 400 students passed through the mobile lab.

Mr. Nelson advised that on October 10, he met with Mark Mooney, County Engineer for Montgomery County to discuss Low Impact Development, storm water requirements and increased use of rainwater in new construction projects. Mr. Nelson learned that the county did, in fact, grant "credits" for pervious pavement, as well as swales and that the county only reviewed projects when the non-pervious footprint was greater than 15,000 square feet. Following his meeting with Mr. Mooney, Mr. Nelson met with Erwin Burden, Engineer for City of Conroe, to discuss credits for pervious pavements, the use of rainwater for non-potable use inside buildings, Low Impact Development, and other practices to reduce flow to the storm water system. The Conroe City Council will be reviewing a new ordinance soon and more of these management practices will be considered when the new rules take effect.

The Water Efficiency Network met on October 18th at the District's facilities and received a presentation by Chris Loomis of the City of Conroe who discussed the conservation projects put in place by the City. The meeting was well attended and the next meeting will be held on November 29, 2012 at the Houston-Galveston Area Council in Houston, the topic will be the powers of utility districts to limit water use and encourage water conservation.

On November 7th, Mr. Nelson met with Paul Mendes, City Administrator for City of Magnolia and his assistant Candace Randall. It was a productive meeting, with conversation about rainwater harvesting, a maximum 2-day a week lawn watering schedule, and re-use. The creation of a utility district within Magnolia's ETJ was discussed, with Mr. Nelson suggesting that projects such as wastewater re-use for lakes and golf courses be considered in the development stages of the district.

Then on November 9th, Paul Nelson met with Michael Potter, the new Agricultural Extension Agent for Montgomery County. Mr. Nelson reported that Mr. Potter's passions are turf grasses, rainwater harvesting, and irrigation. Mr. Potter stressed his interest in teaching Montgomery County how not to overwater. Mr. Nelson offered Mr. Potter the opportunity to partner with Lone Star GCD to host workshops on irrigation and turf grasses.

Lastly, Mr. Nelson spoke with Michael Kirkwood, Chief Building Official at the City of Conroe regarding the use of rainwater harvesting. They plan to have more discussions on the topic in the future.

Mr. Nelson reported last month he reviewed plats totaling 62.5 acres and 166 lots, all of which were on public water supply.

Discuss, consider and possible action to participate in the Region H Conservation Project. Presentation of project – Kip Averitt. Senator Kip Averitt gave a presentation on the Region H Conservation Project. This project is designed to quantify and measure conservation efforts in Region H over the next two years. Senator Averitt explained the mechanics of the project and the value to water providers within Region H and asked for LSGCD's endorsement. Mr. Averitt stated that his organization is seeking a contribution from participants of \$3,000 per year for the next two years to help pay for the cost of the project. There is additional funding from the Mitchell Foundation and Houston Endowment. He also stated that some of the water utilities in the area will help underwrite the costs. Ms. Jones asked when the project would begin and Mr. Averitt indicated that it would run from 2013 through the end of 2014.

A motion was made by Director Wood, seconded by Director Baker and unanimously carried to endorse LSGCD's participation of \$6,000 over the next two (2) years in the Region H Conservation Project.

Ms. Jones stated that the District would write a letter of support for the project as well.

Rules and Bylaws Committee – Kathy Turner Jones, Coordinator. Ms. Jones reported that the Rules and Bylaws Committee met following the October 9th Board meeting and will be scheduling the next meeting in the near future.

Policy and Personnel Development Committee – Sam Baker, Chair. Director Baker stated that the committee met on November 6th to discuss the 2013 Payroll Expenses.

Consideration and possible action on committee recommendations regarding 2013 Payroll Expenses. Director Baker noted that the overall raise budget for 2013 payroll was 0.58%. A motion was made by Director Moffatt, seconded by Director McCoy, and unanimously carried to approve the 2013 Payroll Expenses.

Findings and Review Committee – Paul R. Nelson, Coordinator. Mr. Nelson stated that the committee had a meeting on November 12th and received a presentation on the joint-funding agreement update from Mike Turco, USGS and the proposal from Intera on the development of well spacing requirements.

Update and status project report related to Regional Groundwater Update Project w/HGSD and the FBSD – Mark Lowry. Mr. Lowry reported that there is a meeting scheduled for this afternoon at HGSD's offices to provide stakeholders with an update on the progress of the six scenarios and corresponding results. The scenarios are set up to project what happens if the HGSD or FBSD's rules are relaxed.

Discuss, consider, and take action as necessary on the committee recommendation concerning approval of joint-funding agreement with USGS for the period of 01.01.13 through

12.31.13 – Mike Turco, USGS. Mr. Turco gave a brief presentation on the summary and status of the joint-funding agreement. Mr. Nelson stated that the Findings and Review Committee recommended that the Board authorize the General Manager to execute the proposed joint-funding agreement with USGS. A motion was made by Director Stinson, seconded by Director Moffatt and unanimously carried to authorize the General Manager to execute the joint-funding agreement with USGS for the period of 01.01.13 through 12.31.13 in the amount of \$296,500 with LSGCD's funding contribution to be \$239,000.

Consider, discuss, and take possible action on the committee recommendation regarding proposed scope of work for the development of well spacing requirements. Brian Sledge, General Counsel stated that the proposal has been reviewed by the committee and they unanimously agreed to recommend authorizing the General Manager to enter into an agreement with Intera to perform the work as set forth in their proposal, with Tasks 1 and 2 to be funded from the 2012 budget. The remaining tasks 3, 4, and 5 will be funded from the 2013 budget. The project is not to exceed \$27,907.50 and is expected to take approximately 4 to 5 months to complete. A motion was made by Director Baker, seconded by Director McCoy and unanimously approved to authorize the General Manager to enter into the agreement with Intera for the development of well spacing requirements.

Receive update on public comments to the Catahoula Formation Hydrostratigraphic and Model Study and establish comment review period – LBG Guyton. Mr. Nelson noted that the Board had previously established October 23, 2012 as the deadline for comments and that comments had been received from R.W. Harden and Associates and Thornhill Group. Mr. Nelson asked John Seifert, LBG-Guyton to go over the comments received regarding the Catahoula Formation Hydrostratigraphic and Model Study. A copy of the draft response letters was included in the board packets. Following Mr. Seifert's report on the comments, Mr. Nelson stated that the committee had reviewed the draft responses prepared by the District's expert panel and the committee is requesting the panel provide a more detailed response to a comment from R.W. Harden and Associates.

Consider, discuss and take possible action on committee recommendation regarding acceptance of technical memorandum summarizing results of the Catahoula Formation Hydrostratigraphic and Model Study. Mr. Nelson stated that due to the minimal time available between receipt of comments and today's meeting, a final memorandum had not been completed, as previously intended. Mr. Nelson added that District staff and the panel are working on the development of an outline and expect to have a follow-up committee meeting prior to the December Board meeting. No action will be taken at today's meeting and the item will be reposted for December 11, 2012 meeting.

Presentation of draft report on "Estimated Rates of Groundwater Recharge to the Chicot and Evangeline Aquifers By Using Environmental Tracers in Montgomery County" and possible action based on committee recommendation – Mike Turco, USGS. Mr. Nelson reported that the study has been completed, and is being reviewed a final time by USGS before it will be published. It is expected to be ready by early February 2013. Mr. Turco will make a presentation to the Board after the report is published. Mr. Nelson advised that the expectation is that the tests will show the Jasper waters are very old. Ms. Jones noted that the actual study has been completed and that there would be no changes to the results prior to publication.

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 questions, he would be glad to address those. The District shows the operating budget has an income of \$1,980,000 compared to a projected year-to-date budget of \$2,024,000; year-to-date expenses are \$1,437,000 versus a year-to-date budget of \$1,641,000; and capital expenditures were \$921,000 compared to a year-to-date budget of \$864,000, resulting in a \$57,000 overrun. Ms. Jones explained the overrun was due to complications after the construction of the District's new building, such as the driveway needing to be moved, additional costs pertaining to the sanitary sewer line, as well as a number of revisions that had to be made on the rainwater harvesting collection system.

Building and Facilities Committee - General Manager Kathy Turner Jones, Chair.

Ms. Jones stated that the committee has not met since the last Board meeting.

Update and possible action regarding construction of onsite storage facility for mobile lab at District office, relocation of sewer line, and detention pond design. Ms. Jones stated that she has requested bids from three companies for the construction of the onsite storage facility for the mobile lab at the District office. She has received two bids this week and is expecting the third bid shortly. The bids will be presented to the committee to authorize a contractor to begin construction. The committee had previously voted to move forward with regaining some of the existing property by filling in part of the detention pond. Plans are being drawn and this item is scheduled to go before the City for permitting approval on Friday, November 16th.

ENGINEERING REPORT:

Mark Lowry, District Consultant, stated that his report was included in the packets. This month Mr. Lowry has been working on permitting issues and associated GRP issues as well as updating the irrigation and evaporation spreadsheets with the various data we receive, and in turn using the spreadsheets in evaluation of permit increases.

GENERAL COUNSEL REPORT:

Brian Sledge, General Counsel, briefed the Board on pertinent legal issues and developments impacting the District since the last regular Board meeting. Mr. Sledge stated that his efforts for the month have been concentrated on reviewing Chapter 356 Rule comments. The District filed comments on the rules before and after the Texas Water Development Board (TWDB) published them in the Texas Register. The TWDB expects to finish reviewing all comments before their next board meeting. The District also filed a Public Information Request to obtain copies of the other comments submitted and intend to meet with TWDB staff to address any remaining issues they may have regarding our comments.

Mr. Sledge noted that as a result of the elections, more than half of the House of Representatives will be comprised of "freshmen" and "sophomore" elected officials, thus creating a water issue learning curve to overcome.

Lastly, he mentioned that November 12th was the first day of pre-filing for the 83rd Legislative session. There were several hundred bills filed, though only a few with water in the title, none of which would affect the District.

GENERAL MANAGER'S REPORT:

Ms. Jones stated the Board took action at the last Board meeting to engage legal counsel to have conversation with AAction Mulch regarding their violation for failure to permit and meter. Since that time it has been learned that they are out of business and in bankruptcy. No further action will be taken at this time unless they begin operation of a business in the future, at which time a decision will be made as to how to proceed.

The General Manager further reported that the District hosted the Texas Alliance of Groundwater Districts' quarterly meeting October 30th – 31st. Over 60 individuals were in attendance for the two-day event representing some 33 groundwater districts from across the state of Texas. In addition, representatives from the Department of Licensing and the Texas Well Owner Network were present and gave presentations on their programs. Highlights of the meeting included a summary presentation on proposed Chapter 356 TWDB rules and a panel discussion on issues facing the 83rd legislative session and beyond for GCDs. Mr. Paul Nelson gave a presentation to the group on the District's regulatory plan and progress to date. The group was thrilled to tour the District's mobile teaching lab and had positive comments on the conservation practices the District incorporated into our building and landscape design. We have had calls asking to share plans and photos of both.

Finally, Ms. Jones reported on the continuing efforts to increase communication with the public as much as possible and presented a brochure which the District recently had printed. Additionally, the District had a tabletop display made to take to events and is working hard to get LSGCD out in the public to emphasize that we are the experts on groundwater resources in Montgomery County and we are here to protect that future supply.

PUBLIC COMMENT: None.

NEW BUSINESS: None.

ADJOURN: There being no further business, upon a motion by Director Baker, seconded by Director Wood, President Tramm adjourned the meeting at 11:35 a.m.

PASSED, APPROVED, AND ADOPTED THIS 11th DAY DECEMBER, 2012.

M. Scott Weisinger, PG, Board Secretary