

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 9, 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 June 9, 2015.

President Tramm called the meeting to order at 9:02 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 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 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” on the Regular Board of Directors Meeting minutes.*

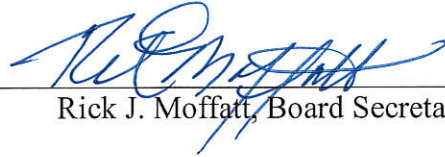
After a proper and legally sufficient announcement to the public by President Tramm, the Board of Directors went into a Closed Executive Session at 9:03 a.m. pursuant to Texas Government Code, Sections 551.071, to consult with the District's attorney regarding pending or contemplated litigation, settlement 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 9:35 a.m.

Following Executive Session, the Board reconvened in Open Session and President Tramm declared it open to the public at 10:09 a.m.

No action was taken on matters discussed in Executive Session and President Tramm adjourned the meeting at 10:09 a.m.

PASSED, APPROVED, AND ADOPTED THIS 14th DAY OF JULY, 2015.



Handwritten signature of Rick J. Moffatt in blue ink, written over a horizontal line.

Rick J. Moffatt, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 9, 2015

MINUTES OF SHOW CAUSE HEARING

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 June 9, 2015.

The audio recording will serve as the official record for the Show Cause Hearing. The summary below is provided for convenience

President Tramm called to order the Show Cause Hearing at 10:46 a.m.

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 Bleyl, 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” on the Regular Board of Directors Meeting minutes.*

SHOW CAUSE HEARING FOR CAROLYN BEAL, PURSUANT TO DISTRICT RULE 2.5

President Tramm asked if anyone was in attendance representing Carolyn Beal for the Show Cause Hearing. No one indicated they were present to represent her.

Mr. Sledge noted that District staff has not heard from Ms. Beal. He then recommended that the Board follow previous procedures and turn the matter over to the District’s local attorneys to file suit in accordance with the District’s rules. Director Stinson made a motion to approve this recommendation. Director Moffatt seconded the motion and all those present were in favor.

SHOW CAUSE HEARING FOR INRI, PURSUANT TO DISTRICT RULE 2.5

President Tramm asked if anyone was in attendance representing INRI. No one indicated they were present to represent INRI.

Mr. Sledge stated that because the company is in bankruptcy, he recommends suspending the INRI permit and leave the remainder of the enforcement matter as pending until the bankruptcy matters have been resolved. Director Stinson made a motion to approve this recommendation. Director Bleyl seconded the motion, and all those present were in favor.

ADJOURN

President Tramm adjourned the Show Cause Hearing at 10:49 a.m.

PASSED, APPROVED, AND ADOPTED THIS 14th DAY OF JULY, 2015.



Rick J. Moffatt, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 9, 2015

MINUTES OF CONTINUANCE OF PUBLIC HEARING ON PROPOSED AMENDMENTS TO DISTRICT RULES AND DISTRICT REGULATORY PLAN *(FROM OCTOBER 14, 2014)*

The Board of Directors of the Lone Star Groundwater Conservation District (“District”) held a “Public Hearing on Proposed Amendments to District Rules and District Regulatory Plan,” 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 June 9, 2015.

President Tramm called the meeting to order at 10:18 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, 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” on the Regular Board of Directors Meeting minutes.*

PRESENTATION AND DISCUSSION OF PROPOSED AMENDMENTS TO THE DISTRICT RULES, INCLUDING WITHOUT LIMITATION AMENDMENTS TO PHASE II(B) OF THE DISTRICT REGULATORY PLAN (DRP)

Brian Sledge, General Counsel, provided a briefing for all present. Copies of the latest version of the proposed amendments were available at the meeting for those in attendance and are on the website as well. In the new document, the newest changes are highlighted in yellow.

The changes fall into two areas: 1) the petition process for additional production authorization and 2) a new concept discussed that's part of the District's ongoing discussions on possible requested changes to Desired Future Conditions (DFCs) – which is under the title, "Additional Interim Production Authorization." The concept of the second item (Additional Interim Production Authorization) is this: because of the ongoing strategic planning study being conducted by LBG Guyton & Associates, and the District's continued commitment to look at the result of that study when it's finished (about May 2016), and then to assess opportunities for possible additional development of groundwater supplies in the county. This concept would allow large volume groundwater users and new large volume groundwater users that achieve the initial conversion obligation in 2016 to grow on Gulf Coast groundwater from 2017 – 2020, so that while the board is evaluating the results of the strategic planning study, and possibly resulting in additional production authorization, folks wouldn't necessarily have to go secure new sources of supply during that window of time in the event the board were to change the DRP to allow for development of additional supplies.

With regard to the rest of the rules, the TQD, the GRP administrative procedures and individual GRP provisions, we haven't gotten any comments on those in a while, and they have been out for about eight months. We had some comments on them, and drafted responses and changes to the proposed amendments in response, and those comments have tapered off. The District has gotten comments from joint GRP sponsors that they are really needing those procedures to be adopted very soon if we hope to be able to achieve the September 1, 2015 deadline.

The board has given Mr. Sledge comments that the Advisory Committee needs the opportunity to look at all the rules before the board takes action on them, therefore he recommends the vote be delayed one additional month in order to give the Advisory Committee an opportunity to review. Most of the language that's up for bid has been out there for eight months, and the District has heard from many Advisory Committee members individually, but not as a group. There's more of an urgency on what's not highlighted in yellow in the latest version of the rules than there is on the yellow items which are still up for active discussion. However, due to the deadlines the District is facing, Mr. Sledge urged the Board to consider the July Board meeting as the drop-dead deadline for getting at least the Joint GRP Operating Procedures (non yellow-highlighted items) adopted.

Director Wood suggested that the Board consider that if the Advisory Committee approves everything that is not in yellow, then a meeting can be called to vote on the rest of the rules in order to give the GRPs as big of a head start as possible. He suggested giving them two weeks.

Director McCoy commented that the vote be conducted during a regular Board meeting when everyone knows they will be meeting, and everyone can have their own comments, instead of a special called meeting.

Director Weisinger commented that the committee has waited seven months to have the opportunity and he would never support giving them a two week limit for them to fast-track something. He supports letting it run its course.

PUBLIC COMMENT ON PROPOSED CHANGES TO THE DISTRICT RULES AND GRP

Charles Barron, representing himself as a county resident, was the first to make public comment. He referred to the 2012 Groundwater Availability Model Study conducted by the Texas Water Development Board (TWDB) at the request of Lone Star GCD. Input to that study was the 64,000 acre-foot recharge rate; TWDB used that value in that study without controversy. Using that number in the study, the TWDB applied their best science to groundwater availability and discovered another 27,000-acre-feet – or so – of groundwater supply availability in the Jasper that comes from the recharge zones that are known to exist for the Jasper outside the boundaries of Montgomery County. As best he can tell, the rulemaking procedures to date do not acknowledge the existence of that additional groundwater supply. This should not be a surprise because the existence of the recharge zone outside the county has been well known for some time. They further then looked at the Jasper aquifer in their models and calculated how much of the 64,000 acre-feet available within Montgomery County reaches the Jasper. They came up with about 700 acre-feet that falls on the recharge zone of the Jasper within Montgomery County, which is a very small number because that area is very small. They then calculated an additional 900 acre-feet of water that reaches the Jasper of the 64,000 falling on Montgomery County. This is the water that transits through the Chicot/Evangeline and the Burkeville confining layer. Again a very small number. This should not be a surprise to anyone because it puts mathematical confirmation to the idea that the Burkeville really is nonporous. It transmits very little water between the Evangeline and the Jasper. If you can't recharge the Jasper from the Evangeline/Chicot system, changing pumping rates within the Jasper will not have any impact on the problem areas in south county that exist in the Chicot/Evangeline system. Mother Nature operates these aquifers as individual systems. That then, invalidates the definition the District has used for the Gulf Coast Aquifer as containing both the Chicot/Evangeline and Jasper systems. That is a major challenge to the format of the rules as they are currently structured. He believes that's what the majority of the challenge – the rulemaking structure doesn't properly account for the physical properties of the Jasper aquifer.

President Tramm asked Mr. Barron if his comments are intended to apply to public comment on regulatory plan amendments which are under consideration. He noted that the District is trying to limit comments to those amendments which are under consideration. Mr. Barron said perhaps that was the case and thanked the Board for their time.

Mike Thornhill, representing Montgomery County IOUs, was the next speaker. He noted that he won't go into repeating his previous comments about the DRP. Instead, he'd like to address an agenda item which is forthcoming during the regular Board meeting listed as Mr. Mullican's intent to propose an alternate DFC, increasing the 64,000 acre-feet number to 75,000 acre-feet through 2020. His question about this is how does it apply to passing rules now if there's going to be a change in the limit of water allowance. However, he feels his question was answered by Mr. Sledge earlier in the meeting.

Bob Harden, a groundwater hydrologist representing the city of Conroe, addressed the board. He noted that the city of Conroe has given the District, via letter by Mike Powell, comments about the entire regulatory structure and they have provided public comment stating that they believe the rules need to be re-engineered. He noted on example of challenges with the new handout (today), referring to the new "Petition for Additional Production Authorization" says the groundwater user can "demonstrate to the satisfaction of the board of directors of the District that the request for increased production will enable the LVGU or New LVGU to produce its fair share of the groundwater from the common aquifer while nonetheless achieving the relevant adopted desired future conditions". He noted that "fair share" is inherent. It does not have to be prudent. A DFC is achieved through the expression of all users' rights. It also involves users outside Montgomery County, which gets into why the city has proposed the DFCs that it has made.

DISCUSSION, CONSIDERATION AND POSSIBLE ACTION APPROVING AMENDMENTS TO THE DISTRICT RULES AND PHASE II(B) OF THE DISTRICT REGULATORY PLAN

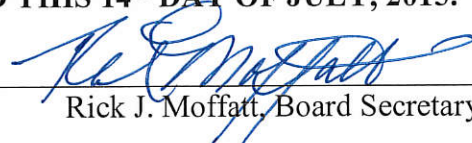
Mr. Sledge noted there is no need for a motion to continue the hearing, therefore President Tramm stated that the District will continue the public hearing on July 14, 2015, at 10 a.m. in the District board room.

Director Stinson encouraged staff to get with stakeholders to come to a consensus about the non-highlighted items, and he will be glad to attend a called meeting if necessary.

ADJOURN

No further action was taken, and President Tramm adjourned the meeting at 10:41 a.m.

PASSED, APPROVED, AND ADOPTED THIS 14th DAY OF JULY, 2015.


Rick J. Moffatt, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

JUNE 9, 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 June 9, 2015.

CALL TO ORDER:

President Tramm called to order the Public Hearing on Permit Applications at 10:41 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 Bleyl, 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” on the Regular Board of Directors Meeting minutes.

Item #1, **Montgomery Ridge Ltd** - Applicant is requesting registration of a new well and production authorization in the amount of 6,000,000 gallons for 2015 and annually thereafter. Applicant has been notified that they will need to meet the Phase II(B) requirements by creating or joining a certified GRP before the permit can be amended for more than 10 million gallons.

Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #2, **Wood Trace MUD No. 1** - 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 #3, **Josh Milne** - This is an existing well staff found in non-compliance. Applicant is requesting registration of the well and production authorization in the amount of 120,960 gallons for 2015 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to authorize an increased allocation of 2,200,000 gallons for 2015 and annually thereafter.

Item #4, **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 850,000 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 #5, **Fabritex LLC** - This is an existing well staff found in non-compliance. Applicant is requesting registration of the well and production authorization in the amount of 50,000 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 #6, **Craig Pritchard** - Applicant is requesting registration of a new well and production authorization in the amount of 600,000 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, as well as authorize a reduced allocation of 200,000 gallons for 2015 and annually thereafter.

The first motion was made by Director Stinson, and seconded by Director Bleyl to approve items #1, 2, 4 and 5 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 Bleyl to approve item #3, in accordance with the General Manager's recommendation to approve the permit and registration of the existing well and authorize an increased amount. The motion passed unanimously.

The third motion was made by Director Stinson, and seconded by Director Moffatt to approve item #6, in accordance with the General Manager's recommendation to approve registration, construction of the well and authorized a reduced recommendation. The motion passed unanimously.

Mr. Sledge noted there is an unusual item regarding the INRI permit listed on the Permit Hearing agenda, which will be considered for suspension during the Show Cause Hearing today,

and recommended that President Tramm continue that portion of the permit hearing until the board takes up the Show Cause Hearing.

President Tramm agreed with this recommended action at 10:46 a.m.

PASSED, APPROVED, AND ADOPTED THIS 14TH DAY OF JULY, 2015.



Rick J. Moffatt, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

JUNE 9, 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 June 9, 2015.

CALL TO ORDER:

President Tramm called to order the regular Board of Directors meeting at 10:49 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, 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".*

President Tramm noted that because some of the public comments represent items that are on the agenda prior to where the public comments are listed on the agenda, he moved the public comments up to the next item on the agenda.

PUBLIC COMMENT:

First, the Board heard from Mr. Michael Massey, representing the Lake Conroe Communities Network (LCCN), who read "LCCN Testimony". *A copy of the "LCCN Testimony" is attached hereto as Exhibit "B"*.

President Tramm then recognized Mr. Charles Barron, noting that his previous comments (See "Public Hearing on Proposed Amendments to District Rules and District Regulatory Plan Minutes" from June 9, 2015) would be more appropriate at this time. Mr. Barron stated that he would like to continue with his comments.

Mr. Charles Barron, representing himself, then provided public comment. He noted his point of reference – the 2012 TWDB Groundwater Availability Model Study, requesting the board to focus on the information contained in that report as the District seeks to build its regulatory structure pointing out that the Jasper aquifer receives significant recharge from sources outside the county, so those volumes should be added to the 64,000 acre-foot availability recharge number. The other take-away from the study according to Mr. Barron is that the Jasper is isolated from the Chicot-Evangeline system in the way that it physically performs. The rulemaking process where the District has combined the Chicot, Evangeline and the Jasper into something the District has termed the "Gulf Coast Aquifer" for rulemaking purposes, is therefore not an accurate description of the way in which Mother Nature is behaving. "If we don't define the processes in which behaviours are occurring, then the outcomes we are trying to achieve are not going to be good". Mr. Barron noted his purpose in trying to focus on the TWDB study is to give a different framework for working on the challenges that a number of concerned individuals are trying to make to the board. Mr. Barron stated he has heard both the City of Conroe and the LCCN say that they don't intend to challenge SJRA's GRP Phase 1 or the SJRA's surface water project because the funds have been expended and the bonds need to be serviced. "I've heard Mayor Melder say that he has a contract within SJRA GRP, and he intends to honor that contract." "What he (Mayor Melder) is looking for in changing the rulemaking approach to the Jasper, is once he has satisfied the SJRA GRP commitment, he wants the freedom to utilize his Jasper permit resources for additional growth and water needs that he sees coming at him." Mr. Barron stated he believes that concept applies to others who are looking at focused growth that's going to occur in the north, and to some extent the west county. Those are the challenge areas that will be before the county in the next five years or so. That's where people are concerned about the path the District is on today. He provided one additional comment, following up on what Mr. Massey said. He stated that aquifers perform two functions: 1) provide a storage inventory of water and 2) provide a transport role for moving water from point A to point B within an aquifer system. Mr. Barron feels the board should get better educated about the way those two physical functions of an aquifer perform. Lastly, he encouraged the board to become more educated so they can participate in a good discussion about those effects in the future.

Mike Thornhill, representing Quadvest/Stoecker Corp, provided comments next. He specifically wanted to address agenda item 5D(3), Item (a): "*Consideration and Possible Action on Recommending Alternative Desired Future Conditions for Consideration by GMA 14*". He thanked the District for placing the information on the website. He first addressed the new, proposed DFCs which were in the packet online for this meeting. His comment regarding the new proposed DFC is that it's strictly a reverse-engineered DFC. He referred to his presentation

to the GMA 14. He quoted the second bullet, "Thus the Desired Future Conditions for the Gulf Coast Aquifer in Montgomery County would be the water levels in each layer of the Gulf Coast Aquifer resulting from the following pumping scenarios being run through the HAGM and distributed proportionally between the Chicot, Evangeline, Burkville and Jasper." He explained that he believed it to be a backward calculation of the DFCs. Additionally, he stated it was an arbitrary amount by definition and does not account for the capabilities of the aquifer, as he has previously mentioned. Mr. Thornhill stated that in the package, there is no distribution of pumping between the Jasper, Evangeline, Burkville or Chicot aquifers. In contrast, Mr. Thornhill is proposing a DFC based on the water balance of the aquifer: inflows, outflows and storage. Mr. Thornhill's clients propose, for the Jasper aquifer, a DFC that says by 2070, at least 95% of the aquifer remains full, which he states will take into account the true aquifer capabilities and how much the aquifer can produce. He continued that his proposed DFC removed the arbitrary nature of artesian drawdown as a DFC and eliminates reverse engineering, while also allowing for a more informed and accurate planning process so we can plan water supplies in Montgomery County and the state of Texas. Mr. Thornhill believes that the economic costs that come with drilling deep water levels should be a choice rather than a regulated requirement. He added that the county can deal with subsidence and water quality changes according to the laws. Finally, he stated it is his belief that his proposed DFC is consistent with the law, consistent with property rights and is consistent with the history of our state and how water was planned in the past.

Last to speak was Mr. Bob Harden, representing the city of Conroe. First, he noted that his colleague Kevin Spencer provided a presentation at the most recent GMA 14 meeting. The presentation he referenced was limited to the Jasper aquifer and laid out an alternative DFC. That DFC is stated as "no less than 95% of the storage shall remain in the Jasper aquifer in 2070 in GMA 14." He said that there have been a few GMAs that have adopted DFCs rooted in the assignment of a physical condition first but other GMAs don't do that, rather they utilize reverse engineering where a pumpage amount is adopted first, then a model is used to calculate some change in the water level and that the process creates an arbitrary DFC. He added that according to the TWDB, a DFC is an aquifer condition and you must be able to state the aquifer condition first, then determine the groundwater availability of that condition. Therefore, it is his opinion that a pumpage amount is not a DFC and selecting a pumpage amount without establishing the condition first creates an arbitrary DFC in the end. Mr. Harden continued by saying that the DFCs in GMA 14 have been defined by county, and he disagrees with that because a county is not the most suitable area for managing the resource to achieve a DFC. He explained that with regard to Montgomery County, he believed there could be enough Jasper development in Liberty and Waller counties to ensure that no pumpage in Montgomery County could achieve a DFC. Therefore, when looking at an area that a DFC should apply to, certain things, such as what are the physical factors of the groundwater aquifer and what are the natural inherent boundaries in it, as well as the characteristics of the effects of production. Mr. Harden finished by saying that if the District is going to delineate a proper area for management of this resource then it should take into account a change in storage in the outcrop of the aquifer on a regional basis.

APPROVAL OF THE MINUTES:

President Tramm stated the Board would consider all meeting minutes listed as one item. Upon review of the following, Director Moffatt noted that the "May 5, 2015, Special Board Workshop of the Findings and Review Committee" has a committee title error. Ms. Jones noted it will be corrected, and with that change, a motion was made by Director Baker, seconded by Director Moffatt, and unanimously carried, to approve the meeting minutes:

- a) May 5, 2015, Special Board Workshop of the Findings and Review Committee – *as amended*
- b) May 12, 2015, Special Board Meeting
- c) May 12, 2015, Show Cause Hearing
- d) May 12, 2015, Continuance of Public Hearing on Proposed Amendments to District Rules and District Regulatory Plan
- e) May 12, 2015, Public Hearing on Permit Applications
- f) May 12, 2015, Regular Board of Directors Meeting

USGS PRESENTATION REGARDING GROUNDWATER ACTIVITIES, DATA COLLECTION, WATER LEVEL MONITORING, AND WATER WELL INVENTORIES FOR MONTGOMERY COUNTY – USGS

Jason Ramage, USGS, gave above-mentioned presentation. *A copy of the USGS presentation is attached hereto as Exhibit "C".*

COMMITTEE REPORTS:

A. Water Awareness and Conservation Committee - Billy Wood, Chair

- 1) Briefing on Committee Activities - Director Wood reported that the committee met on June 2, primarily to discuss a request received asking for partial funding of the proposed Earth Kind Garden at the Montgomery County AgriLife Extension. Mr. Nelson will present the item during his report that follows.
- 2) Discuss, consider and take action as necessary regarding funding request from the Montgomery County Master Gardeners for use in the purchase and installation of a rain harvesting/irrigation system to be constructed at the proposed Earth Kind Garden at the Montgomery County Texas AgriLife Extension Service campus, not to exceed \$5,500 – Paul R. Nelson with Michael Potter/Lucinda Owen

Mr. Nelson described the Earth Kind garden project to the board, noting that the purpose of the project is to educate county residents on how to conserve and protect natural resources and includes a rainwater harvesting element. He then presented to the board a project overview, which included a site plan, schematic, photos, a draft letter of acceptance, draft funding agreement and a

budget. Lone Star GCD's portion of the project would be \$5,331.40; the total project costs \$15,500. *A copy of the materials is attached hereto as Exhibit "D".*

Mr. Nelson noted that the Water Awareness and Conservation Committee has recommended this project to the board for funding. Billy Wood made a motion to approve the item as presented. Jace Houston seconded the item, and all those present were in favor. Therefore, the item was unanimously approved.

Following the vote, Ms. Owen and Mr. Potter both expressed thanks to the board for helping to fund the conservation project.

- 3) Update on Water Efficiency and Conservation Efforts – Paul R. Nelson, Assistant General Manager – Mr. Nelson noted District efforts with regard to water efficiency and conservation:
- Water Efficiency Network – met on May 21 at 1:30 at H-GAC. Chris Steubing, City Engineer for City of Sugar Land, spoke about Low Impact Development and changes they have made to help promote this type of development. It was very well received by all in attendance.
 - Upcoming Water Efficiency Network – June 25 at 1:30 at H-GAC. Ken Kramer, Ph.D., Chair of Water Resources for the Sierra Club – Lone Star Chapter, will speak on “Water Conservation by the Yard: Estimating Water Savings from Outdoor Water Restrictions.” The meeting is open for anyone to attend.
 - On June 4, Mr. Nelson attended a meeting at the North Harris County Regional Water Authority, with the topic of conservation. The NHCRWA is interested in the District's ET weather stations and may consider adding stations. Bob Dailey, with Woodlands Joint Powers Agency, was also in attendance, and they (WJPA) are also interested in adding stations.
- 4) Briefing on Public Outreach Efforts – Marlisa Briggs, Education/Public Awareness Coordinator - Ms. Briggs noted District efforts with regard to public outreach and education:
- Watering Recommendations Mapping – The map has been finalized and will be live on the website very soon
 - Texas Sawmill Festival – June 6 – The event was well-organized with numerous activities, and there continue to be a large number of conversations with the public about rainwater harvesting
 - Try the Tap Summer Campaign – Ms. Briggs provided refillable water bottles to all those present, encouraging them to use a refillable water bottle all summer since each disposable water bottle used actually costs three times the about of the water consumed, due to the amount of water needed to produce and dispose of the disposable bottles. She also encouraged all those who use social media to take a photo of themselves using the bottle and tag it with #trythetap

- Ms. Briggs noted that the reason Mr. Nelson did not attend the Water Efficiency Network meeting in May is because he was accepting his North Houston Association Compass Award. The award is given to an individual who has made a significant contribution to both the organization and the region. She congratulated him on this accomplishment and showed photos of his recognition.

B. Rules Development and Bylaws Committee – Richard Tramm, President

- 1) Briefing on Committee Activities – Mr. Tramm noted that the committee had not met since the last Board meeting.

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

- 1) Briefing on Committee Activities – Director Baker noted that the committee had not met since the last Board meeting.

D. Findings and Review Committee – Richard J. Tramm, Chair

- 1) Briefing on Committee Activities – The committee met this month, primarily on the groundwater data acquisition study.
- 2) Status Update: Update regarding 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 - John Seifert – LBG Guyton and Associates

Mr. Seifert reported that activities in May includes normal project communication, which is part of the study. For the first task “Monitoring/review of groundwater production and water level measuring network within the county” – a draft report has been created, which is under review. It covers those subjects as well as the response of the aquifers (Chicot, Evangeline and Jasper) to the reduction in groundwater pumping in the north part of Harris County, which started at about 14 mgd in 2010 and was up to about 29 mgd in 2014. There was a response of the aquifers, upward, to that reduction in pumping. For the third task, the TERS Review, they have looked at the volumes in storage, by aquifer, the water quality and how it varies in the aquifers across the District. Also the work on the water well data in the District’s database and assigning them to aquifers is almost complete. Mr. Seifert stated that they have found few wells that screen two different

aquifers, as was alluded to earlier. A majority are either in the Evangeline, the Chicot, or the Jasper – in isolated cases they have found some screened in the Chicot and Evangeline. The next step is to get the draft report out (in the near future), and then host a stakeholder meeting to hear public input on the draft report.

Director Bleyl asked Mr. Seifert how much water, percent wise, has been lost or withdrawn in storage in Montgomery County. Mr. Seifert stated that it is very difficult to know how much has been withdrawn, and they are recommending additional monitoring in the water table areas in order to achieve more of a best-estimate type situation than strictly qualitative. Mr. Seifert clarified by stating that the answer is yes, there are a few observation wells in the water table, particularly the Evangeline and the Chicot, that are showing declines.

Director Bleyl said we have heard recent numbers like 99.3% or 99.5% still remaining in storage, and asked if those numbers are accurate. Mr. Seifert replied that he didn't know if the numbers were quite that high, but the remaining storage is definitely in the high 90's, though getting to that detail is something he would recommend additional work be done, in order for there to be better quantification of the response of the aquifer in the water table areas.

- 3) Groundwater Management Area 14 (GMA 14) – Update the board on the status of the current desired future conditions development process in GMA 14, the upcoming GMA 14 meeting, and provide guidance to the General Manager on course of action to pursue regarding same. – Bill Mullican, Mullican & Associates

Mr. Mullican provided a recap of recent activities. At the last District board meeting, the General Manager was given guidance to formally request that the GMA 14 consider a DFC based on a pumping scenario of 64,000 acre-feet per year. That was presented to GMA 14 at their meeting on May 28, 2015. One of the decisions made at that meeting was to vote to approve including that DFC option as part of the bigger package of the GMA and carry that forward into the formal nine considerations that are required. Mr. Mullican reminded the Board that it is important to remember for this particular option, the GMA 14 has already gone through a preliminary consideration of all nine considerations, therefore with respect to the proposed DFC option, they may be looking at it in a slightly summarized form with not quite as much detail as they have looked at over the course of the year.

Mr. Mullican stated that the GMA 14 has another meeting scheduled for June 24th, and at that meeting, there will be items on the agenda that will allow the GMA 14 to hear other alternative DFCs proposed by any of the member districts. There will also be an agenda item that will allow the GMA to begin the consideration process on any of those alternative proposed DFC options.

And finally, there will be an agenda item for whatever DFC option that is on the table at that point and time which has gone through the nine considerations. He closed by informing the Board that they are getting close to a decision point in this process.

(a) Consideration and possible action on recommending alternative desired future conditions for consideration by GMA 14 – Bill Mullican

Staff and consultants have been involved in a lot of meetings with stakeholders in the last several months. Mr. Mullican presented a revised “Alternate Desired Future Conditions for Montgomery County” for board consideration. Mr. Mullican read the proposed conditions to the board. *A copy of the Alternate DFCs is attached hereto as Exhibit "E".*

He noted that this (75,000 AFY) number is not an arbitrary number. It’s based on a wide variety of considerations, including both pumping and permitting numbers and amounts that have been approved over the last five years. Generally speaking, this 75,000 acre-feet per year number for this round of joint planning seems to meet all the issues that have been put on the table.

Director Stinson asked with regard to the 75,000 acre-feet, would a certain percentage be assigned to the different aquifers? Mr. Mullican replied that yes that was correct.

Mr. Mullican noted that at the end of the current strategic planning study (performed by LBG-Guyton), the numbers will be reviewed once again to see if changes need to be made in accordance with the study findings. He also explained that this is not a reverse-engineering DFC because a sustainability goal was first set, and then the District worked its way through the science to find out what those pumping estimates would be to achieve the established sustainability goal, which is exactly what the statute calls for.

Mr. Mullican continued by stating that there is also a DFC proposal from Harden & Associates, received in the form of a letter from Mr. Harden, up for consideration.

Director Wood noted that the District has always used the 64,000 acre-feet, based on science, and questioned why it was considering 75,000 acre-feet. He asked what the new number is based on.

Director Houston explained that the District staff and a few board members were involved in a negotiation session last week with the city of Conroe, facilitated by the county Judge. The District was asked to consider, as a show of good faith, to adjust the DFC. And then,

recognizing that we would be going through this study with LBG-Guyton, to update the science; take into account the conversion; look at what water levels do over time as a response to conversion and a number of other factors. And it is staff's recommendation is that we do that by way of the proposed 75,000 acre-feet sustainability DFC. He stated they tried to pick a number based on realistic factors. Though it's not based on full-blown modelling and analysis like the Guyton study, Director Houston stated he is willing to support it for now, given that the District is trying to be responsive to the request while the Guyton study is conducted.

Director Stinson asked if the 75,000 number was a consensus of the committee. Directors replied that the committee didn't meet, the meeting called by the County Judge was called with President Tramm, Director Bleyl, Director Houston, Director Weisinger and District staff and consultants in attendance.

Director Bleyl stated that as he recalled, there were no specific numbers discussed at the meeting with the city of Conroe and the county Judge. And he questioned whether the District was currently permitting at approximately 100,000 acre-feet. Staff replied that was correct. Mr. Bleyl then asked Mr. Mullican to talk about the city of Conroe's request.

Mr. Mullican said the city's request is for the entire GMA 14 to consider a proposed DFC that would allow for "no less than 95% of the total storage in the Jasper is to remain in 2070."

Mr. Bleyl asked Mr. Mullican to comment on that proposal. Mr. Mullican replied that as a hydrogeologist, he did not believe he could get that much water out of the ground. Mr. Mullican continued that he believed there would be significant negative consequences on artesian water levels throughout the county. Additionally, he thinks that pressure analysis, at some point in the process, would be well-served to help everyone understand the nature of this request, though it would probably be better for this type of analysis to occur in a GMA 14 setting therefore any results could be captured in an explanatory report.

Mr. Bleyl asked if the model could be done based on storage instead of pumping to determine a DFC in 2070. Mr. Mullican replied that there would need to be a process of putting pumping into the model in order to extract the water down to the point where the lines cross at 2070 so there is 95% of storage left. He stated that there is not going to be a magic number to make that happen. Director Stinson asked if it was fair to say that the number would be well-above 75,000 acre-feet/year. Mr. Mullican said yes, that the number would be around 130,000 acre-feet/year for the Jasper aquifer. Director Stinson questioned if taking out 5% of storage would be considered mining the aquifer and Mr. Mullican confirmed that

yes, by taking 5% of storage out, it would be considered mining the aquifer. Director Weisinger stated that was subject to opinion and he wasn't aware whether there was a formula or definition that was specific to mining. Mr. Mullican replied the TERS calculation for the aquifer states that less than 1% of the storage is in artesian pressure and the rest of it is from the aquifer itself, therefore to remove 5% of the water out of the aquifer, you're definitely going to have to go into storage. Director Bleyl asked Mr. Mullican what he believed the current remaining aquifer storage was, to which Mr. Mullican replied that (pre-MAG) it was around 99%.

Director Houston noted that over the next 12-18 months, there will be opportunity to analyse all this, and in the meantime, he feels comfortable making a motion along the lines of what staff has recommended as presented at 75,000 acre-feet sustainability proposed DFC. The motion would be to direct the General Manager to deliver that to the GMA 14 for consideration. He would also like to include in that motion that the General Manager deliver Mr. Harden's proposed DFC to the GMA 14 group for them to evaluate as they see fit. Director Houston clarified, the motion was not to recommend Mr. Harden's DFC for Montgomery County, but to pass it along so it will be part of the record for GMA 14. Director Stinson seconded the motion. Director Moffatt asked if the proposed change will cause the GMA to re-evaluate based on the nine conditions. Mr. Mullican said that some of the nine considerations will be affected by the new number and others won't, but there will need to be one more meeting to consider those that will be affected. Directors Houston, Stinson and Tramm voted in favor of the motion, and the remainder of the board voted against it, therefore it did not pass.

Director Bleyl then made a motion to consider a hybrid of what the city of Conroe and the IOU group is requesting, proposing consideration of storage level at no less than 98% of storage remaining – the current level is at 99%, which would result in a one percent drop. Director Wood asked for Mr. Mullican's professional opinion on the option to which Mr. Mullican replied, that because he had just heard it for the first time so he had no opinion. President Tramm stated that he personally could not support the motion based partially on the unknown scientific backing and partly from what he does know, in that there are a lot of small water groundwater users in the county who would be effected negatively by a drop, without having science to back it up. Director Weisinger seconded the motion. Directors Bleyl, Weisinger and McCoy voted in favor of the motion. Director Stinson abstained due to the fact that there was not enough data for him to vote. The remainder of the board voted against the motion, therefore it did not pass.

Director Houston clarified that currently the GMA 14 has LSGCD's recommendation of the 64,000-acre-foot number, so because no new

proposed DFC was approved today by the board, the 64,000 number is the one they will still use as the District's official recommendation. President Tramm replied that is a correct statement.

4. Consider, discuss and take possible action on committee recommendation regarding to accept the findings of the Groundwater Data Acquisition and Analysis Study performed by Anthony E. Bennett, RS – Paul Nelson

Mr. Bennett made a presentation on the findings of the Groundwater Data Acquisition and Analysis Study. Mr. Nelson reminded those present that the project goal was to establish a database where the District could extract information from TCEQ monitoring data so that we could track trends regarding water quality. In the event that fracking does occur in Montgomery County, there will be established water quality numbers (baseline) on a selected number of wells from a variety of aquifers in the county. Director Moffatt made a motion to accept the findings as presented. Director Houston seconded the motion, and all those present were in favor. Therefore the motion passed unanimously. *A copy of Mr. Bennett's presentation is attached hereto as Exhibit "F".*

Director Wood left the meeting at 12:39 p.m.

E. Budget and Finance Development Committee - Jim Stinson, Chair

1. Briefing on Committee Activities – Director Stinson reported that the committee had not met since the last board meeting.
2. Review of Monthly Financial Reports – Director Stinson reported that through actual income is \$1,500,000 and compared with budgeted amount of \$1,528,000. Expenses were budgeted at \$687,000 actual expenses came in at \$887,000.

F. Building and Facilities Committee - Kathy Turner Jones, Coordinator

1. Briefing on Committee Activities – Ms. Jones reminded the board that this committee had been dissolved/absorbed into other committees at the last board meeting, and the item should not have been on the agenda.

**DISCUSS, CONSIDER AND TAKE ACTION AS NECESSARY TO APPROVE
RESOLUTION #15-004 APPOINTING REPRESENTATIVE TO GRP CONTRACT
REVIEW COMMITTEE**

Director Stinson made a motion to appoint Patrick Bond, Compliance Coordinator, Quadvest, as the District's representative to the SJRA GRP Contract Review Committee. Director Bleyl seconded the motion, and all those present were in favor. Therefore, the motion passed unanimously. *A copy of Resolution #15-004 is attached hereto as Exhibit "G".*

ENGINEERING REPORT:

Review of Monthly Engineering Status Reports – Mark Lowry, District Consultant, reported that his report is in the Board packets. He offered to answer any questions.

GENERAL MANAGER'S REPORT:

Ms. Jones noted that her report is included in the board packet, and in the interest of time she does not have a report. She did highlight the upcoming conferences outlined in her report, and encouraged all board members to attend.

GENERAL COUNSEL'S REPORT:

Mr. Sledge noted that the recently closed legislative session was a “big water session” and provided a legislative update in the board packets.

PUBLIC COMMENT:

Public comment was moved to the earlier part of the meeting, as reflected in these minutes.

NEW BUSINESS:

Director Weisinger announced to the board that he was resigning his position as Secretary of the District's Board but will remain a board member. He has reason to believe there is a continued pattern of information being withheld from the board. President Tramm thanked Director Weisinger for his service and it was noted that the Assistant Board Secretary would fulfil the vacancy until a new director was appointed.

There being no further business, Director Moffatt made a motion to adjourn the meeting; Director Baker seconded the motion, and all those present were in favor. Therefore the meeting was adjourned at 12:56 p.m.

PASSED, APPROVED, AND ADOPTED THIS 9TH DAY OF JUNE, 2015.



Rick J. Moffatt, Board Secretary



SIGN IN SHEET

June 9, 2015
Board Meeting

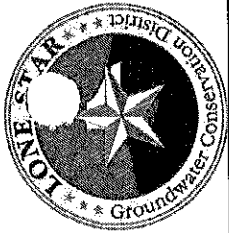
Do you wish to speak on an agenda item?	NAME	CITY, STATE, ZIP	E-Mail
	Melissa Montague		
Yes - 4	Charles Barron	Montgomery TX 77356	tx2barron@gmail.com
	Patrick Bond	Quadrant	patrickbond@quadrant.com
	Rya Blyth	"	Rya@quadrant.com
	Don Savich	Conroe, TX	dsavich@sjra.net
	Neronica Ossegueda	Cott Houston, TX	Neronica.Ossegueda@haustontx.gov
NO	REX CAMBERN	Montgomery TX	REX7@consolidated.net
NO	Tom Middel	SJRA	tmiddel@SJRA.net
	MIKE LEE	USGS	mtlee@usgs.gov
	Jim Seale	Conroe, TX 77303	jwseale@cs.com
	M. Guidry	SJRA	msimpson@sjra.net
	R. Trow	"	
	R. Kelling	"	
	Mr. Nicholas' office Luzia Lopez		



SIGN IN SHEET

June 9, 2015
Board Meeting

Do you wish to speak on an agenda item?	NAME	CITY, STATE, ZIP	E-Mail
No	Aimee Edwards	AEI Engineering	aedwards@aeiengineering.com
No	VAN KETEM	ANTERO	vkelley@antero.com
	John Driфт	US Bar Linyton	jdriфт@usbarlinyton.com
No	Angela starseth	Carroll, TX 77304	angela@willmetcalf.com
Maybe	Jackie W. Chance SR	Montgomery Co. WCD #1	swc577@toll.com
Yes	BOB HARDEN	Austin TX 78731	bob.harden@ruharden.com
Mrs	Mike Thornhill	Round Rock, TX	mthornhill@tgi-water.com
	CAROL SMITH	SHENANDOAH, TX	
	Rossie Townsend	" "	
	Byron Bowers	" "	bbers@shenandoahtxinc
	Joe Sherman	Oak Ridge North	jshe@willmetcalf.com
	Mark Smith	SJRA	msm@theSJRA.NET
No	F. L. D. J. MONTGOMERY	Montgomery EARL JET	THE TEXAS COUNTY INSPECTOR
No	Bill Kottan	BGE	bkottan@brownsga.com



SIGN IN SHEET

June 9, 2015
Board Meeting

Do you wish to speak on an agenda item?	NAME	CITY, STATE, ZIP	E-Mail
Yes	Michael J. Massey	Montgomery, TX 77350	TRAMM@LONESTAR.GWCN.COM