

LONE STAR GROUNDWATER CONSERVATION DISTRICT

December 9, 2014

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 December 9, 2014.

President Tramm called the meeting to order at 9:09 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 Baker
John D. Bleyl, PE
Jace Houston
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 Stinson and Moffatt, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District General Manager; Paul 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 Director Tramm, the Board of Directors went into a Closed Executive Session at 9:10 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 Moffatt arrived at 9:35 a.m.

Following Executive Session, the Board reconvened in Open Session and President Tramm declared it open to the public at 10:04 a.m.

No action was taken on matters discussed in Executive Session and President Tramm adjourned the meeting at 10:04 a.m.

PASSED, APPROVED, AND ADOPTED THIS 13th DAY OF JANUARY, 2015.

M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

DECEMBER 9, 2014

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 December 9, 2014.

CALL TO ORDER:

President Tramm called to order the Public Hearing on Permit Applications at 10:05 a.m., announcing the meeting open to the public.

ROLL CALL:

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

Sam W. Baker
John D. Bleyl, PE
Jace Houston
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 Stinson, 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”.*

Permitting Director Samantha Reiter instructed the Board to remove item number 20, as she mistakenly placed it on the agenda.

Item #1, **Quadvest, LP (McCall Sound)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 4,500,000 gallons for 2014 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 #2, **Denbury Onshore, LLC (FM 1314)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 190,512 gallons for 2014 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, **Midway Stores, Inc DBA Midway #1** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 300,000 gallons for 2014 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 #4, **105/Fostoria Property, Inc.** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 600,000 gallons for 2014 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 #5, **Leslie Larson (Allestec)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 32,000 gallons for 2014 only. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #6, **Aqua Texas, Inc. (Greenfield Forest)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 7,000,000 gallons for 2014 and annually thereafter. The SJRA GRP Administrator has been notified by email and has not submitted any comments on the request. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #7, **River of God Church** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 600,000 gallons for 2014 only. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #8, **Montgomery County MUD #112** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 10,000,000 gallons for 2014 and annually thereafter. The SJRA GRP Administrator has been notified by email and has not submitted any comments on the request. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #9, **CLW, Inc.** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 950,000 gallons for 2014 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 #10, **Moran Minerals LP** - Applicant is requesting registration of a new well and production authorization in the amount of 100,000 gallons for 2014 and 400,000 gallons for 2015 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 #11, **Montgomery County MUD #8 (AWS Production Well)** - Applicant is requesting an amendment to an Alternative Water Source Permit for an increase in production authorization in the amount of 20,000,000 gallons for 2014 only. The Montgomery County MUD #8 GRP Administrator has been notified by email and has not submitted any comments on the request. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #12, **Wood Trace Mud No. 1** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 34,000,000 gallons for 2015 and annually thereafter. The SJRA GRP Administrator has been notified by email and has not submitted any comments on the request. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #13, **North Water District Laboratory Services Inc** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 200,000 gallons for 2014 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 #14, **Montgomery County MUD #9 (AWS Well)** - Applicant is requesting registration and authorization to begin construction on a new AWS well which will be drilled into the Catahoula Restricted Formation. Applicant is requesting production authorization in the amount of 383,251,000 gallons for 2015 and annually thereafter. The Montgomery County MUD #8 GRP Administrator has been notified by email and has not submitted any comments on the request. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration and construction of the well, as well as authorize a **reduced** amount of 100,000,000 gallons for 2015 and annually thereafter.

Item #15, **Fellowship of Montgomery Church** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 200,000 gallons for 2014 only. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #16, **Mena Francois (Elks Lodge)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 300,000 gallons for 2014 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 #17, **Mena Francois (Willingham)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 150,000 gallons

for 2014 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 #18, **Right to Keep and Bear Arms, LLC** - Applicant is requesting registration of a new well and production authorization in the amount of 4,000,000 gallons for 2015 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to authorize a **reduced** amount of 400,000 gallons for 2015 and annually thereafter.

Item #19, **Meadows at Imperial Oaks HOA** - Applicant is requesting registration of a new well and production authorization in the amount of 2,000,000 gallons for 2014 and 9,900,000 gallons for 2015 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration and construction of the well, with an allocation of 2,000,000 gallons for 2014 and authorize a **reduced** amount of 5,400,000 gallons for 2015 and annually thereafter.

The first motion was made by Director Weisinger, and seconded by President Tramm to approve items #1-13 and #15-17 as requested, in accordance with the General Manager's recommendations. The motion passed unanimously, with Director McCoy abstaining from items #11 and #13.

The second motion was made by Director Weisinger, and seconded by Director Houston to approve item #14, in accordance with the General Manager's recommendation for the registration and construction of a new AWS well by Montgomery County MUD #9, as well as authorization of a reduced recommendation. The motion passed unanimously, with Directors Bleyl and McCoy abstaining.

The third motion was made by Director Houston, and seconded by Director Wood to approve items #18-19 as requested in accordance with the General Manager's recommendations. The motion passed unanimously, with Director Weisinger abstaining from item #19.

President Tramm adjourned the public hearing on permit applications at 10:08 a.m.

PASSED, APPROVED, AND ADOPTED THIS 13TH DAY OF JANUARY, 2015.

M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

DECEMBER 9, 2014

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 December 9, 2014.

CALL TO ORDER:

President Tramm called to order the regular Board of Directors meeting at 10:08 a.m. announcing that it was open to the public.

ROLL CALL:

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

Sam Baker
John D. Bleyl, PE
Jace Houston
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 Stinson, 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, P.E., District Engineer; 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 Houston, and unanimously carried, to approve the meeting minutes:

- a) November 11, 2014, Special Board Meeting
- b) November 11, 2014, Public Hearing on Permit Applications

- c) November 11, 2014, Regular Board of Directors Meeting
- d) November 18, 2014, Public Workshop on Proposed Amendments to District Rules and District Regulatory Plan

CONTINUATION OF PUBLIC HEARING ON PROPOSED AMENDMENTS TO THE DISTRICT RULES AND DRP FROM OCTOBER 14, 2014 – BRIAN L. SLEDGE

- a) **Presentation and discussion of proposed amendments to the District Rules, including without limitation amendments to Phase II(B) of the District Regulatory Plan (DRP). The proposed rules amendments include revisions regarding: (1) well location, spacing, completion, and minimum tract size requirements for water wells in the Gulf Coast Aquifer and the Catahoula Restricted Aquifer; (2) permitting requirements related to the transfer of Total Qualifying Demand and the Initial Conversion Obligation, as those terms are described in the DRP; (3) the ability of Small Volume Groundwater Users and Large Volume Groundwater Users to produce up to 10 million gallons of groundwater per year from the Gulf Coast Aquifer under certain circumstances, and restrictions related to the same, including transfer and production restrictions and related Groundwater Reduction Plan requirements; and (4) permitting operations and procedures related to participants in a Joint Groundwater Reduction Plan.**

President Tramm opened up the discussion by announcing that due to the amount of comments received, no amendments will be approved today, and the public hearing will continue through the January 2015 board meeting.

- b) **Public comment on proposed changes to the District Rules and DRP.**

Mr. Bob Harden, representing the City of Conroe, spoke first. In his comments, he stated that a single county calculation of recharge and capture is not scientifically rational because neighboring counties' pumpage is trying to capture recharge in Montgomery County. He also noted that recharge isn't the limiting factor of groundwater availability – it's transmission. He commended the Board on the recent commissioning of studies, and asked the board to have their consultants collaborate with others in the area.

Mr. Mike Stoecker, representing Woodland Oaks Utility, thanked the board for announcing that no votes will be taken today on the proposed amendments, and said all he was asking for is more time.

Mayor Webb Melder, City of Conroe, thanked the board for recent public workshops and asked that more are held, and that peer review and public input continue to be sought during this process.

Marty Jones, representing Mike Stoecker, spoke on fair share. If you don't tie fair share to something tangible, it will result in numerous problems, one of which is the taking of property in a governmental action. It is their opinion that fair share should be tied to something proportionate. He also asked the board to look at the historic use scheme that's implicit in the proposed rules where new users are being restricted in ways that others are not, which would result in a taking of their property. New users are not allowed to transfer their water to another property or user, which in essence condemns the water to only local use, which would result in a taking.

Mike Powell, an attorney representing the city of Conroe, made two primary points, which are outlined in a letter he previously sent to the board: (1) he is unsure the District has the authority to regulate on the basis of users, based on Section 36; (2) the District seems to be attempting to impose a central planning solution and destroy the marketplace in the process.

Mike Thornhill, representing TGI Water and Byron Beavers, with the city of Shenandoah both noted that they no longer needed to make public comment. President Tramm then invited anyone else present to make comment, and no one came forward to do so.

c) Discussion, consideration and possible action approving amendments to the District Rules and Phase II(B) of the District Regulatory Plan.

In light of the above development, it was decided to continue the current public hearing on the next Board meeting on Tuesday, January 13 at 10 a.m.

COMMITTEE REPORTS:

Water Awareness and Conservation Committee - Billy Wood, Chair

Briefing on Committee Activities - Director Wood reported that the committee had met to discuss 2015 budget and future plans.

Briefing on Public Outreach Efforts - Marlisa Briggs, Education/Public Awareness Coordinator – Mrs. Briggs' presentation highlighted the following public outreach efforts:

- Mobile Education Lab Aquifer Model Update – aquifer model is complete and on site. There will be a demonstration for all interested after the board meeting is adjourned.
- Annual Billing Inserts – These have been placed in all District statements to permittees, and to date, nearly 66,000 have been given to area water providers for their billing inserts.
- Website Redesign Progress Report – the site is complete, and is live

- HOAs – reaching out to them for support of Water Efficiency Network’s yard sign campaign
- Conservation Awareness Committee met in November to review preliminary plan and budget for 2015.
- Created a web page on our website dedicated to updates on the newly-commissioned groundwater study.
- Beginning draft of 2014 District Annual Report
- Ongoing e-blasts, press releases and social media communications
- Monthly Dock Lines article

Update on Conservation Efforts – Paul R. Nelson, Assistant General Manager –

Mr. Nelson briefed the Board on additional conservation activities, including

- November 13th – phone interview with a Texas Tech grad student regarding the District’s outreach programs.
- November 20th – toured new SJRA water plant on Lake Conroe, as part of the stakeholder group.
- November 20th - Gulf Coast/Montgomery County Water Efficiency Network meeting – H-GAC regional water planner spoke on water quality. There will be no meeting of the Network in December. The next meeting is January at Lone Star GCD, with the featured speaker being Judge Mark Evans.
- December 5 – attended a Low Impact Development seminar at H-GAC. There was more emphasis on rainwater collection than in the past, and it was highly attended. One of the speakers will make a presentation to the District in the future.
- The Woodlands is highly publicizing the yard sign campaign, and The Woodlands Township has initiated a contest related to water conservation/commitment to not water their lawns in the winter. Paul was recently quoted in an article on the topic as well.

Rules Development and Bylaws Committee – Kathy Turner Jones, General Manager

Briefing on Committee Activities – Ms. Jones reported no additional report.

Policy and Personnel Development Committee – Sam W. Baker, Chair

Briefing on Committee Activities – Director Baker reported that the committee had not met, and there is therefore no report.

Findings and Review Committee – Richard J. Tramm, Chair

Status Update: Development of a strategic plan evaluating opportunities for additional development of water resources in the District while ensuring long-term viability of the aquifers within the District, possibly including review of the

adequacy of the District's groundwater monitoring program to monitor impacts to aquifers in the District of the initial conversion obligation under the District Regulatory Plan, review of the Total Estimated Recoverable Storage numbers released by the Texas Water Development Board and possible implications to groundwater management in the District, and review of related groundwater management issues, and opportunities for public input related to the development of the strategic plan. – Richard J. Tramm, Chair

Creation of the plan was approved last month by the board. They are working to set up a January date for a preliminary public meeting; once the date is set, it will be announced.

Discuss, consider and take action as necessary concerning approval of a joint-funding agreement with USGS for groundwater data collection, subsidence monitoring and mapping activities to be conducted during the period of 01.01.15 through 12.31.15. – Amy Beussink, Supervisory Hydrologist, USGS

Ms. Beussink conducted a presentation on the annual program, and answered questions from the board. Total cost of this program is \$308,000, with USGS' portion being \$56,625 and LSGCD's portion being \$251,375.

Following Ms. Beussink's presentation, Director Houston made a motion to approve the joint-funding agreement; Director Moffatt seconded the motion, and all those present were in favor.

Update: Groundwater data acquisition and analysis study of potential groundwater contamination – Paul R. Nelson

Mr. Nelson reported that the data has been gathered, ranked and placed in spreadsheets. The next step is for Mr. Lowry and District staff to filter through the data and strategically identify which wells to track the data through the years from this point on, as more data is collected. They will come back to the committee with a suggested selection of wells in the next few weeks.

Budget and Finance Development Committee - Jim Stinson, Chair

Briefing on Committee Activities – In Director Stinson's absence, Ms. Jones reported that the committee met on November 25th and worked through a preliminary budget, which staff is now revising. The next budget committee is planned for December 15, followed by a January 5th board workshop on the proposed budget. The goal is to have a 2015 budget for presentation to the board at the January 2015 board meeting.

Review of Monthly Financial Reports – President Tramm noted that the monthly financial reports are in the board packets.

Building and Facilities Committee - Kathy Turner Jones, Coordinator

Briefing on Committee Activities – Ms. Jones reported that the committee had not met since the last board meeting, and there was no report.

Update and Possible Action Regarding Construction and Redesign of Existing Detention Pond – There was no report on this item.

ENGINEERING REPORT:

Mark Lowry, District Consultant, reported that he spent time working on the rules, as well as travelling just past Ft. Worth to inspect the aquifer model and retrieve the mobile education trailer and return it to the District offices. The remainder of his activity during the month was routine, and a copy of his report is included in the Board's packet.

GENERAL MANAGER'S REPORT:

Ms. Jones noted that her report is included in the board packet, and also included in the packet is a summary of the TWCA's groundwater committee's progress that Brian Sledge's firm has prepared.

In terms of permit renewals, District staff has done an amazing job getting these renewals in. There are currently only six outstanding permits out of 1,275. One thing that has helped get these in on time is the ability to renew online.

Ms. Jones also noted that the next GMA 14 meeting will take place February 24th at 1:30 p.m. in the District offices. All nine elements have been discussed, and at the February meeting, the goal will be to approve "DRAFT" Desired Future Conditions (DFC) statements for the process described in the Texas Water Code, Section 36.108(d) (1-9).

GENERAL COUNSEL'S REPORT:

Mr. Sledge reported that in addition to the work on the rulemaking efforts, his firm has been looking the legislation being worked on by the TWCA committee, which approved three bills by consensus. There may be one more bill on the horizon, but he will keep the board updated.

PUBLIC COMMENT:

There was no additional public comment.

NEW BUSINESS:

There being no further business, Director Weisinger made a motion to adjourn the meeting; Director Bleyl seconded the motion, therefore the meeting was adjourned at 11:03 a.m.

PASSED, APPROVED, AND ADOPTED THIS 13TH DAY OF JANUARY, 2015.

M. Scott Weisinger, PG, Board Secretary