

LONE STAR GROUNDWATER CONSERVATION DISTRICT

January 14, 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 January 14, 2014.

President Tramm called the meeting to order at 9:05 a.m., announcing that it was now open to the public.

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

Sam 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 Baker and McCoy, 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 L. Sledge, General Counsel; District staff; and members of the public. *Copies of the public sign-in sheets are attached hereto as Exhibit "A".*

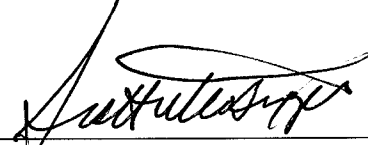
After a proper and legally sufficient announcement to the public by President Tramm, the Board of Directors went into a Closed Executive Session at 9:06 a.m. pursuant to Texas Government Code, Sections 551.071, to consult with the District's attorney regarding pending or contemplated litigation, settlement offers, or on matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act, Chapter 551, Government Code.

Director Baker arrived at 9:11 a.m.

Following Executive Session, the Board reconvened in Open Session and declared it open to the public at 10:01 a.m.

No action was taken on matters discussed in Executive Session and the meeting was adjourned at 10:01 a.m.

PASSED, APPROVED, AND ADOPTED THIS 11th DAY OF FEBRUARY, 2014.



M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

January 14, 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 January 14, 2014.

CALL TO ORDER:

President Tramm called to order the Public Hearing on Permit Applications at 10:11 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 McCoy, 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, **Tall Timbers POA** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 50,000 gallons for 2013 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, **Tam Nguyen Retreat Center** - No action will be taken today. Due to internal error, the District will cover the publication fee and the permit will be re-listed at the February 2014 board meeting.

Item #3, **Gulf Coast Stabilized Materials (FM 242)** - Applicant is requesting registration and drilling authorization to construct a new well with production authorization in the amount of 4,000,000 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 #4, **Amato Asset Management LTD** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 20,000 gallons for 2013 only. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #5, **Cherry Crushed Concrete** - Applicant is requesting registration and drilling authorization to construct a new well with production authorization in the amount of 8,500,000 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 #6, **Aqua Texas, Inc. (Westwood 1&2/Old Egypt)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 15,000,000 gallons for 2013 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, **Aqua Texas, Inc. (Lake Conroe Village)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 2,000,000 gallons for 2013 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 #8, **Vernon Smith** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,000,000 gallons for 2013 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, **Big Diamond (Calvary)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,500,000 gallons for 2013 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, **Big Diamond (FM 1097)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,000,000 gallons for

2013 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, **Aqua Texas, Inc. (Timberloch Estates)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,000,000 gallons for 2013 only. 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 #12, **Aqua Texas, Inc. (Cimarron Country)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,000,000 gallons for 2013 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, **City of Conroe** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 85,785,191 gallons for 2013 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 #14, **Darst Funeral Home** - Applicant is requesting registration and drilling authorization to construct a new well with 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 #15, **Montgomery County MUD #139** - Applicant is requesting registration and drilling authorization to construct a new well with production authorization in the amount of 3,000,000 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 #16, **CLW, Inc.** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 103,000 gallons for 2013 only. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #17, **Danny Kainer & Kainer Veterinary Service** - Applicant is requesting registration and drilling authorization to construct a new well with production authorization in the amount of 570,000 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, **Montgomery County Pct. 2 (Football Field)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 615,600 gallons for 2013 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, **City of Conroe (FM 1488)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 60,000 gallons for 2013 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 #20, **Settler's Crossing Water System** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 875,000 gallons for 2013 only. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #21, **Newton Amalgamated LLC** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 10,000 gallons for 2013 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 #22, **Montgomery County Pct. 2 (Community Center)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 2,299,200 gallons for 2013 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 #23, **A&A Stone** - This is an existing well staff found in non-compliance. Applicant is requesting registration of the well and production authorization in the amount of 300,000 gallons for 2013 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 #24, **The Woodlands United Methodist Church** - Applicant is requesting registration and drilling authorization to construct a new well with a production authorization in the amount of 9,500,000 gallons for 2014 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration and construction of the new well and authorize a **reduced** amount of 5,100,000 gallons for 2014 and annually thereafter.

Item #25, **T & W Water Services (Sun Rise Ranch)** - Applicant is requesting an amendment to an Operating Permit for a decrease in production authorization in the amount of 400,000 for 2013 and annually thereafter. The amended permit allocation for 2013 and annually thereafter will be 9,900,000 gallons. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested. Applicant has agreed that the permit amendment seeks to reduce the total authorized withdrawal below the 2016 Total Authorized Production Amount and if approved, the applicant will not be entitled or eligible to increase the total authorized annual amount of groundwater permitted to produce from the Gulf Coast Aquifer under this permit or any other permit beginning in 2016 and future years unless through a purchase or other transfer of total qualifying demand from another LVGU.

Item #26, **Point Aquarius MUD (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. Due to internal error, the allocation request for this permit will be presented at the February 2014 board meeting, with the District covering the publication fee. The SJRA GRP Administrator has been notified by email and has not submitted any comments on the request. Additionally, District staff has received a letter amendment from the GRP Administrator, acknowledging the addition of the AWS well and incorporating the AWS allocation into the Joint GRP. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration and construction of the well.

Due to internal posting error, item #2, Tam Nguyen Retreat Center, was deferred until the February 2014 Board meeting. It was also noted that the recommendations would be broken up into four motions due to the various type of applications presented.

The first motion was made by Director Bleyl, and seconded by Director Moffatt to approve items #1, and items #3-23 in accordance with the General Manager's recommendations. Director Wood opposed item #1, Tall Timbers POA, and the motion passed.

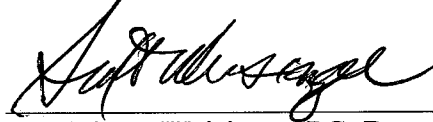
The second motion was made by Director Stinson, and seconded by Director Baker to approve item #24, The Woodlands United Methodist Church, in accordance with the General Manager's reduced recommendation. The motion passed unanimously.

The third motion was made by Director Baker, and seconded by Director Bleyl to approve item #25, T & W Water Services (Sun Rise Ranch), in accordance with the General Manager's recommendation to approve the requested decrease. The motion passed unanimously.

A final motion was made by Director Stinson, and seconded by Director Bleyl to approve item #26, Point Aquarius MUD (AWS Well), in accordance with the General Manager's recommendation. Director Weisinger abstained from voting and the motion passed.

President Tramm adjourned the public hearing on permit applications at 10:21 a.m.

PASSED, APPROVED, AND ADOPTED THIS 11TH DAY OF FEBRUARY, 2014.



M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

January 14, 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 January 14, 2014.

CALL TO ORDER:

President Tramm called to order the regular Board of Directors meeting at 10:21 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 Director McCoy, 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".*

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 Houston, seconded by Director Stinson, and unanimously carried, to approve the meeting minutes:

- a) December 10, 2013, Special Board Meeting
- b) December 10, 2013, Public Hearing on Certification of GRP(s) or Joint GRP(s)
- c) December 10, 2013, Public Hearing on Permit Applications
- d) December 10, 2013, Regular Board of Directors Meeting

COMMITTEE REPORTS:

Water Awareness and Conservation Committee – Billy Wood, Chair

Briefing on Committee Activities – Billy Wood, Chair

Director Wood reported that the committee had not met since the last board meeting. He asked Marlisa Briggs and Paul R. Nelson to update the Board on public outreach efforts and conservation activities since the last Board meeting.

Briefing on Public Outreach Efforts – Marlisa Briggs, Education/Public Awareness Coordinator

Mrs. Briggs' presentation highlighted the following public outreach efforts:

- Leadership Montgomery County project
- Ongoing e-blasts, press releases and social media communications
- Monthly Dock Lines article
- Participation with Woodlands Chamber of Commerce's Legislative Committee, specifically the February Meet the Candidates/Whistle Stop event

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

Mr. Nelson briefed the Board on the following conservation activities:

- Presentation at the Houston Gulf Coast Irrigation Association's Annual Meeting (about 150 attendees)
- MUD Board of Director Meetings: MUD 83, MUD 2, MUD 112
- Attended League of Women Voters Panel Discussion on Water
- Attended the City of Conroe's Conservation Committee Meeting – topic: hot water re-circulating pumps

Rules Development Committee – Kathy Turner Jones, Coordinator

Briefing on Committee Activities - Ms. Jones stated the Rules Development Committee had not met since the December 10th board meeting, but committee members are working to meet prior to the February Board meeting. District staff has mailed notification letters to LVGUs regarding GRP amendments adopted at the November board meeting.

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

Briefing on Committee Activities – Director Baker stated that the committee had not met since last Board meeting.

Findings and Review Committee – Paul R. Nelson, Coordinator

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

Budget and Finance Development Committee - Jim Stinson, Chair

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

Review of Monthly Financial Reports – Director Stinson reported that the financial statement indicated an actual income of \$2,000,000 compared to a budget of \$2,210,553 and that actual expenses were \$1,860,000 versus a budgeted estimate of \$2,060,000.

Review 4th Quarter 2013 Investment Report. – Director Stinson noted that the report was included in the board packet.

Building and Facilities Committee - Kathy Turner Jones, Coordinator

Briefing on Committee Activities - Ms. Jones reported that the committee had not met, but dirt work to redevelop existing storm water detention has been delayed due to weather. The project is expected to begin any day once the weather clears and the soil moisture lessens. With the redesign project, there will be a need for the Building and Facilities Committee to meet in the near future.

The purpose of these meetings, to be held in early spring, is to begin looking at the path forward so development will occur in conjunction with the redesign that incorporates low-impact development (LID) features. This will further enhance the District's goal to provide public demonstrations and examples of conservation measures developers and/or individuals might consider during new construction. Specifically, projects that will minimize local storm water requirements and loss of usable property for other uses, and to slow storm water runoff for shallow water saturation and recharge.

ENGINEERING REPORT:

Mark Lowry, District Consultant, stated that a copy of his report is included in the Board packet and offered to answer any questions. Mr. Lowry spent a considerable amount of time working on gathering and analyzing the District's data to provide a response to the Texas Water Development Board with regard to acreages and usage data. There is a possibility that the

TWDB will include some of this data in the Regional Water Plan. The outcome of the data analysis shows a considerable amount of conservation has occurred in Montgomery County.

DISCUSSION AND POSSIBLE ACTION TO ISSUE A SHOW CAUSE ORDER

A) Alice Flores, OP-05070101A

Ms. Flores' permit is in violation for non-renewal. Staff is working with Ms. Flores' family, and expects to resolve the matter this month. Therefore, Ms. Jones recommended including the violation on the February board meeting agenda, in the event staff is unable to successfully resolve the issue. Director Stinson made a motion in agreement with the General Manager's recommendation; Director Bleyl seconded and all were in favor.

B) Quality Car Care, HUP182

Ms. Jones noted that the item of Quality Car Care could be removed from the current agenda.

APPLICATION FOR EARLY CONVERSION CREDITS – CITY OF PANORAMA VILLAGE

City of Panorama Village submitted an application for Early Conversion Credits for a project whereby they use waters produced from the Catahoula Aquifer to reduce groundwater production from the Gulf Coast Aquifer System in advance of the 2016 groundwater conversion deadline. Within the application, the applicant states the project was completed in November 2013.

The project has been reviewed by staff and is eligible for an early conversion incentive credit as stipulated in the rules. It is the General Manager's recommendation to recognize the City of Panorama Village's commitment to preserving aquifer levels by implementing an Alternative Water Source (AWS) and support a two-to-one ratio early conversion credit for AWS water metered beginning November 2013. Director Stinson made a motion in agreement with the General Manager's recommendation; Director Wood seconded; Directors Bleyl and Weisinger abstained. All those voting were in favor.

GENERAL MANAGER'S REPORT:

Ms. Jones informed the Board that most of her activities were included in the General Manager's Report found in their packets. She reported that on December 4th, District staff mailed notice of compliance audit letters to all GRP sponsors and GRP participants to notify all Large Volume Groundwater Users (LVGUs) the District is in the process of completing status review and audits of GRPs on file. The purpose of the audit review process is to ensure that all LVGUs are on track to meet their Initial Conversion Obligation by 2016. As part of this review process, LVGUs must submit to the District a GRP Status Report identifying their progress. For Joint GRP participants, the Joint GRP Sponsor is responsible for submitting to the District a GRP Status Report on behalf of the Joint GRP participants. Deadline to respond is February 1st. To date, five individual GRPs have submitted their GRP Status Report (there is a total of 33 GRPs).

Shortly after Christmas, the District received formal notice of approval and certificate of administrative completeness from the Texas Water Development Board (TWDB) noting a review of the management plan has been documented and the plan is administratively complete and in compliance with the Texas Water Code Chapter 36.1071 and 31 TAC356.

GENERAL COUNSEL'S REPORT:

Mr. Sledge stated that he been working on the Groundwater Reduction Plan audit, met with staff on various permitting issues, and continues to monitor the legislature and stakeholders on potential impact on the District's regulatory program.

PUBLIC COMMENT:

A member of the public asked if they could use the "no go system" as an early conversion credit. Director Tramm thanked the gentleman, and encouraged him to submit an application.

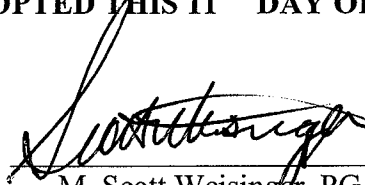
NEW BUSINESS:

Ms. Jones introduced and welcomed Amy Beussink, the new USGS Regional Director.

Director Tramm asked that Jace Houston's name replace Reed Eichelberger's name on all District committee assignments.

There being no further business, upon a motion by Director Weisinger, seconded by Director Baker, President Tramm adjourned the meeting at 10:56 a.m.

PASSED, APPROVED, AND ADOPTED THIS 11TH DAY OF FEBRUARY, 2014.



M. Scott Weisinger, PG, Board Secretary