

LONE STAR GROUNDWATER CONSERVATION DISTRICT

November 14, 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 November 14, 2017.

President Moffatt called the meeting to order at 9:03 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 Director(s) McCoy, Melder, 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 9:03 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.

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

No additional action was taken on matters discussed in Executive Session and President Moffatt adjourned the meeting at 10:09 AM.

PASSED, APPROVED, AND ADOPTED THIS 12th DAY OF DECEMBER, 2017.



Gregg Hope, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

November 14, 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 November 14, 2017.

CALL TO ORDER:

President Moffatt called to order the Public Hearing on Permit Applications at 10:18 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 exceptions of Director(s) McCoy, Melder, Stinson and 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:

President Moffatt 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 sixteen permit applications received in November. Ms. Reiter stated that the first group included items #2-15 and made note that items #6, 9,10 and 12 were requests for allocation increases for 2017 only. She stated it was the General Manager's recommendation to approve items #2-15 as requested. Ms. Reiter then noted the second group included items #1 and 16 for which it was the General Manager's recommendation to authorize reduced allocation increases.

Item #1, 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.

Item #2, Berkely Outside Services Inc

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 250,000 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 requested.

Item #3, Mena Francois (Duncan Lane)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 157,947 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 requested.

Item #4, Mena Francois (Wainoco)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 771,530 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, Aqua Pure (Beau View)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 500,000 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 requested.

Item #6, Shameem Aslam (Express Grocery Store)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 150,000 gallons for 2017 only. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

Item #7, ES Water Utility Consolidators, Inc.

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 2,000,000 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 requested.

Item #8, Eagle Sand and Gravel

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 70,000 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 requested.

Item #9, Denbury Onshore, LLC (South TexB)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 277,000 gallons for 2017 only. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

Item #10, Denbury Onshore, LLC (Compressor Station)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 277,000 gallons for 2017 only. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

Item #11, George Turek

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 651,808 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 requested.

Item #12, ASI Gymnastics WO LLC

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 60,000 gallons for 2017 **only**. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

Item #13, Hector Castro

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 100,000 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 requested.

Item #14, Right to Keep and Bear Arms, LLC (Saddle River Range, LLC)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 60,000 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 requested.

Item #15, Southcross Energy GP, LLC

Applicant is requesting registration of two existing wells that staff found in non-compliance. One of the existing wells will be plugged. Applicant is also requesting a production authorization in the amount of 500,000 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.

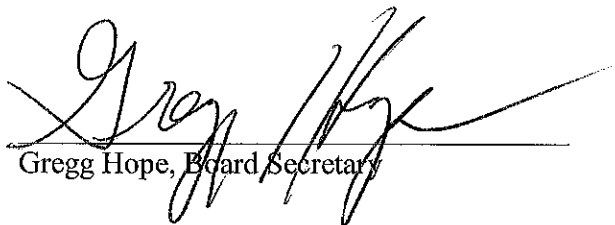
Item #16, Tomball Concrete (Lessee)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 2,861,400 gallons for 2017 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to authorize a **reduced** allocation increase of 1,062,313 gallons for 2017 and approve the requested allocation increase of 2,861,400 gallons for 2018 and annually thereafter.

Following Ms. Reiter's report, a motion was made by Director Wood, seconded by Director Houston to approve items #2-15. The motion was approved. A motion was made by Director Houston to approve items #1 and 16 and seconded by Director Billy Wood. The motion was approved.

President Moffatt adjourned the public hearing on permit applications at 10:21 AM.

PASSED, APPROVED, AND ADOPTED THIS 12th DAY OF DECEMBER, 2017.


Gregg Hope, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

November 14, 2017

MINUTES OF PUBLIC HEARING ON AMENDMENTS TO PERMITS TO ESTABLISH TOTAL QUALIFYING DEMAND UNDER THE DISTRICT REGULATORY PLAN

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 November 14, 2017.

President Moffatt called to order the Public Hearing on amendments to permits to establish total qualifying demand under the District Regulatory Plan at 10:21 AM.

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, except Director(s) McCoy, Melder, 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, General Counsel; District staff; and members of the public. *Copies of the public sign-in sheets are attached hereto as Exhibit “A” of the “November 14, 2017, Regular Board of Directors Meeting minutes”.*

President and Presiding Officer Moffatt called to order the Public Hearing on Amendments to Permits to Establish Total Qualifying Demand under the District Regulatory Plan and appointed Brian L. Sledge, District General Counsel, to serve as Co-Presiding Officer for the limited purpose of conducting the preliminary hearing and ruling on procedural issues and

legal matters. The Co-Presiding Officer observed that the following notice requirements had been met:

- (1) The General Manager timely published the appropriate notice in the newspaper;
- (2) The General Manager provided notice of the proposed permit amendments and hearing to each permit applicant and each person who requested a special notice under the District Rule; and posted it at the District Office and at the County Courthouse.

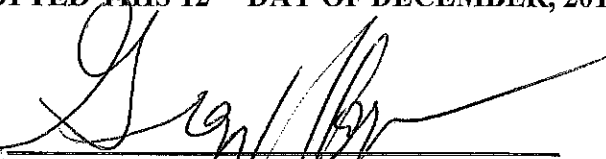
RECEIVE PERMIT HEARING REPORT FROM GENERAL MANAGER AND/OR DISTRICT ENGINEER ON PROPOSED PERMIT AMENDMENTS AND TECHNICAL REVIEWS ON THE PERMITS LISTED IN THE FOLLOWING TABLE TO ESTABLISH THE FINAL CALENDAR YEAR 2009 PRODUCTION AUTHORIZATION FOR THE PERMITS FOR PURPOSES OF ESTABLISHING THEIR TOTAL QUALIFYING DEMAND UNDER THE DISTRICT REGULATORY PLAN (DRP):

PERMIT(S) NUMBER	PERMITTEE NAME & ADDRESS	LOCATION OF WELL(S) / PURPOSE OF USE	GENERAL MANAGER'S RECOMMENDED TOTAL QUALIFYING DEMAND UNDER THE DRP
OP-08092301	T & W Water Services (Rio Vista) PO Box 2927 Conroe, TX 77305	1 well located at 17206 Pecos Road, Splendora, Public Supply (PWS) Use	600,000 gallons

A motion was made by Director Bleyl, and seconded by Director Hope to approve the permit amendment in accordance with the recommendation of the General Manager. The motion passed unanimously.

There being no further permit amendments for action and no need to schedule a continuation of contested hearings, the Public Hearing on Amendments to Permits to Establish Total Qualifying Demand under the District Regulatory Plan was adjourned at 10:25 AM.

PASSED, APPROVED, AND ADOPTED THIS 12TH DAY OF DECEMBER, 2017.



Gregg Hope, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

November 14, 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 November 14, 2017.

CALL TO ORDER:

President Moffatt presided and called to order the regular Board of Directors meeting at 10:25 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 exceptions of Director(s) McCoy, Melder, Stinson and 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:

No comments.

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 Hope, seconded by Director Bleyl. The motion to approve the minutes was approved

unanimously.

- a) October 10, 2017, Special Board Meeting
- b) October 10, 2017, Public Hearing on Permit Applications
- c) October 10, 2017, Regular Board of Directors Meeting
- d) November 6, 2017, Special Board Meeting
- e) November 7, 2017, Hearing on Merits (SOAH)

COMMITTEE REPORTS:

A. Executive Committee – Rick Moffatt, President

- 1) Brief the Board on the Committee’s activities since the last regular Board meeting – President Moffatt reported that the committee met to discuss and approve the settlement proposals.
- 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 reported that this is ongoing litigation and the judge has not set a conference date to proceed.
- 3) Defense of Appeal of Desired Future Conditions Adopted by the District: Cities of Conroe/Magnolia and Quadvest – Mr. Sledge reported that because of the October presentation by LBG Guyton on the Strategic Water Resources Planning Study Task 3 and the Board subsequently approving at the October board meeting pursuing a new management goal and new desired future condition for the District known as Run “D” of Task 3 of that study, the District and the Petitioners were able to settle and dispose of the DFC appeal effective November 6, 2017, at the special-called meeting of the District’s Board, and that the SOAH Hearing previously scheduled for November 6, 2017, had been cancelled.

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 reported that the committee met on October 31st to discuss current and projected expenses for 2018. He related that upon reviewing line item expenses proposed for 2018, the committee has recommended a 25 percent reduction in Education/Public Awareness programs that will be reflected in the 2018 budget.
- 2) Update on public outreach activities, water efficiency, and conservation efforts – James Ridgway – Mr. Ridgway displayed a plaque recognizing Lone Star GCD as a sponsor in the 4-H Water Ambassador Program. He noted the December *Dock Line* would have an article about the Water Efficiency Network (WEN) recapping this year’s speakers and mentioned that these seminars have been captured for our video library on our Facebook page. These videos have been viewed and provided 2200 minutes of instruction in 2017. Mr. Ridgway reported that the mobile lab visited Splendora schools during the past month where 300 students were served over two days. The next visits will be to Vogel Intermediate and Patterson Elementary schools in the months of January and February 2018. Mr. Ridgway will be doing outreach

presentations with First LEGO League teams throughout Montgomery County. Lastly, Mr. Ridgway is working on a possible educational partnership event with the county public libraries.

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

- 1) Brief the Board on the Committee’s activities since the last regular board meeting – Ms. Jones related that there had been no meeting but a committee meeting would be scheduled in the next few weeks.

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 stated that a meeting would be scheduled this month but the committee had not met.

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

- 1) Brief the Board on the Committee’s Activities – Director Wood stated that staff was working to schedule a Budget and Finance Development Committee meeting for the last week of November to finalize the 2018 budget for board consideration at the December regular board meeting.
- 2) Review of monthly financial reports – Director Wood reported that, for the month of August, revenue was budgeted at \$138,879—actual was \$145,683. He said expenses were budgeted at \$167,423—actual expenses were \$341,215. Year-to-date net loss is \$548,299.
- 3) Discuss, consider, and possible action regarding approval of First Financial Bank, N.A. Resolution approving and amending authorized banking signors – a motion to approve the resolution was made by Director Bleyl and seconded by Director Hope. The motion passed unanimously.
- 4) Discuss, consider, and possible action regarding approval of Resolution Amending Authorized Representatives authorized to transmit funds for investment in TexPool/Texpool Prime – a motion to approve the resolution was made by Director Hope and seconded by Director Bleyl. The motion passed unanimously.

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 commented that they had had no 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 reported the Strategic Water Resources Planning Study has been concluded and District consultants are nearing completion of the final report that will be submitted

back to the Findings and Review Committee for one last review. Moffatt added, that while this has taken longer than originally anticipated, it is the Committee's hope that we will have a final report for presentation to the Board at the December board meeting.

- 3) Groundwater Management Area 14 – update the board on the status of the current desired future conditions development process in GMA 14 - Ms. Jones, General Manager, stated that the next meeting will be December 8th. She added that the agenda would be finalized next week and available on the District's website.

GENERAL MANAGER'S REPORT:

Ms. Jones shared a brief report recognizing staff's efforts this past month processing 2018 permit renewals and 2018 invoices. Income is anticipated for the first of the new year.

GENERAL COUNSEL'S REPORT:


Mr. Sledge gave a briefing on the Denbury UIC application reporting that a pressure test on the well had been conducted and that the analysis and technical evaluations would come from an UIC expert. He reported that if needed, December 11th was slated for the application hearing at the Railroad Commission. He stated that he had advised the Board concerning the House and Senate Committee's interim charges. He noted that these issues will solicit more attention after the March primaries.

NEW BUSINESS:

There was no new business.

There being no further business, upon a motion made by Director Houston and seconded by Director Hope, the meeting was adjourned at 10:46 AM.

PASSED, APPROVED, AND ADOPTED THIS 12th DAY OF DECEMBER, 2017.


Gregg Hope, Board Secretary