

LONE STAR GROUNDWATER CONSERVATION DISTRICT

July 14, 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 July 14, 2015.

President Tramm called the meeting to order at 9:06 a.m., announcing that it was now open to the public.

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

Sam Baker
John D. Bleyl, PE
Jace Houston
Roy McCoy, Jr.
Rick J. Moffatt
Jim Stinson, PE
Richard J. Tramm
M. Scott Weisinger, PG
W. B. Wood

All members of the Board were present, with the exception of 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 9:07 a.m. pursuant to Texas Government Code, Sections 551.071, to consult with the District's attorney regarding pending or contemplated litigation, settlement offers, or on matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act, Chapter 551, Government Code.

Director Baker arrived at 9:44 a.m.

Following Executive Session, the Board reconvened in Open Session and President Tramm declared it open to the public at 10:07 a.m.

No action was taken on matters discussed in Executive Session and President Tramm adjourned the meeting at 10:07 a.m.

PASSED, APPROVED, AND ADOPTED THIS 11th DAY OF AUGUST, 2015.



Rick J. Moffatt, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

July 14, 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 July 14, 2015.

President Tramm called the meeting to order at 10:15 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. The newest revisions are highlighted in yellow and include language which would allow large volume groundwater users (“LVGUs”) to continue to grow on groundwater

from 2017 to 2012, if the demand reflected the growth. The LVGUs would still be required to have a Groundwater Reduction Plan (“GRP”) or be part of a Joint GRP.

Mr. Sledge stated that the Stakeholder Advisory Committee met on July 1st to discuss the proposed rule revisions. All members of the committee were present with the exception of one member. There was good discussion and questions asked by the committee members. The committee recommended unanimously to support all proposed rule amendments with the exception of a few clarifications. The committee also voted in favor of the provision which would allow LVGUs to grow on groundwater – interim production authorization. Mr. Sledge stated that “in conflict with” language was added on page 18 and 19 regarding alternate water source permits not part of the Joint GRP, pursuant to committee recommendations. Additionally language was added that on page 20, which clarified the interim production authorization would not negatively impact the ability of an LVGU to use the averaging provision. Mr. Sledge emphasized that the LVGU must still meet the 2016 reduction to qualify for the averaging or the interim production authorization provisions.

Director Wood asked that it be noted for the record that he would like to revisit the previously discussed “petition” rule amendment which would have allowed an LVGU to petition for additional groundwater dependent on their lot size.

PUBLIC COMMENT ON PROPOSED CHANGES TO THE DISTRICT RULES AND GRP

Bob Harden, a groundwater hydrologist representing the city of Conroe, addressed the board. Mr. Harden stated that he is against the proposed changes. Mr. Harden stated that the DRP amendment revisions regarding fair-share were tied to the strategic planning study and he did not believe it to be wise nor a predictable outcome. Mr. Harden passed out a handout that showed predictive drawdown in the Jasper aquifer due to pumping in Montgomery County and noted how pressure radiates to show the effects of pumping. Mr. Harden also expressed that he feels the DFCs based on artesian pressure is not “good management” when it is done county by county in an area. He explained to the Board that good DFCs are needed but they must be monitored, predictable and forecastable to help with managing permitting and pumping long term. The second handout Mr. Harden presented delineation of flow lines that the HGAM predicts are induced by the production of the Jasper by pumping in Montgomery County, which he says subsequently predicts recharge for Montgomery County.

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

A motion was made by Director Stinson and seconded by Director Moffatt to approve the amendments to the District Rules and Phase II(B) of the District Regulatory Plan. Director Bleyl, speaking for himself, asked that it be noted that he would like an alternate DFC to be presented to the GMA 14. Directors McCoy and Weisinger opposed the rule amendments and the motion passed. *A copy of the amended District Regulatory Plan - Phase II(B) is attached hereto as Exhibit “B”.*

ADJOURN

No further action was taken, and President Tramm adjourned the meeting at 10:34 a.m.

PASSED, APPROVED, AND ADOPTED THIS 11th DAY OF AUGUST, 2015.



Rick J. Moffatt, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

JULY 14, 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 July 14, 2015.

CALL TO ORDER:

President Tramm called to order the Public Hearing on Permit Applications at 10:35 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. 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, **Ameritex Pipe & Products LLC**, - Applicant is requesting registration of a new well and production authorization in the amount of 3,000,000 gallons for 2015 and 9,950,000 gallons for 2016 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, **Knight Real Estate Holdings LLC.** - Applicant is requesting registration of a new well and production authorization in the amount of 250,000 gallons for 2015 and 500,000 gallons for 2016 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration, construction of the well and 2015 requested allocation, as well as authorize a reduced allocation of 300,000 gallons for 2016 and beyond.

Item #3, **Church of God- 7th Day the Way** - Applicant is requesting registration of a new well and production authorization in the amount of 80,000 gallons for 2015 and 150,000 gallons for 2016 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 60,000 gallons annually for 2015 and beyond.

The first motion was made by Director Stinson, and seconded by Director Bleyl to approve item #1 in accordance with the General Manager's recommendation. Director Weisinger abstained from voting on item #1 and the motion passed unanimously.

The second motion was also made by Director Stinson, and seconded by Director Bleyl to approve items #2 and #3, in accordance with the General Manager's recommendations. The motion passed unanimously.

President Tramm adjourned the meeting at 10:36 a.m.

PASSED, APPROVED, AND ADOPTED THIS 11TH DAY OF AUGUST, 2015.



Rick J. Moffatt, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

JULY 14, 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 July 14, 2015.

CALL TO ORDER:

President Tramm called to order the regular Board of Directors meeting at 10:36 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:

There were no public comments to report.

APPROVAL OF THE MINUTES:

President Tramm stated that the minutes were listed incorrectly on the agenda and approval would be deferred until the August board meeting.

DISCUSS, CONSIDER, AND TAKE ACTION AS NECESSARY TO APPROVE RESOLUTION #15-005 IN HONOR AND MEMORY OF THE HONORABLE STATE REPRESENTATIVE RUBEN W. HOPE, JR.

President Tramm spoke about Representative Hope and his influence on not only Lone Star GCD but also on water issues throughout the state. A motion was made by Director Baker, seconded by Director Weisinger to approve the Resolution #15-005 in honour and memory of the Honorable State Representative Ruben W. Hope, Jr. The motion passed unanimously. *A copy of Resolution #15-005 is attached hereto as Exhibit "B".*

TCWA PRESENTATION INSURANCE PROGRAMS – TWCARMF

Pete Patterson, TWCARMF, gave a brief overview of the District's current Risk Management policy and presented a handout with additional Errors and Omission Coverage options. The optional coverages include: 1) [New] Expanded Defense of Public Officials with a sublimit of \$50,000; 2) [New] Reimbursement for Criminal Defense Coverage with a sublimit of \$10,000; 3) Legal Defense for Breach of Contract with a \$50,000 sublimit; 4) Punitive Damages Coverage with a sublimit of \$50,000; and 5) [New] Expanded Employment Practices Liability Coverage with \$25,000 sublimit. It is the General Manager's recommendations to approve the addition of option #1, Expanded Defense of Public Officials, to the policy. A motion was made by Director Weisinger, seconded by Director Bleyl to approve the General Manager's recommendation. Director Wood abstained and the motion passed.

There was discussion on the remaining coverage options. After discussion, the General Manager recommended the approval for the addition of option #5, Expanded Employment Practices Liability Coverage, and deferred to the Board on the addition of option 3, Legal Defense for Breach of Contract, and option 4, Punitive Damages Coverages Coverage. A motion was made by Director Stinson, seconded by Director Bleyl to approve the addition of option #5, per the General Manager's recommendation and decline the addition of options #3 and #4 to the policy. The motion passed unanimously.

COMMITTEE REPORTS:

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

- 1) Briefing on Committee Activities - Director Wood reported that the committee met with Barbara Payne in early July to discuss an educational program with Conroe ISD (CISD). He stated that Paul Nelson is working with Ms. Payne on answers to follow-up questions, including why the program is limited to CISD; the cost of materials; and whether or not the program can be and/or should be expanded.
- 2) Update on water efficiency, conservation efforts and public outreach – Paul R. Nelson – Mr. Nelson stated that a page had been added to the District’s website for the Strategic Planning Study. Additionally, he is planning on bringing Ms. Payne to the committee for further discussion on the CISD educational program. He stated that the District has created a rainwater harvesting brochure to further detail the process and the District’s example. Mr. Nelson noted that the watering recommendations are now available on the District’s website and includes a map with the individual weather stations. It was also noted that Mr. Nelson is working with the Woodlands Township to add rainfall gauges and with Conroe to add a remote gauge at Carl Barton Park. Lastly, Mr. Nelson stated that the District will be participating in the book cover program and the new 30 second conservation ad is live in theatres.
- 3) Presentation Goldwater Project for Montgomery County 2015 – Stephen Cortes – Mr. Cortes, Averitt & Associates, gave a brief overview of the Goldwater Project. The Board was reminded that LSGCD was a contributing participant in the project which was designed to quantify the conservation efforts of water providers across the region and to make recommendations for implementing programs/policies that would further this effort. Mr. Cortes then presented the results of the Montgomery County portion of the Goldwater Project being led by Kip Averitt. He focused on the fact that the water conservation goals established in the Region H Water Plan is the conservation of 4,265 million gallons of water annually by the year 2060. Mr. Cortes pointed out the “no more than twice per week watering” efforts of the City of Conroe and the Woodlands have put the county well on its way to meeting that goal. He also emphasized the fact that instilling similar programs in other districts and municipalities would make significant impacts on meeting the goals for the county over the coming years. Mr. Cortes completed the presentation by going over a summary of various quantifiable measures and the corresponding savings associated with each. *A copy of the Goldwater presentation is attached hereto as Exhibit "C".*

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

- 1) Briefing on Committee Activities – President Tramm stated that the committee had not met since the last Board meeting.
- 2) Authorize District staff and legal counsel to make conforming changes to the District Rules and District Regulatory Plan, District website information, District forms, applications, standard permit conditions, and other District documents to reflect changes, if any, approved by the Board to amend the District Rules or District Regulatory Plan – A motion was made by Director Houston, seconded by Director Wood to authorize District staff to act accordingly to ensure changes to the District Rules or District Regulatory Plan reflected. The motion passed unanimously.

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

- 1) Briefing on Committee Activities – Director Baker stated that there was a Special Meeting held on Monday, July 13, 2015 regarding performance issues related to District staff and consultants. It was decided at the meeting that the committee would meet to discuss the concerns and a meeting of the committee is tentatively set for early next week to follow-up on the issues.

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

- 1) Briefing on Committee Activities – President Tramm stated that the Stakeholders Advisory Committee (SAC) met earlier in the month to review the draft technical memo on the Strategic Study, prepared by John Seifert, LBG-Guyton. President Tramm then allowed Mr. Seifert to brief the board on the study and the memo.
- 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 – Mr. Seifert gave a brief status report on Task 1, results, and recommendations, which will be made available to the public via the District's website. Mr. Seifert recommended that there be additional efforts to correlate groundwater production by well with the source of withdrawal, continued documentation of the static water levels throughout the county should be expanded and that shallow monitoring wells be added in the county. *A copy of the presentation is attached hereto as Exhibit "D".*

use fee rate to \$0.07 per 1,000 gallons. The motion was seconded by Director Houston but did not pass. After further discussion regarding the budget and reserves, a motion was made by Director Weisinger, seconded by Director Wood to leave the water use fees at its current rate of \$0.06 per 1,000 gallons. Director Stinson objected to the motion, and the motion passed. *A copy of Resolution #15-006 is attached hereto as Exhibit "G".*

5. Consider and act on Resolution #15-007 amending and re-establishing administrative fee schedule – Director Stinson presented a red-lined version of the administrative fee schedule to go into effect September 1, 2015. Director Stinson explained that the committee worked with District staff to come up with the revisions to the fee schedule. Ms. Jones went over the suggested revisions, which included increases to application fees including the separation of small volume groundwater users and large volume groundwater users for Permit Application fees; increased fee of \$750 for LVGU Transfer Applications; increase of AWS Production Permit Application fee to \$750; increased fee of \$1,500 for Major Amendment to a GRP, as well as other minor changes. There was discussion amongst the board followed by a motion by Director Wood, seconded by Director Weisinger to double all fees under \$500 and increase those fees over \$500 by 50%. Director Stinson objected to the motion and the motion passed. *A copy of Resolution #15-007 is attached hereto as Exhibit "H".*
6. Discuss and consider, and take action as necessary to approve Resolution #15-008 reviewing and approving Investment Policy and Investment Strategies as required annually by the Public Funds Investment Act of Texas – A motion was made by Director Stinson, seconded by Director Bleyl to approve Resolution #15-008 approving the Investment Policy and Strategies and the motion passed. *A copy of Resolution #15-008 is attached hereto as Exhibit "I".*
7. Discuss, consider, and take action as necessary to approve Resolution #15-009 adopting list of qualified brokers authorized to engage in investment transactions with the Lone Star Groundwater Conservation District – A motion was made by Director Stinson, seconded by Director Bleyl to approve Resolution #15-009 adopting the list of qualified brokers. Directors Baker and Wood abstained and the motion passed. *A copy of Resolution #15-009 is attached hereto as Exhibit "J".*

ENGINEERING REPORT:

Mr. Lowry stated that his report was included in the packet and this month he had fewer permits to review and more meetings to attend.

GENERAL MANAGER'S REPORT:

Ms. Jones stated that her report was included in the packet and she included a legislative “wrap-up” summary received from members of the Texas Water Conservation Association (TWCA). Ms. Jones also encouraged board members to attend the Texas Groundwater Summit scheduled for August 25th in San Marcos.

GENERAL COUNSEL'S REPORT:

Ms. Sledge stated there was nothing additional to report.

PUBLIC COMMENT: None.

NEW BUSINESS:

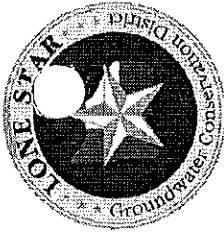
President Tramm made mention of the TWCA’s Fall Conference scheduled for mid-October in San Antonio and encouraged board members to get with Ms. Jones if they were interested in attending.

There being no further business, upon a motion made by Director Stinson, seconded by Director Moffatt, President Tramm adjourned the meeting at 12:27 p.m.

PASSED, APPROVED, AND ADOPTED THIS 11TH DAY OF AUGUST, 2015.



Rick J. Moffatt, Board Secretary



SIGN IN SHEET

July 14, 2013
Board Meeting

Do you wish to speak on an agenda item?	NAME	CITY, STATE, ZIP	E-Mail
	Mike Thornhill	Round Rock, TX	mthornhill@tj-water.com
	PETE PATTERSON	AUSTIN TX 78727	PETE.PATTERSON@YORKRS&.COM
	Melisa Montague	Houston	mmontague@coatsrosr.com
	Philip Topak	Houston TX	ptopak@apair.env.com
	Byron Bevus	Shenandoah	
	BOB HARDEN	AUSTIN TX	bob.harden@rwharden.com
	Bill BERAN	WALDEN	wberan@CONSOLIDATED.NET
	Jared Powers for Senator Creighton	The Woodlands	
	Rex Carr Berg	MONTGOMERY	REX7@CONSOLIDATED.NET
	Lee Nicholas - Officer Leanne Hancock	MCWCFD #1	JWCSTPI@AOL.COM
	Jackie W. Chance Sr		
	Stephen Carter	Austin TX	Stephen.Carter@Associates.com
	David Brown	Houston, TX	dsbrown@usgs.gov
	Neronica Osceyada	City of Houston	