

LONE STAR GROUNDWATER CONSERVATION DISTRICT

September 12, 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 September 12, 2017.

President Moffatt called the meeting to order at 9:02 AM, 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 exceptions of Directors Hope, Stinson and Weisinger thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District General Manager; Samantha Reiter, 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”.**

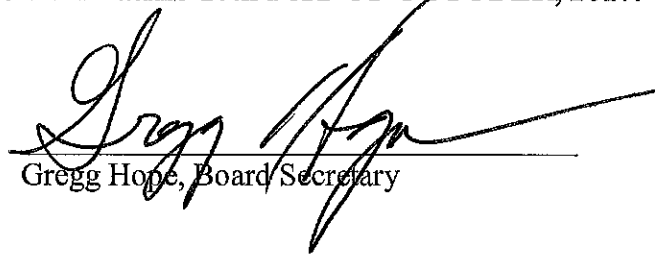
After a proper and legally sufficient announcement to the public by President Moffatt, the Board of Directors went into a Closed Executive Session at 9:02 AM pursuant to Texas Government Code, Sections 551.071, to consult with the District’s attorney regarding pending or contemplated litigation, settlement 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.

Directors Hope, Stinson and Weisinger joined the meeting at 9:15 am. Director Weisinger exited the meeting at 9:50 a.m.

Following Executive Session, the Board reconvened in Open Session and President Moffatt declared it open to the public at 9:55 AM.

No additional action was taken on matters discussed in Executive Session and President Moffatt adjourned the meeting at 9:55 AM.

PASSED, APPROVED, AND ADOPTED THIS 10th DAY OF OCTOBER, 2017.



Gregg Hope, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

September 12, 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 September 12, 2017.

CALL TO ORDER:

President Moffatt called to order the Public Hearing on Permit Applications at 10:06 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 Weisinger, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, General Manager; Samantha Reiter, 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:

Director Bleyl gave the opening prayer. President Moffatt led the Pledge of Allegiance and the Pledge of Allegiance to the state flag.

Assistant General Manager, Samantha Reiter informed the Board that there were seven permit applications received in September. Ms. Reiter noted that items #2-5 would be taken first and included requests for amendments to existing permits for the addition of new wells and/or allocation increases. It was the General Manager's recommendation to approve items #2-5 as requested. After discussion, it was agreed that item #7 would be stricken from today's permit hearing pending additional information. Noting that there would be no action taken on item #7, Ms. Reiter then stated that items #1, & #6 be taken next as they are requests to drill new wells and reduced allocation recommendations. Ms. Reiter removed Item #7 and stated that it was the General Manager's recommendation to approve items #1 and #6 as requested.

Item #1, McKinley Development, Inc.

Applicant is requesting registration of two new wells and production authorization in the amount of 207,500 gallons for 2017 and 350,000 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 wells, as well as authorize a **reduced** allocation of 156,238 gallons for 2017 and 170,830 gallons for 2018 and beyond.

Item #2, Weisinger Incorporated (Shop site 2)

Applicant is requesting an amendment to an Operating Permit for drilling authorization for two new wells. 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, Texas Senior Living Operator, LLC

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,373,047 gallons for 2017, 1,943,612 gallons for 2018 and 976,943 gallons for 2019 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

Item #4, Crystal Springs (Forest Trace)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 4,995,000 gallons for 2017 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, Hedges, Inc

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 25,000 gallons for 2017 and 270,000 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 requested.

Item #6, Montgomery County ESD #7

Applicant is requesting registration of a new well and production authorization in the amount of 350,000 gallons for 2017 and 500,000 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 well, as well as authorize a **reduced** allocation of 92,976 gallons for 2017 and 298,600 gallons for 2018 and annually thereafter.

Item #7, ~~Hindu Temple of The Woodlands~~

~~Applicant is requesting registration of a new well and production authorization in the amount of 375,000 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 well, as well as authorize a reduced allocation of 182,000 gallons for 2017 and 543,085 gallons for 2018 and annually thereafter.~~

Following Ms. Reiter's report, a motion was made by Director Stinson, seconded by Director Hope to approve items #2-5. The motion was approved with Director Bleyl abstaining from items #2 and #3 and Director Melder abstaining from item #2. Director Stinson then made a motion to approve items #1 and #6 in accordance with the General Manager's recommendations. Director Wood seconded, and the motion was approved.

President Moffatt adjourned the public hearing on permit applications at 10:14 AM.

PASSED, APPROVED, AND ADOPTED THIS 10th DAY OF OCTOBER, 2017.


Gregg Hope, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

September 12, 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 September 12, 2017.

CALL TO ORDER:

President Moffatt presided and called to order the regular Board of Directors meeting at 10:14 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 Director Weisinger, thus constituting a quorum of the Board of Directors. Also in attendance at said meeting were Kathy Turner Jones, General Manager; Samantha Reiter, 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".*

PUBLIC COMMENTS:

Mr. Kent Maggert, The Woodlands resident, speaking on behalf of himself stated his area had a 30 million gallon a day water plan and asked why the water plant was only operating at 60% capacity. He asked why SJRA was restricting the output of the plant to only 65% capacity for 2018. Further, he asked why the need for a groundwater reduction plan if the plant only needed to run at 65% capacity to meet the plan. He said as one who has run his own business and that of others, running at only 65% capacity makes no economic sense. Mr. Maggert next asked about “over” conversion credits.

Director Houston asked Mr. Sledge if he could clarify early conversion and “over” conversion credits. Brian Sledge, District Counsel, explained this Board adopted rules that allowed for an early conversion process which was prior to 2016. He stated the rules allowed for over conversion credits for LVGUs to sell or lease excess groundwater rights to third parties at a rate that the free market would allow.

Mr. Maggert concluded his remarks with reminders of the community’s half-billion-dollar investment in the SJRA Surface Water Treatment Plant that is underutilized and secondly, that the District’s rules could be amended if it seemed warranted.

APPROVAL OF THE MINUTES:

President Moffatt stated the Board would consider all meeting minutes as listed for approval on today’s agenda as one item. A motion was made to approve the meeting minutes by Director Stinson, seconded by Director Bleyl. The motion to approve the minutes was approved unanimously.

- a) August 8, 2017, Special Board Meeting
- b) August 8, 2017, Public Hearing on Permit Applications
- c) August 8, 2017, Regular Board of Directors Meeting

COMMITTEE REPORTS:

A. Executive Committee – Rick Moffatt, President

- 1) Brief the Board on the Committee’s activities since the last regular Board meeting – None.
- 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) – Mr. Sledge stated that the judge had not rescheduled the hearing date for the Partial Summary Judgement at the 284th District Court in Conroe.
- 3) Defense of Appeal of Desired Future Conditions Adopted by the District: Cities of Conroe/Magnolia and Quadvest – Mr. Sledge stated that there is ongoing legal work for purposes of discovery and deposition. He also stated that the start date for the hearing has remained on schedule and will be held November 6th.

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

- 1) Brief the Board on the Committee’s activities since the last regular Board meeting – None.
- 2) Update on public outreach activities, water efficiency, and conservation efforts – Kathy Turner Jones – Ms. Jones reported the Water Well Owner Education event co-

sponsored by the District in August was well attended and a great success, adding that one of the attendees summed up the meeting stating, “in the same way that someone takes driver’s education before being allowed to drive a car; so also, private well owners ought to go through a similar course before owning a well.” Ms. Jones announced the next Water Efficiency Network (WEN) meeting is scheduled for September 28th with John Ferguson, owner of Nature’s Way Resources, as the guest speaker. Ms. Jones reported that the Mobile Lab will have its Fall debut at the Woodlands Landscaping Solutions event on Saturday, September 30, 9 a.m. - 12 p.m. and is a free event hosted by The Woodlands Township’s Parks, Recreation and Environmental Services department.

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 there had been a rules and regulatory planning committee meeting to discuss the topic of well spacing and review previous studies already completed. He added that consultants working with the District are assisting the committee in paring down some of the prescribed parameters for well spacing and concluded stating the committee will have an update for the next 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 – None.

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

- 1) Brief the Board on the Committee’s Activities – Director Wood stated that a Budget and Finance Development Committee meeting is scheduled for September 18th to review responses received from financial institutions responding to the District’s request for proposals for 2018 line of credit.
- 2) Review of monthly financial reports – Director Wood reported that, for the month of August, revenue was budgeted at \$138,879—actual was \$142,227. He said expenses were budgeted at \$167,422—actual expenses were \$233,681. Year-to-date net loss, he said, is \$210,000.

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 reported that the Findings and Review Committee met and that the District’s consultants would be giving a report and presentation later in the meeting.
- 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 – President Moffatt stated that the work on the strategic water resource planning study is near completion. Moffatt added that the study’s findings and results were presented to the Stakeholder

Advisory Committee (SAC) September 8th and that he had encouraged the SAC to provide any comments and/or questions before September 30th.

a) Presentation on Task 3 Findings - President Moffatt introduced Mr. Bill Mullican, consultant, to present the Summary of the Survey Results for Task 3 of the planning study.

As part of the introduction, Mr. Mullican. Mullican and Associates, stated that the survey was developed by members of the Findings and Review Committee targeting specific requests from individual wells owned and operated by the Large Volume Groundwater Users (LVGUs). He added that no other groundwater district had developed such a deep level of information. He said that a 42% return rate for a voluntary survey was a very good response. Mr. Mullican further confirmed the use of QA/QC plan with regard to identifying the wells exact placement with latitude and longitude checks. He used charts and location maps to illustrate the survey results. Of importance was the question: "Is the well a main supply well?" LVGUs producing from the Evangeline aquifer answered with 104 positive responses. Another question highlighted: "What is the vertical difference between the reported static water level and the depth of the well pump?" Ninety well owners from the Evangeline aquifer answered 185 feet as the median depth taken while at a static water level.

b) Stakeholder Advisory Committee Report – President Moffatt stated that both presentations today from Messrs. Mullican and Seifert had been presented at the combined meeting with the SAC on September 8th. **Copies of the presentation are attached hereto as Exhibit "B" and "C".**

Mr. John Seifert, LBG-Guyton, gave his presentation relaying Task 3 findings. He said that there were three goals in his approach for Task 3. He stated the first was to review potential options for future pumping within the District for possible consideration during the next round of GMA 14 planning. Another goal was to develop groundwater pumping distribution by aquifer to represent options and perform model simulations. The last was to present the results of the simulations and provide options for future planning. He presented the descriptions and parameters of the four predictive pumping scenarios which included the Chicot, Evangeline and Jasper aquifers.

Mr. Seifert reviewed the pumpage simulations for the three aquifers from 2016 – 2070. He said that the Chicot had no significant difference from 2010 – 2070 simulations because the Chicot is leaky and has limited pumping ability. The Evangeline has little difference because Harris County's reduction is sharing some recovery in the southern part of the county. The Jasper aquifer drawdown's magnitude is less than the 2010-2070 simulation.

Mr. Seifert's partial summary included two underlying assumptions that influenced the modelling results that were based on the 2017 State Water Plan. One assumption is that growth in water demand in Montgomery County continues and

secondly that the estimated reduction in pumping in the Evangeline aquifer over the coming decades is mainly in the northern part of Harris County.

Director McCoy questioned why the study omitted wells from the Catahoula. He stated that those wells should have been included before basing decisions on only the three other aquifer numbers.

Mr. Seifert said that it had not been ignored but still a work in progress. He said that the study was directed toward where there is new growth which is south of Hwy. 105. Director Houston added that there currently was no model for the Catahoula formation for the GMA 14 area and that it was not regulated by the District.

President Moffatt stated that one of the considerations from the study was to determine if an increase in pumping would adversely affect the well users. He said if the water table dropped so low that 50% of the users would have to completely redo their well then increased pumping would not be cost effective. This study is based on projections for the next twenty to thirty years. He stated that this study should help owners and operators with future planning and whether a well needs to be replaced or adjusted.

- 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 at this time, the GMA had not set a date for the next planning meeting.

GENERAL MANAGER'S REPORT:

Ms. Jones shared a brief report noting that staff had been very busy working with consultants in preparation of last week's SAC meeting and today's presentations. Ms. Jones added that staff had mailed letters to all permit holders regarding 2018 water use fees and that staff was in the process of preparing postcard notices regarding permit renewals. Ms. Jones encouraged those working with permittees to remind them to take notice of the renewal information. The deadline for renewals is October 31st.

GENERAL COUNSEL'S REPORT:

Mr. Sledge reported that most of his time was spent working on the DFC appeal and the ongoing litigation. He noted that the legislature's special session had ended on August 15th with no bills passing that would negatively impact the District. Last, he stated that his office had filed a formal protest on behalf of the District with the Railroad Commission against Denbury Onshore, LLC's injection well permit amendment application in the Grangerland area. Mr. Sledge stated District staff was developing a letter to notify all well owners within a one mile vicinity of the proposed injection site about the permit amendment application.

NEW BUSINESS:

There was no new business.

There being no further business, upon a motion made by Director Bleyl and seconded by Director Hope, the meeting was adjourned at 11:43 AM.

PASSED, APPROVED, AND ADOPTED THIS 10th DAY OF OCTOBER 2017.


Gregg Hope, Board Secretary