

# LONE STAR GROUNDWATER CONSERVATION DISTRICT

January 13, 2015

## 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 January 13, 2015.

Secretary Weisinger called the meeting to order at 9:06 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 President Tramm and Director Baker, 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".*

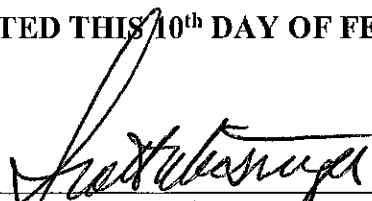
After a proper and legally sufficient announcement to the public by Secretary Weisinger, the Board of Directors went into a Closed Executive Session at 9:07 a.m. pursuant to Texas Government Code, Sections 551.071, to consult with the District's attorney regarding pending or contemplated litigation, 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.

Vice President Baker arrived at 9:11 a.m.

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

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

**PASSED, APPROVED, AND ADOPTED THIS 10<sup>th</sup> DAY OF FEBRUARY, 2015.**

  
\_\_\_\_\_  
M. Scott Weisinger, PC, Board Secretary

# LONE STAR GROUNDWATER CONSERVATION DISTRICT

JANUARY 13, 2015

## 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 January 13, 2015.

### CALL TO ORDER:

Vice President Baker called to order the Public Hearing on Permit Applications at 10:10 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 President Tramm, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, General Manager; Paul R. Nelson, Assistant General Manager; Brian L. Sledge, General Counsel; Mark Lowry, District Consultant; District staff; and members of the public. *Copies of the public sign-in sheets are attached hereto as Exhibit "A".*

Item #1, **Crystal Springs Water (Oak Tree)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 4,000,000 gallons for 2014 and 6,000,000 gallons for 2015 and annually thereafter. The Porter SUD 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 #2, **Mariann & Vietson Lam** - Applicant is requesting an amendment to an Historic Use Permit for an increase in production authorization in the amount of 100,000 gallons for 2014 and 1,000,000 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 #3, **Aqua Texas, Inc. (Pine Vista)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 700,000 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 #4, **Great Southern Stabilized Materials, LLC** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 5,399,999 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, **David Hurd** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 870,000 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 #6, **K & K Construction, Inc. (Farrell Rd.)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 250,000 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 #7, **James Knowles** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,000,000 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 #8, **Splendor Pipe Services** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,000,000 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 #9, **Owens Handle Company** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 300,500 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 #10, **Foroutan & Michele Amini** - Applicant is requesting registration of a new well and production authorization in the amount of 20,000,000 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, **T & W Water Services (Rio Vista)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,100,000 gallons for 2014 and 2,500,000 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 #12, **Glassel Properties** - Applicant is requesting an amendment to an Operating Permit for drilling authorization for a new well. No additional production 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 #13, **CST Performance Products Corp. (Koalstad Rd)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,000,000 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, **Conroe ISD (ORHS9th)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,000,000 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 #15, **Butera RV Park** - Applicant is requesting registration of a new well and production authorization in the amount of 1,000,000 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 #16, **Consumers Water Company (Peach Creek Oaks)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 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 #17, **Don E. Granger (Center)** - 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 #18, **Robbin Express** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 65,000 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 #19, **Mike Manore (M&D Sprinklers, Inc)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 39,000 gallons for 2014 and 200,000 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.

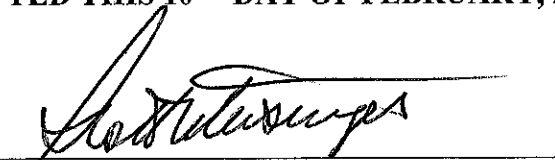
Item #20, **Faith Bible Church** - Applicant is requesting registration of a new well and production authorization in the amount of 3,000,000 gallons for 2015 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration and construction of the well and authorize a **reduced** amount of 2,300,000 gallons for 2015 and annually thereafter.

The first motion was made by Director Stinson, and seconded by Director Bleyl to approve items #1-19 as requested, in accordance with the General Manager's recommendations. The motion passed unanimously.

The second motion was made by Director Stinson, and seconded by Director Moffatt to approve item #20, in accordance with the General Manager's recommendation for the registration and construction of a new well by Faith Bible Church, as well as authorization of a reduced recommendation. The motion passed unanimously, with Director Bleyl abstaining.

Vice President Baker adjourned the public hearing on permit applications at 10:13 a.m.

**PASSED, APPROVED, AND ADOPTED THIS 10<sup>TH</sup> DAY OF FEBRUARY, 2015.**

  
\_\_\_\_\_  
M. Scott Weisinger, PG, Board Secretary

# LONE STAR GROUNDWATER CONSERVATION DISTRICT

## JANUARY 13, 2015

### 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 January 13, 2015.

#### CALL TO ORDER:

Vice President Baker called to order the regular Board of Directors meeting at 10:13 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 President Tramm, 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 Secretary Weisinger, and unanimously carried, to approve the meeting minutes:

- a) December 9, 2014, Special Board Meeting
- b) December 9, 2014, Public Hearing on Permit Applications

- c) December 9, 2014, Regular Board of Directors Meeting
- d) January 5, 2015, Budget and Finance Development Committee – Budget Workshop

**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.**

Vice President Baker noted to the public that the most recent version of the proposed amendments were available in the room for anyone who needs a copy. Mr. Baker announced that no amendments will be voted on today, and the public hearing will continue through the February 10, 2015 board meeting.

The District's attorney Brian Sledge noted that additional revisions had been made, focusing on two areas:

- 1) Worked with the city of Conroe on the proposed joint groundwater reduction plan procedures to eliminate the provision that would have made the Joint GRP sponsor a co-permittee on permits that are included in a Joint GRP. That provision is no longer there.
- 2) Eliminated all references and language to the "fair share" solution in the DRP, due the confusion that it caused.

- 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 striking the words "fair share" from the proposed amendments does not remove the obligation of the District's board to provide fair share to every owner overlying the common reservoir. He reiterated comments in letters received to the District from M. Powell and M. Jones. He then discussed the principles of artesian pressure versus storage, stating that the artesian pressure of the aquifer will always keep up with regional use. He



said that the basis of the District's DRP created a solution based on change of storage, the idea that the aquifer can't keep up, therefore we need to limit pumpage to recharge. Because the aquifer will keep up, this basis is incorrect. He also referenced the commonly-heard statement, "The pumping must not exceed the recharge." He said the idea that knowing the recharge is important in determining the size of sustainable groundwater development is a myth, referencing an article by John Bredehoeft called "The Water Budget Myth". The issue in sustainable groundwater development involves capture of recharge and depletion of storage. There is no evidence of storage depletion in the Gulf Coast to speak of. He proposed that these ideas be accepted so that everyone can move forward for the good of the county.

Mr. Russell Johnson, representing the city of Shenandoah, then gave public comment. He requested, on behalf of the city, that the District step back, take additional time, conduct a workshop on the District Regulatory Plan and hear from the hydrologists who have recently participated (LBG Guyton and USGS), to obtain their input on these important questions of how best to address the issues that affect the District. They would also like the District's general manager to ask the GMA 14 to delay consideration of the proposed adoption of Desired Future Conditions which are set for February. The city's goal is to meet the District's requirements, and still meet the city's demand for future water supply. They are determined to meet the District's goals through innovative and appropriate management strategies, and are happy to work with the District's staff and consultants.

Director Houston and Ms. Jones announced that a workshop announcement will be forthcoming today, which will be scheduled for January 28, and written comments should be in by January 26.

## **COMMITTEE REPORTS:**

### **Water Awareness and Conservation Committee - Billy Wood, Chair**

Briefing on Committee Activities - Director Wood reported that the committee had not met since the last Board meeting.

Update on Water Efficiency and Conservation Efforts – Paul R. Nelson, Assistant General Manager – Mr. Nelson briefed the Board on additional conservation activities, including

- Mr. Nelson noted that no watering was needed outside of rainfall this month, and the District recommends no watering until April.
- He also stated that the District received excellent coverage on its press release and social media public service announcement regarding instructions on how to winterize sprinkler systems in preparation for freezing weather.
- There was no meeting of the Gulf Coast/Montgomery County Water Efficiency Network in December. The next meeting will take place at the

District offices on January 29. Judge Mark Evans, North Harris County Regional Water Authority and Chair of Region H Water Planning group, will speak regarding the 2016 Region H Water Plan, and how that relates to SWIFT funding.

- Regional Water Symposium – District staff helping to plan this third-annual event, which will take place March 4 at the United Way building in Houston. A number of experts will speak, including LSGCD Board Member Rick Moffatt. More information will be provided at next month’s meeting.

**a. Presentation on background and status of Low Impact Development (LID) in the county and region by Christopher Browne, LEED AP, with the engineering firm of Edminster Hinshaw Russ & Associates**

Mr. Browne gave an informative and educational presentation on the latest in LID, and provided examples of local efforts in the region.

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 – slight drain modifications are being made to the aquifer model so that it will be ready for upcoming spring events.
- HOAs and cities – continuing to reach out to them for support of Water Efficiency Network’s yard sign campaign
- Annual Report – draft is underway
- Plans for 2015 include: school visits, addition of map to “Watering Recommendations” on website, large number of spring events, creation of a rainwater catchment educational brochure and student video contest
- Ongoing e-blasts, press releases and social media communications
- Monthly Dock Lines article

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

Briefing on Committee Activities – Ms. Jones reported the committee has not met since the last board meeting, but it will meet again at the January 28<sup>th</sup> public meeting.

**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 – Kathy Turner Jones, General Manager**

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. – Kathy Turner Jones

Ms. Jones noted that Mark Lowry will give this report on behalf of John Seifert/LBG Guyton. Mr. Lowry reported they are working at this point on collecting data on the impacts of the conversion to surface water in the North Harris County Regional Water Authority in 2010. They are also collecting groundwater pumping data and water-level data in the south part of Montgomery County, which will be relevant to the North Harris County evaluation. They also have been collecting observation well data for Montgomery County for all four of the aquifers and have been checking on the potential availability of water wells in areas where there is limited observation well coverage. These are efforts under the area of "Task 1"

Regarding "Task 2", they have initiated the study of the areas within Montgomery County that contain fresh water, and in some instances, brackish groundwater in any of the four aquifers: Chicot, Evangeline, Jasper and Catahoula. The Catahoula is the aquifer that contains brackish to saline water in the south part of the county.

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. On December 17<sup>th</sup>, Mr. Nelson, Mr. Lowry and Mr. Bennett met and identified about 20 wells to track the data through the years from this point forward, as more data is collected, in order to identify trends.

## **Budget and Finance Development Committee - Jim Stinson, Chair**

Briefing on Committee Activities – Director Stinson reported that a public workshop was held on January 5 to finalize a draft budget for 2015.

### a) 2015 Operating Budget

Mr. Stinson opened up the item for discussion and input. There were no questions from the board, and Director Moffatt made a motion in favor of Resolution #15-001, adopting GY 2015 Operating and Capital Outlay Budgets as presented. Director Houston seconded the

motion and all those present were in favor; therefore the motion was unanimously passed.

Review of Monthly Financial Reports – Director Stinson noted that un-audited report of income for 2014 was \$2,044,000 compared with a budget of \$2,152,000. It appears this was due to the Alternative Water Source fees being lower than anticipated. However, expenses were also down in 2014. Budgeted expenses were \$2,107,000 and actuals \$1,953,000.

Fourth Quarter Investment Report 2014 – Director Stinson noted that the report was in the board packets, and there were no questions from the board.

Discuss, consider, and possible action regarding approval of Resolution #15-001 adopting FY 2015 Operating and Capital Outlay Budgets – This item was approved as presented, slightly out of agenda order, as noted above.

**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.

**ENGINEERING REPORT:**

Mark Lowry, District Consultant, reported that he spent time working on the two ongoing studies, interfacing with District staff and consultants. The remainder of his activity during the month was routine, and a copy of his report is included in the Board's packet.

**CONSIDERATION AND POSSIBLE ACTION REGARDING APPLICATION FOR EARLY CONVERSION CREDITS PURSUANT TO THE EARLY CONVERSION INCENTIVE AS DESCRIBED IN ADDENDUM D OF THE LSGCD RULES – PRODUCTION OF ALTERNATIVE WATER SOURCE (AWS) FROM THE CATAHOULA RESTRICTED AQUIFER PROJECT, MONTGOMERY COUNTY MUD #8 – Kathy Turner Jones, General Manager**

Montgomery County MUD #8 has submitted an application for Early Conversion Credit eligibility for an Alternative Water Source well drilled into the Catahoula formation. It is the General Manager's recommendation to approve the application for Early Conversion Credit eligibility for MUD #8's Alternative Water Source well. This approval does not award any specific number of gallons, and it does not constitute any financial determination. The award of credits will come after applicant provides the proper records and documentation to the District.

Director Weisinger made a motion in favor of the above item, in accordance with the General Manager's recommendation. Director Bleyl seconded the motion. Director McCoy abstained, and all those remaining were in favor, therefore the motion passed unanimously.

**DISCUSSION AND POSSIBLE ACTION OT ISSUE A SHOW CAUSE ORDER DIRECTING THE FOLLOWING PERMITTEES, OR THER DESIGNATED REPRESENTATIVE, TO APPEAR AT A SHOW CAUSE HEARING FOR THEAT PURPOSE, AND SHOW CAUSE WHY APPROPRIATE ENFORCEMENT ACTION SHOULD NOT BE TAKEN, INCLUDING WITH LIMITATION INITIATING A LAWSUIT AGAINST IT FOR FAILURE TO REMIT 2015 PERMIT RENEWAL AND/OR FINES ASSOCIATED WITH TIMELY SUBMITTION – Kathy Turner Jones, General Manager**

**1) AMERICAN TREE FARM, HUPAG1500009**

American Tree Farm is listed for possible action to issue a show cause order directing the permittee or its designated representative to appear at a show cause hearing to be held in conjunction with the February board meeting and show cause why appropriate enforcement action should not be taken against it for failure to remit the 2015 permit renewal application and/or fines associated with timely submission.

History: District staff has reached out to American Tree Farm's permit owner, Mr. Bill Crawford, multiple times. He has failed to submit his 2015 permit renewal by the October 31<sup>st</sup> deadline and thus was issued a Notice of Violation and civil penalty on November 26, 2014. Mr. Crawford's penalty was determined to be \$206.48, which included the cost for certified mail and was based on the repeated occurrence of this violation. The District received 2015 permit renewal for American Tree Farm on December 2, 2014, but did not receive the penalty fine. Historically, the District has waived this penalty fine as a way to "keep the peace" but he continues to not meet deadline, whether for permit renewals, annual usage fees and/or pumpage reports. On January 6, 2015, the Permitting Director sent a final letter to Mr. Crawford that if the fines were not received by January 27 (within 20 days of date of letter), then he would be issued a notice to appear at a Show Cause Hearing, which would take place February 10, 2015.

Director Weisinger moved to approve the General Manager's recommendation as outlined above, Director Stinson seconded the motion, and all those present were in favor, therefore the motion passed.

**GENERAL MANAGER'S REPORT:**

Ms. Jones noted that her report is included in the board packet, and the month's activity centered around the 2015 budget, board meeting preparations and the strategic plan/stakeholder meeting.

**1) Update and status report on GMA-14**

Ms. Jones noted at the February 24<sup>th</sup> meeting, GMA-14 is scheduled to approve draft Desired Future Conditions (DFCs) as described in the Texas Water Code. Should those draft DFCs be accepted, that action will trigger a 90-day clock which enables the public comment period to begin. After the 90 days, the GMA-14 would review public comments and consider them in the final draft of the proposed DFCs.

## **GENERAL COUNSEL'S REPORT:**

Mr. Sledge reported that in addition to the work on the District Regulatory Plan revisions, his firm has been preparing for the new legislative session, which begins today. His legislative monitoring report is in the Board packet.

## **PUBLIC COMMENT:**

Mr. Mike Thornhill, representing Mr. Stoecker and the IOU Group, provided public comment. He thanked the District for taking more time with regard to the rulemaking process. He asked the board to consider the two pillars of groundwater management and groundwater policy – law and science. He said that the science that the District has relied upon to set its current Desired Future Condition (DFC) and its current MAG, is flawed. Therefore, if it's flawed, it cannot be the best available science. He urged the Board to take time to understand the science because the decisions will last five years. He also asked the General Manager and the District to not agree to any draft DFCs at this time.

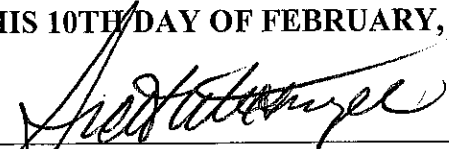
Director Stinson asked Mr. Thornhill to clarify something that he said – is it correct that the DFCs are required to be reviewed every five years at minimum, but that they can be changed at any time. Mr. Thornhill stated yes, that is correct.

Mr. Harden then asked to be recognized again for comment. He drew the Board's attention to the word "draft" and said that if you look in Chapter 36, the word "draft" is not in the language, and what's being adopted are "proposed" DFCs. He also suggested that the GMA 14 board not adopt "draft" DFCs. Mr. Harden said that developing DFCs by county are not allowed, and that the GMA 14 Board is trying to do so. He does not believe Montgomery County should have a more restrictive DFC than other counties within GMA 14; this is not a fair share of a common reservoir. He thinks his group will be proposing alternative DFCs before February 24<sup>th</sup> or shortly thereafter.

## **NEW BUSINESS:**

There being no further business, Director Weisinger made a motion to adjourn the meeting; Director Houston seconded the motion, therefore the meeting was adjourned at 11:32 a.m.

**PASSED, APPROVED, AND ADOPTED THIS 10TH DAY OF FEBRUARY, 2015.**

  
\_\_\_\_\_  
M. Scott Weisinger, PG, Board Secretary

# LONE STAR GROUNDWATER CONSERVATION DISTRICT

## Resolution No. 15-001

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT ADOPTING AN OPERATING AND CAPITAL OUTLAY BUDGET FOR 2015

**WHEREAS**, the Lone Star Groundwater Conservation District (the "District") was created by the Legislature of the State of Texas by the Act of May 17, 2001, 77th Leg., R.S., ch. 1321, 2001 Tex. Gen. Laws 3246, as amended (the "Enabling Act"), as a groundwater conservation district operating under Chapter 36, Texas Water Code, and the Enabling Act; and

**WHEREAS**, the District Board of Directors (the "Board") Budget & Finance Committee has worked diligently to identify all reasonably anticipated District revenues, expenses, and activities for the January 1 through December 31, 2015 budget cycle, and, after giving much consideration to these important factors, has developed a proposed 2015 budget for the Board's consideration and deliberation (the "2015FY Budget");

**WHEREAS**, the Board has reviewed and considered the 2015 Operating and Capital Budget;

**WHEREAS**, pursuant to Section 36.154 of the Texas Water Code, the District has prepared a budget that contains a complete financial statement, including a statement of the outstanding obligations of the District, the amount of cash on hand to the credit of each fund of the District, the amount of money received by the District from all sources during the previous year, the amount of money available to the District from all sources during the ensuing year, the amount of the balances expected at the end of the year in which the budget is being prepared, the estimated amount of revenues and balances available to cover the proposal budget, and the estimated fee revenues that will be required;

**WHEREAS**, the Board finds that the adoption of the 2015 Budget, attached hereto as Attachment A and incorporated herein by this reference for all purposes, is merited to support the District's activities and related expenses from January 1, 2015 through December 31, 2015 and that the attached budget will allow the District to carry out the District's objectives and responsibilities as prescribed by the Enabling Act and Chapter 36 of the Texas Water Code.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT THAT:**

- I. The above recitals are true and correct.
- II. The Board of Directors of the Lone Star Groundwater Conservation District hereby adopts an operating and capital outlay budget for January 1, 2015 to December 31, 2015 as

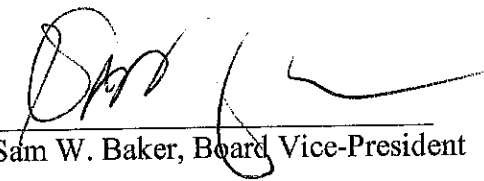
provided in the budget appended hereto as "Attachment A," which is incorporated herein by this reference and is hereby approved and adopted.

III. The Board of Directors, its officers, and the District employees are further authorized to take any and all actions necessary to implement this resolution.

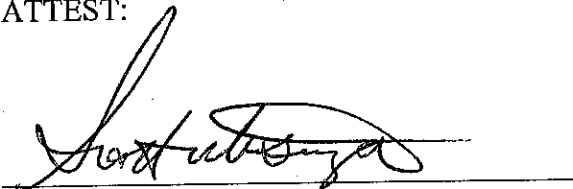
**AND IT IS SO ORDERED.**

**PASSED AND ADOPTED on this 13<sup>th</sup> day of January, 2015**

**LONE STAR GROUNDWATER CONSERVATION DISTRICT**

By:   
Sam W. Baker, Board Vice-President

ATTEST:



M. Scott Weisinger, PG, Board Secretary



# LONE STAR GROUNDWATER CONSERVATION DISTRICT

Wednesday, January 28, 2015

## MINUTES OF STAKEHOLDER WORKSHOP

### *STAKEHOLDER WORKSHOP ON STRATEGIC WATER RESOURCES PLANNING STUDY*

The Findings and Review Committee of the Lone Star Groundwater Conservation District held a "STAKEHOLDER WORKSHOP" open to the public at 2:00 PM, Wednesday, January 28, 2015, at 655 Conroe Park North Drive, Conroe, Texas.

#### **CALL TO ORDER:**

President Tramm called the meeting to order at 2:03 p.m. announcing that it was open to the public.

#### **ROLL CALL:**

The roll was called of the board members who are members of the committee, to wit:

Richard J. Tramm  
Rick J. Moffatt  
Jace Houston  
John D. Bleyl, PE

Because it was anticipated that a number of other members of the District's Board of Directors would be in attendance at the public workshop / committee meeting, notice of a special called board meeting of a quorum of the board was properly provided in accordance with legal requirements, and President Tramm noted that the following board members were also present, which meant that there indeed was a quorum of the board in attendance so as to constitute a special meeting of the board of directors.

Sam Baker  
Scott Weisinger  
W. B. Wood  
Jim Stinson, PE

Also, in attendance at said meeting were: Kathy Turner Jones, General Manager; Mark Lowry, District Engineer; John Seifert and Bill Mullican, District technical consultants; District

staff; and members of the public. *(Copies of the public sign-in sheets are attached hereto as Exhibit "A").*

Director Stinson arrived at 2:10 p.m.

The committee heard a presentation by John Seifert, LBG-Guyton, regarding the Water Resources Planning Study. The project objectives include:

- Reviewing the adequacy of groundwater monitoring program in order to assess current aquifer conditions and the effects of the initial conversion to Alternative Water Supplies in 2016;
- Reviewing Total Estimated Recoverable Storage (TERS) data from the Texas Water Development Board and possible implications for groundwater management; and
- Conducting an evaluation of potential opportunities for additional groundwater development while ensuring long-term viability of the aquifer.

Mr. Seifert noted that the project would be divided into 4 separate tasks and the time frames for each would be as follows:

- Task 0 -- Project Communications with the time frame being the duration of the project;
- Task 1 – Groundwater Production & Monitoring Assessment and the duration lasting for the first 8 months;
- Task 2 – Review of TQDB Total Estimated Recoverable Storage and the duration also lasting the first 8 months; and
- Task 3 – Future Groundwater Availability with the time frame being just over a year.

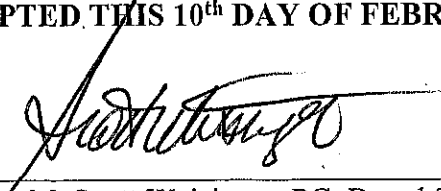
The estimated time of completion for the project in its entirety is approximately 21 months. Mr. Seifert stated that the project had begun and was a month into both Task 1 and Task 2.

A question was asked as to whether the recommendations from LBG-Guyton would be on the Gulf Coast Aquifer as a whole or based on the specific aquifer layers and Mr. Seifert clarified that the recommendations would be based on specific aquifer layers.

In response to a question from the public regarding when public comment would be allowed, President Tramm stated that they anticipate to have quarterly public meetings. Public meetings would be held similar to the Stakeholder Workshop, allowing for an open forum of discussion.

There being no further questions from the committee or the public, the meeting was adjourned at 2:22 p.m.

**PASSED, APPROVED, AND ADOPTED THIS 10<sup>th</sup> DAY OF FEBRUARY, 2015.**

  
\_\_\_\_\_  
M. Scott Weisinger, PG, Board Secretary

**LONE STAR  
GROUNDWATER CONSERVATION DISTRICT**

**Wednesday, January 28, 2015**

**MINUTES OF PUBLIC WORKSHOP**

***PUBLIC WORKSHOP ON PROPOSED AMENDMENTS TO DISTRICT  
RULES AND DISTRICT REGULATORY PLAN***

The Rules and Bylaws Committee of the Lone Star Groundwater Conservation District held a "PUBLIC WORKSHOP" open to the public at 3:30 PM, Wednesday, January 28, 2015, at 655 Conroe Park North Drive, Conroe, Texas.

**CALL TO ORDER:**

President Tramm called the meeting to order at 3:30 p.m. announcing that it was open to the public.

**ROLL CALL:**

The roll was called of the board members who are members of the committee, to wit:

Richard J. Tramm  
M. Scott Weisinger, PG  
W. B. Wood  
John D. Bleyl, PE

Because it was anticipated that a number of other members of the District's Board of Directors would be in attendance at the public workshop / committee meeting, notice of a special called board meeting of a quorum of the board was properly provided in accordance with legal requirements, and President Tramm noted that the following board members were also present, which meant that there indeed was a quorum of the board in attendance so as to constitute a special meeting of the board of directors.

Sam Baker  
Jace Houston  
Rick J. Moffatt  
Jim Stinson, PE

Also, in attendance at said meeting were: Kathy Turner Jones, General Manager; Brian L. Sledge and Shauna N. Fitzsimmons, General Counsel; and Mark Lowry, District Engineer.

District technical consultants; District staff; and members of the public. *(Copies of the public sign-in sheets are attached hereto as Exhibit "A").*

President Tramm gave a brief summary on the development of the proposed amendments to the District Rules and the District Regulatory Plan ("DRP") before allowing Brian Sledge, General Counsel to the District, to expand on the proposed amendments to the rules and the DRP. Mr. Sledge provided a general description of the proposed amendments to the District Rules regarding well spacing and tract size requirements for new wells drilled into the Gulf Coast Aquifer and the Catahoula Aquifer. However, because the committee found no extreme urgency in adopting the proposed well spacing and tract size rules at this time, the committee has decided to recommend that the Board table these proposed amendments for further deliberation.

Nonetheless, Mr. Sledge stated that other proposed amendments to the DRP regarding New Large Volume Groundwater Users, the transferability of permits, and procedures for Joint Groundwater Reduction Plans are more urgent in nature to the District's regulation of the Gulf Coast Aquifer and to the permit holders who must meet the 2016 conversion requirements. Thus, Mr. Sledge described the following proposed amendments to the DRP that remain open for discussion for the purposes of the workshop:

- Permitted Production Authorization for New Large Volume Groundwater Users ("new LVGUs") – The proposed amendments allow a new LVGU to, under an individual or Joint Groundwater Reduction Plan ("GRP"), to actually produce up to 10 million gallons a year, depending upon its demand, regardless of its Total Qualifying Demand ("TQD").
- The Transferability of Permits – The proposed amendments authorize the transfer of permits between LVGUs, New LVGUs, and Small Volume Groundwater Users ("SVGUs") that are otherwise prohibited to participate in permit transfers under the current DRP. Pursuant to the proposed amendments, LVGUs, New LVGUs, and SVGUs may transfer a permit issued by the District to any other person, limited to the amount of TQD held by the transferring permit holder.
- GRP Permitting Procedures – The proposed amendments clarify the permitting procedures between the District and the participants and sponsors to a Joint GRP, by allowing the Joint GRP Sponsor to be responsible each year for informing the District which participants in the Joint GRP will produce how much groundwater. Additionally, the proposed amendments provide that the GRP Sponsor is primarily responsible for paying water use fees and other fees for all participants, and is primarily on the hook for enforcement if the Joint GRP participants collectively produce more groundwater than the group is authorized to produce.

President Tramm then recognized public comments. The committee received comments from the following members of the public:

1. Mr. Mike Stoecker
2. Mr. Byron Bevers, City of Shenandoah
3. Mr. Mike Powell, attorney representing the City of Conroe
4. Mr. Bob Harden, consultant representing the City of Conroe

5. Mr. Mike Thornill
6. Mr. Mike Massey, Lake Conroe Communities Network
7. Mr. Mike Turco, Harris-Galveston Subsidence District and Fort Bend Subsidence District
8. Mr. Marty Jones, attorney representing Mike Stoecker

Mr. Bryon Bevers, City of Shenandoah, provided the only comment that directly related to the proposed amendments to the DRP currently under consideration by the District. Mr. Bevers stated that he sent a letter to the District on January 26, 2015. Mr. Bevers was specifically concerned with proposed amendments that authorize a New LVGU to produce up to 10 million gallons annually, but then state that “. . . this amount of permitted production authorization cannot be sold or transferred by the New LVGU for production at a different location or offered to a Joint GRP by the New LVGU as a participant to the Joint GRP . . . .”

Mr. Sledge responded to Mr. Bevers's comment by noting that Mr. Bevers had left out the remainder of the sentence he cited from the proposed amendments, which provides that “. . . this amount of permitted production authorization cannot be sold or transferred by the New LVGU for production at a different location or offered to a Joint GRP by the New LVGU as a participant to the Joint GRP for production by another Joint GRP participant.” Thus, Mr. Sledge explained that while a New LVGU may be unable to sell or transfer its permitted production authorization into a Joint GRP for production by another participant to the Joint GRP at a different location from the New LVGU's property, the proposed amendments nonetheless enable the New LVGU to actually produce, himself, the 10 million gallons as a participant to a Joint GRP. This applies to New LVGUs with no TQD; to the extent a New LVGU has TQD, that TQD is transferable under the proposed amendments.

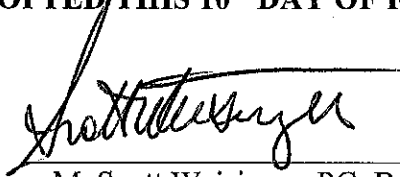
Mr. Bevers then recommended to the committee the creation of a technical advisory committee comprised of various stakeholders to provide insight to the District relevant to the proposed amendments. Mr. Bevers also mentioned that he had alternative options to the proposed amendments to the DRP for the District to consider, but that he was not ready to share them at this time. Director Weisinger asked that Mr. Bevers submit his recommendation to President Tramm.

All other comments received by the District from the public were directed at the 2016 conversion requirements as set forth under the current DRP, or just generally against the District's entire regulatory approach. Commenters recognized that they were more concerned with the current DRP Phase II(B) requirement that all LVGUs must, beginning in the year 2016, reduce their annual production to an amount equal to 70% of their TQD, or 10 million gallons, whichever amount is greater. The commenters were concerned with the basis of this required reduction, which is to reduce total annual groundwater production from the Gulf Coast Aquifer within Montgomery County, to a level that does not exceed, on average, the sustainable recharge rate of the Gulf Coast Aquifer, an amount equal to 64,000 acre-feet. The commenters questioned the District's decision to manage the aquifer on a sustainable basis and the accuracy of the 64,000 acre-feet number adopted by the District.

Mr. Sledge summarized the history that lead to the District's decision to attempt to regulate water levels in the Gulf Coast Aquifer on a sustainable basis and the various technical studies and recommendations that resulted in the District's adoption of 64,000 acre-feet as an appropriate amount of water availability to regulate groundwater production in Montgomery County.

There being no further questions from the committee or the public, the meeting was adjourned at 5:34 p.m.

**PASSED, APPROVED, AND ADOPTED THIS 10<sup>th</sup> DAY OF FEBRUARY, 2015.**

A handwritten signature in black ink, appearing to read "M. Scott Weisinger", written over a horizontal line.

M. Scott Weisinger, PG, Board Secretary