

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 13, 2017

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 13, 2017.

In President Moffatt’s absence, Vice President Stinson 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:

John D. Bleyl, PE
Gregg Hope
Jace Houston
Roy McCoy, Jr.
Webb Melder
Rick J. Moffatt
Jim Stinson, PE
M. Scott Weisinger, PG
W. B. Wood

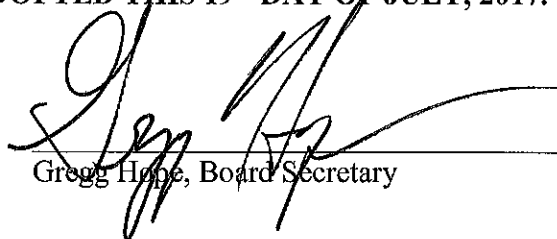
All members of the Board were present, with the exception of President Moffatt, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District General Manager; Paul R. Nelson, Assistant General Manager; Brian L. Sledge, General Counsel; District 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 Vice President Stinson the Board of Directors went into a Closed Executive Session at 9:05 AM pursuant to Texas Government Code, Sections 551.071 and 551.074, to consult with the District’s attorney regarding pending or contemplated litigation, settlement offers, personnel matters, 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.

Following Executive Session, the Board reconvened in Open Session and Vice President Stinson declared it open to the public at 9:58 AM.

No additional action was taken on matters discussed in Executive Session and Vice President Stinson adjourned the meeting at 9:58 AM.

PASSED, APPROVED, AND ADOPTED THIS 19th DAY OF JULY, 2017.



Gregg Hope, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 13, 2017

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 – James B. “Jim” Wesley Board Room located at 655 Conroe Park North Drive, Conroe, Texas, within the boundaries of the District on June 13, 2017.

CALL TO ORDER:

Director Stinson called to order the Public Hearing on Permit Applications at 9:58 AM announcing the meeting open to the public.

ROLL CALL:

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

John D. Bleyl, PE
Gregg Hope
Jace Houston
Roy McCoy, Jr.
Webb Melder
Rick J. Moffatt
Jim Stinson, PE
M. Scott Weisinger, PG
W. B. Wood

All members of the Board were present with the exception of Director Moffatt, 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, District Counsel; District staff; and members of the public. *Copies of the public sign-in sheets are attached hereto as Exhibit “A”.*

PRAYER AND PLEDGES OF ALLEGIANCE:

Mr. Brian Sledge gave the opening prayer. Director Houston led the Pledge of Allegiance and the Pledge of Allegiance Texas.

Permitting Director Samantha Reiter informed the Board that there were two permit applications received in June. Mrs. Reiter noted that both were for a new well and allocation request. Due to one receiving a reduced recommendation, she stated that they would be reviewed separately. She said that it was the General Manager's recommendation that item #1 be approved as requested. Lastly, Ms. Reiter stated that it was the General Manager's recommendation to approve the registration and construction of the well as requested for item #2 and further authorize a reduced allocation.

Item #1, Fellowship of Willis

Applicant is requesting registration of a new well and production authorization in the amount of 60,000 gallons for 2017 and 150,000 gallons for 2018 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, Magnolia Meadows, LLC

Applicant is requesting registration of a new well and production authorization in the amount of 750,000 gallons for 2017 and 1,500,000 gallons for 2018 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 as well as authorize **reduced** allocations of 532,000 gallons for 2017 and 926,000 gallons for 2018 and annually thereafter.

Following Mrs. Reiter's report, a motion was made by Director Bleyl, seconded by Director Hope to approve Item #1 in accordance with the General Manager's recommendations. Director Bleyl then made a motion to approve Item #2 in accordance with the General Manager's recommendations. Director Melder seconded, and the motion was approved unanimously.

Director Stinson adjourned the public hearing on permit applications at 10:05 AM.

PASSED, APPROVED, AND ADOPTED THIS 19th DAY OF JULY, 2017.



Gregg Hope, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 13, 2017

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 13, 2017.

CALL TO ORDER:

In President Moffatt’s absence, Vice President Stinson presided and called to order the regular Board of Directors meeting at 10:05 AM, announcing that it was open to the public.

ROLL CALL:

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

John D. Bleyl, PE
Gregg Hope
Jace Houston
Roy McCoy, Jr.
Webb Melder
Rick J. Moffatt
Jim Stinson, PE
M. Scott Weisinger, PG
W. B. Wood

All members of the Board were present, with the exception of President Moffatt, 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; District staff; and members of the public. *Copies of the public sign-in sheets are attached hereto as Exhibit "A".*

APPROVAL OF THE MINUTES:

Vice President Stinson stated the Board would consider all meeting minutes as listed for approval on today’s agenda as one item. Director Weisinger requested that minutes of the June 6, 2017, Budget Workshop be removed from today’s agenda for further review and consideration at the July board meeting. Director Melder spoke in support of Director Weisinger’s request. Following discussion, a motion was made by Director Houston, seconded by Director Bleyl to approve the meeting minutes as presented with the exception of item (f) as requested by

Weisinger and Melder. The motion was approved unanimously.

- a) May 9, 2017, Special Board Meeting
- b) May 9, 2017, Public Hearing on Permit Applications
- c) May 9, 2017, Show Cause Hearing
- d) May 9, 2017 Regular Board of Directors Meeting
- e) May 12, 2017, Prehearing Conference
- ~~f) June 6, 2017, Budget Workshop~~

Vice President Stinson asked that Directors Weisinger and Melder get with staff to discuss adjustments/modifications to these minutes.

COMMITTEE REPORTS:

A. Executive Committee – Rick Moffatt, President

- 1) Brief the Board on the Committee’s activities since the last regular Board meeting – Ms. Kathy Jones, General Manager, confirmed that there was no report this month.
- 2) Defense of the following lawsuit: City of Conroe et al. v. Lone Star Groundwater Conservation District (and the District’s directors and general manager in their official capacities) – No report
- 3) Defense of Appeal of Desired Future Conditions Adopted by the District: Cities of Conroe/Magnolia and Quadvest – No report

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

- 1) Brief the Board on the Committee’s activities since the last regular Board meeting – Director Wood said the committee had not met since the last board meeting.
- 2) Update on water efficiency, conservation efforts – Paul R. Nelson – Mr. Nelson reported that on May 13th, he moderated and presented at The Woodlands Conservation Conference, “Smarter About Water Seminar.” Other presenters included Mike Turco, Mark Bowen, Bob Daily and Jim Bundscho. A very high attendance occurred as numbers reached 100. The Water Efficiency Network meeting with John Kleinman was held on May 18th. June’s Water Efficiency Network meeting is scheduled to be held June 29th with Bill Hoffman, from the Texas Water Development Board presenting on the relationship between costs of water and the benefits resulting from conservation efforts. Coming up July, USGS representative, Mr. Sachin Shah is scheduled to present annual water table and water levels for the region. Mr. Nelson announced that on August 23rd, LSGCD will be co-hosting with the Texas Water Resources Institute and Texas Well Owner Network a private well owner symposium. The topic will be the care and maintenance of a small well, as well as water quality testing. The attendees will have the opportunity to bring in two water samples from their well to be analysed for water quality at a greatly reduced price. Mr. Nelson encouraged everyone to attend.

- 3) Briefing on public outreach activities – James Ridgway – Mr. Ridgway reported that the District continues to make videos available online from various events, the majority being from Water Efficiency Network meetings. Mr. Ridgway said numerous individuals continue to register for the 2017 Minecraft Water Challenge. Mr. Ridgway concluded with an update on the 4-H Water Ambassador Program, noting that an area student had applied and was accepted into the program.

C. Rules and Regulatory Planning Committee – Jim Stinson, Chair

- 1) Brief the Board on the Committee’s activities since the last regular board meeting – Director Stinson stated that the committee had not met since the last regular Board meeting.

D. Policy and Personnel Development Committee – Jace Houston, Chair

- 1) Brief the Board on the Committee’s activities since the last regular Board meeting – Director Houston said there had not been any activity to report since last month.

E. Budget and Finance Development Committee – Billy Wood, Chair

- 1) Brief the Board on the Committee’s Activities – Director Wood stated that the committee had met on the 26th of May to review the projected income for 2018 based on 2017 GRPs and permit renewal estimates that took effect in 2016 with the 30% groundwater reduction. He stated that the substantial loss realized in 2016 combined with the forecasted loss for 2017 is the trend the committee is working to reverse. A public board workshop was held on the 6th of June to discuss the 2018 water use fees. The committee agreed the adopted rate must be sufficient to balance the 2018 budget; which under the proposed budget is \$0.11 per 1,000. However, the amount budgeted for legal expenses was questioned, and additional clarification of the estimate for legal expense was requested. Further, the Committee did not recommend an increase to groundwater produced from the Catahoula Aquifer. The Board took no action and agreed that an additional workshop was needed to discuss the proposed rates and overall budget.
- 2) Review of monthly financial reports – Director Wood reported that for the month of May, revenue was budgeted at \$138,880—actual was \$140,770. He said April expenses were budgeted at \$167,447—actual expenses were \$166,103. Year-to-date net income was a net loss of (\$24,882).

F. Findings and Review Committee – Rick Moffatt, Chair

- 1) Brief the Board on the Committee’s activities since the last regular Board meeting – President Moffatt was not present. Ms. Jones stated that there was no update.

- 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 – Ms. Jones reported that a meeting of the Findings and Review Committee was scheduled for the 27th of June to review findings from the District’s consultants following analysis of the water well surveys collected earlier this year.
- 3) Groundwater Management Area 14 – Update the board on the status of the current desired future conditions development process in GMA 14 – Ms. Jones stated that there was no report.

USGS PRESENTATION:

Mr. Sachin D. Shah, Chief of Hydrologic Studies and Research for U.S. Geological Survey, provided specific information regarding groundwater in Montgomery County and the Jasper Aquifer. Mr. Mark Kasmarek and Jason Ramage were on hand to help field more in-depth questions. Mr. Shah’s presentation focused on three areas with well data from Northwest Montgomery County, The Woodlands and the Conroe area. He stated that the data from a few wells were illustrated through a hydrograph showing the annual water level altitude maps. He explained that the short-term changes and the primary concern was the function of groundwater demand and use. He said the long-term consideration taken over several years was examining the shifts in demand that could be conversion of surface water and their associated regulating in policies.

Several questions and comments came up during the presentation. Director Weisinger noted that it was good to have new data but it drew no conclusions. Director McCoy asked about the date that USGS was using to obtain well data since there was seasonal decline. Mr. Shah answered that the annual report always uses wintertime numbers to avoid the seasonal variation. Director Houston commented that from a utilities perspective it was important to care about both static and pumping well data since they provide the water supply. Director McCoy asked about data from the Catahoula Aquifer. Mr. Sachin confirmed that they are in their fifth year of data collection, which upon completion can be used to draw a 5-year trend. Ms. Reiter added that static water level information for the Catahoula is on the District’s database static level map, available to the public.

Ms. Jones stated that the presentation would be posted on the LSGCD website so the public would have access. As a footnote: Mr. Shah is awaiting department approval before giving access to LSGCD to post to the District’s website.

GENERAL MANAGER’S REPORT:

No Report.

GENERAL COUNSEL’S REPORT:

Mr. Sledge stated he had briefed the Board on the DFC Appeal, pending litigation and legislation earlier in executive session and had nothing further to add.

PUBLIC COMMENTS:

Mayor Jim Kuykendall, City of Oak Ridge North, stated that his citizens were adamantly upset upon hearing the proposed water usage rate increase. Mayor Kuykendall added that he supported the Board but encouraged the Board to find some resolution to the proposed rate increase. He declared that his small city must pay for itself and that includes the separate line-item for water use. He also stated that their city's water infrastructure was forty years old and needed a redo. Mayor Kuykendall said that Oak Ridge North was trying to manage that cost without floating bonds and raising taxes.

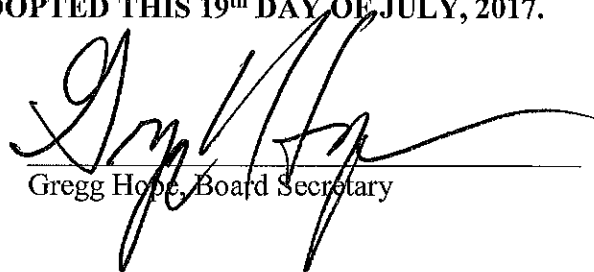
Jill Savoy restated concerns for high costs of water previous voiced by Mayor Kuykendall. She stated the combined annual revenue stream of \$428 million for the surrounding eleven water authorities. She reported that there was a new head of the Dept. of Interior which oversees the USGS and was hopeful that the new chief would have a positive impact on the USGS agency.

NEW BUSINESS:

There were no new business items.

There being no further business, upon a motion made by Director Weisinger and seconded by Director Hope, the meeting was adjourned at 10:50 AM.

PASSED, APPROVED, AND ADOPTED THIS 19th DAY OF JULY, 2017.



Gregg Hope, Board Secretary