

LONE STAR GROUNDWATER CONSERVATION DISTRICT

September 11, 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 September 11, 2012.

President Tramm called the meeting to order at 9:10 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 Wood, 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 9:10 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 Baker arrived at 9:15 a.m.

Following Executive Session, the Board reconvened in Open Session and declared it open to the public at 9:53 a.m.

No action was taken on matters discussed in Executive Session and the meeting was adjourned at 9:53 a.m.

PASSED, APPROVED, AND ADOPTED THIS 9th DAY OF OCTOBER, 2012.

M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

September 11, 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 September 11, 2012.

President Tramm called to order the Public Hearing on Permit Applications at 10:04 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 Wood, 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, **Joaquin Labora** – Applicant is requesting drilling authorization for a new well with a production authorization of 1,000,000 gallons for 2012 and 1,000,000 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 160,000 gallons for 2012 and annually thereafter.

A motion was made by Director Baker, seconded by Director Moffatt to approve the application in accordance with the General Manager's recommendation. Motion passed.

Item #2, **T & W Water Service (Riverwalk)** – Applicant is requesting an amendment to an operating permit for drilling authorization only for a new well. Based on technical review of the information supplied by application, it is the General Manager's recommendation to approve that which is being requested.

Item #3, **Hallett Materials (Office)** – Applicant is requesting an amendment to an operating permit for additional production authorization of 100,000 gallons for 2012 only. Based on technical review of the information supplied by application, it is the General Manager's recommendation to approve that which is being requested.

Item #4, **Dioselina Medina** – Applicant is requesting drilling authorization for a new well with a production authorization of 130,000 gallons for 2012 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, **Luis Martinez** – Applicant is requesting drilling authorization for a new well with a production authorization of 40,000 gallons for 2012 and 75,000 gallons 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 #6, **Duane Hudson** – Applicant is requesting drilling authorization for a new well with a production authorization of 100,000 gallons for 2012 and 150,000 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 #7, **Benjamin Vaughn** – This is an existing well that staff found in non-compliance. Applicant is requesting 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 #8, **Montgomery County MUD #89** – Applicant is requesting an amendment to an operating permit for drilling authorization for a new well and an increase in production authorization in the amount of 3,240,000 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, **City of Conroe (AWS Production Well)** – Applicant is requesting authorization to begin construction of an Alternative Water Supply Well which is to be drilled into the Catahoula Formation. In addition to the construction authorization, applicant is seeking a permit allocation from the proposed well of 483,840,000 gallons for 2013. Applicant intends to use the allocated water to provide for the municipal and industrial demands of applicant's water system, which consists of approximately 3,333 connections. District staff and consultants have reviewed the information supplied by applicant as well as the information included relative

to applicant's anticipated demands and proposed surface water supply included as part of the SJRA GRP as approved by LSGCD. Based on the above information, it is the General Manager's recommendation to approve the registration of the well, and authorize construction. In addition, the General Manager recommends approval of the allocation in the amount of 483,840,000 gallons for 2013 and beyond.

Upon a motion made by Director Stinson, seconded by Director Bleyl, items #2 thru #9 were approved in accordance with the General Manager's recommendations. Director Weisinger abstained from voting on #8 and #9. Motion passed.

Director Weisinger requested LSGCD make a courtesy call on the City of Oak Ridge North. He felt the city should know that Duane Hudson is drilling a well very close to or in Oak Ridge North's city limits.

President Tramm adjourned the Public Hearing on Permit Applications at 10:07 a.m.

PASSED, APPROVED, AND ADOPTED THIS 9th DAY OF OCTOBER, 2012.

M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

September 11, 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 September 11, 2012.

President Tramm called to order the regular Board of Directors meeting at 10:07 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 Wood 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; Mark Lowry, District Consultant; 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 Moffatt and unanimously carried, to approve the meeting minutes as presented:

- a) August 14, 2012, Special Board Meeting
- b) August 14, 2012, Public Hearing on Permit Applications
- c) August 14, 2012, Regular Board of Directors Meeting

COMMITTEE REPORTS:

Water Awareness and Conservation Committee – Billy Wood, Chair. In Director Wood’s absence, Paul R. Nelson stated that the committee had not met last month and gave an update on conservation activities since the last Board meeting.

Briefing on conservation efforts. Mr. Nelson reported that LSGCD staff as well as the education trailer will be at the Lone Star Convention Center hosting the Texas Bass Classic to be held September 28 – 30, 2012.

Mr. Nelson also contacted Reuben Martinez, Chief Sanitarian with the Montgomery County Consumer Health and Food Division of the Health Department, in an effort to determine how many restaurants there are in Montgomery County and their locations. He also contacted the Greater Montgomery County Restaurant Association about making a presentation at their monthly meeting and to discuss going back to the “water on request” program.

Mr. Nelson discussed progress on the Water Efficiency Network and reported that a meeting of the network was held at the Spring Creek Nature Center on, August 23rd. The main subject discussed at that meeting was the “water alert” system which the City of Houston has developed, alerting customers via smart phone or computer of excess water usage based on pre-determined parameters. . The City of Houston is also using web-based systems to determine leaks in their major lines so as to reduce water loss. There were more than 50 people in attendance. The next meeting of the Water Efficiency Network is scheduled for September 20, 2012. Jason Afinowicz, of Freese Nichols will be speaking on the conservation portions of the Region H plan that was submitted in December, 2011. The Region H Water Plan contains a great deal of information and projections about conservation as a strategy. In October, the Water Efficiency Network will have Chris Loomis with the City of Conroe discussing the innovative changes they have made.

Mr. Nelson discussed plats at the last meeting and he has been tracking those for the past month. He has found that there are 9.83 acres of commercial land, 17 acres for a school, a 2.85 acre fire station, and 126 single family lots on 33 acres platted. All but the school will be receiving public water supply. The school is already on well water.

RESOLUTION No. 12-006 – Protect Your Groundwater Day

President Tramm read Resolution No. 12-006 designating September 11, 2012 as “Protect Your Groundwater Day”. A motion was made by Director Stinson and seconded by Director Baker to approve Resolution No. 12-006. Motion was approved by all directors.

Rules and Bylaws Committee – Kathy Turner Jones, Coordinator. Ms. Jones reported that the committee has not met since the last Board meeting. Ms. Jones is coordinating with the committee members to schedule the next meeting.

Policy and Personnel Development Committee – Sam W. Baker, Chair. Director Baker stated that the committee has not met since the last meeting and there was no report. A meeting will be held later this month to look at year end salary.

Findings and Review Committee – Paul R. Nelson, Coordinator. Mr. Nelson stated that the committee met on September 6th with all members present. At that meeting, a presentation on an update of the Catahoula formation study was provided by James Beach with LBG- Guyton. The committee determined that these finding should be presented to the full

Board. Mr. Nelson further indicated that the presentation would be given at the end of the meeting today.

Mr. Nelson also brought up the updated Gulf Coast model and handed the floor over to the engineer, Mark Lowry. Mr. Lowry reported the results of the scenario runs show only small additional draw downs in Chico, Evangeline, and Jasper aquifers. The Harris, Galveston, and Fort Bend subsidence districts will be looking at their regulatory plans and considering relaxing some of their dates and percentages. The actions that the Lone Star Board has already taken have been appropriate and will be effective for the duration of the study period

Budget and Finance Development Committee – Jim Stinson, Chair.

Director Stinson stated the committee has not met since the last Board meeting.

There is an item on the agenda to approve an Investment Policy but this item will be tabled to give it further consideration.

Director Stinson reported actual income of \$1,988,000 versus budget of \$1,976,000; Expenses of \$1,139,000 versus \$1,272,000; Capital project expenditure of \$844,000 versus budget of \$800,000. Annual budget is \$864,000.

Building and Facilities Committee – Kathy Turner Jones. Ms. Jones stated that the committee has not met since the last Board meeting. Ms. Jones stated a meeting would be held in the near future regarding legal action on the sewer line. In addition, the committee will also address the mobile lab structure.

ENGINEERING REPORT:

Mark Lowry mentioned that a detailed report has been included in the packets. The majority of time spent was focused on his role as the Houston Area Groundwater liaison and the Catahoula model liaison. In addition, Mr. Lowry has been evaluating the evaporation numbers from the San Jacinto River Authority.

SHOW CAUSE / AAction Mulch of Texas:

Discussion and possible action to issue a Show Cause Order directing the following permittees, or their designated representative, to appear at a Show Cause Hearing for that purpose and show cause why appropriate enforcement action should not be taken, including without limitation initiating a lawsuit against the permittees(s) for failure to permit existing non-exempt well with the District:

AAction Mulch of Texas has been found to be in violation of District Rules for failure to permit an existing non-exempt well. Based on legal advice received in Executive Session, it is the General Manager's recommendation to order a Show Cause Hearing to be held in conjunction with the October 9, 2012 Board meeting for failure to permit existing non-exempt well with the District.

Director Eichelberger made a motion, seconded by Director Bleyl to accept the General Manager's recommendation. Motion approved.

GENERAL COUNSEL REPORT:

Brian Sledge updated the Board on pertinent legal issues and developments impacting the District since the last regular Board Meeting. Mr. Sledge has been working on the Texas Water Development Board draft of administrative rules put into effect from the legislative session. They wanted a preview of comments before taking it to their Board for publication. District filed comments and overall the rules look 95% the way we wanted them to go. The rules will be taken before the Water Development Board later this month for authorization for publication.

Mr. Sledge reported he has had visits with some of the legislative staff and committees on what they have planned for the fall. The House does not appear to have any further meetings on groundwater. However, it's been mentioned that the Senate will be meeting in September. There are some changes going on after the elections, and we expect that there may be some changes in committee chairs over the next few months. He will keep the District up to date on those changes.

GENERAL MANAGER'S REPORT:

Ms. Jones stated that the General Manager's report was included in the packets and if anyone had any questions, she would be glad to address them.

The District is starting an e-newsletter in connection with the revamped website. Ms. Jones asked if any of the board members has access to, and could provide her with homeowner's lists of their own POA or MUD that is available to the public. The District would like to send out our newsletter to those persons and ask if they would like to continue receiving our newsletter. In addition, we are planning public announcements and working with the newspapers on trying to get a guest column going. Staff is working with an information team to produce information that will be of interest to the public.

TWCA is scheduled for the end of October. Anyone interested in attending, please let staff know as soon as possible so that we reserve a room.

TAGD held the first annual Texas Groundwater Summit at the end of August with over 300 attendees. It was a two and one-half day event with many speakers. Director Moffatt complimented the speakers; the information received, and stated that he enjoyed attending this conference. President Tramm stated he hopes there will be a second meeting as this one was very informative. Mr. Nelson said that he attends a number of these conferences and he indicated there was a good balance to the speakers, people from both sides, which spoke to the subject. He thought this was good and he has been asked by several persons about when the next one will be held.

Ms. Jones reported she gave a presentation to the Hispanic Civic Association on August 26. She presented a slide presentation on the role of LSGCD and its regulator stance.

PUBLIC COMMENT: None.

NEW BUSINESS: None.

CATAHOULA PRESENTATION HYDROSTRATIGRAPHIC AND MODEL STUDY

Mr. Nelson introduced John Seifert and James Beach who presented the Catahoula Formation model study. Mr. Seifert first spoke to the development of the model, having been tasked with providing a model of both the Jasper and the Catahoula, and incorporating geologic and hydraulic data and calibrating a groundwater model with pre-development water level measurements. Four (4) different Catahoula pumping scenarios were then applied to the model. The scenarios developed included 3,000 acre feet/year, 6,500 acre feet/year, 18,000 acre feet/year, and 36,000 acre feet/year. All 4 scenarios assumed a pumping period of fifty (50) years. The study demonstrated the modeled effects (drawdown) of the assumed pumpage amounts on both the Catahoula and the Jasper aquifers. These results were then discussed by the board. One recommendation made by the consultants was to increase water-level monitoring in both Catahoula and Jasper wells, and various means of doing so, including the use of transducers and tapes.

Mr. Nelson then spoke briefly about the actual report that was due as a final product. The consultants indicated that the final draft of the report should be completed and given to district staff within a week. Mr. Nelson then recommended that the board accept the draft and make it available on the District's web site for a 30-day public comment period once received. The board could then re-visit the issue at its November meeting. The board agreed with that recommendation.

There being no further business, upon a motion by Director Weisinger, seconded by Director Baker, President Tramm adjourned the meeting at 11:40 a.m.

PASSED, APPROVED, AND ADOPTED THIS 9th DAY OCTOBER, 2012.

M. Scott Weisinger, PG, Board Secretary