

LONE STAR GROUNDWATER CONSERVATION DISTRICT

October 11, 2016

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 October 11, 2016.

President Tramm called the meeting to order at 9:05 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.
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 Houston, 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" of the "October 11, 2016, 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 9:05 AM 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.

Following Executive Session, the Board reconvened in Open Session and President Tramm declared it open to the public at 10:14 AM.

No additional action was taken on matters discussed in Executive Session and President Tramm adjourned the meeting at 10:14 AM.

PASSED, APPROVED, AND ADOPTED THIS 8th DAY OF NOVEMBER 2016.


Rick Moffatt, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

October 11, 2016

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 October 11, 2016.

CALL TO ORDER:

President Tramm called to order the Public Hearing on Permit Applications at 10:21 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.
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 Houston, 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; Mark Lowry, District Consultant; District staff; and members of the public.

Copies of the public sign-in sheets are attached hereto as Exhibit “A” of the “October 11, 2016, Regular Board of Directors Meeting minutes”.

Permitting Director, Samantha Reiter noted to the board that there were 11 applications received for the month and that the items would be split into two groups. Group one included items #1-9 and Group two included items #10-11.

Item #1, **Sand Hill Foundation, LLC** – Applicant is requesting registration of an existing well and a production authorization in the amount of 100,000 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, **Montgomery County MUD #139** – Applicant is requesting an amendment to an Operating Permit in the amount of 5,000,000 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 #3, **Ron Weiss (The Ridge Mobile Home Park)** – Applicant is requesting an amendment to an Operating Permit in the amount of 3,999,000 gallons for 2016 **only**. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #4, **Montgomery County Hospital District – EMS 32** – Applicant is requesting an amendment to an Operating Permit in the amount of 200,000 gallons for 2016 **only**. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #5, **Aziz Masjid Al-Ansaar ISGH** – Applicant is requesting an amendment to an Operating Permit in the amount of 250,000 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 #6, **LMD Enterprises Inc. (Lucas Cedar)** – Applicant is requesting an amendment to an Operating Permit for registration of a new well and increase in production authorization in the amount of 45,000 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 #7, **Snappy Mart** – Applicant is requesting an amendment to an Operating Permit in the amount of 260,000 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 #8, **Aqua Texas, Inc. (Black Oak)** – Applicant is requesting registration of a new well and production authorization in the amount of 5,000,000 gallons for 2016 and 9,000,000 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 being requested.

Item #9, **Crystal Springs Water (Ponderosa Pines)** – Applicant is requesting registration of a new well and production authorization in the amount of 1,500,000 gallons for 2016 and 5,000,000 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 being requested.

Item #10, **Weisinger Incorporated (Shop Site 2)** – Applicant is requesting registration of two existing wells and production authorization in the amount of 4,889,500 gallons for 2016 and annually thereafter. Based on technical review of the information supplied, it is the General Manager’s recommendation to approve registration of the existing wells. Additionally, it is the General Manager’s recommendation to authorize a **reduced** allocation of 633,583 gallons for 2016 and approve the requested 4,889,500 gallons for 2017 and annually thereafter.

Item #11, **Vernon Smith** – Applicant is requesting an amendment to an Operating Permit in the amount of 1,800,000 gallons for 2016 and 3,800,000 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 of 1,300,000 gallons for 2016 and approve the requested 3,800,000 gallons for 2017 and annually thereafter.

Following Ms. Reiter’s report, a motion was made by Director Bleyl, seconded by Director Moffatt to approve items #1-9, in accordance with the General Manager’s recommendations. The motion passed unanimously.

Following, a motion was made by Director Stinson, seconded by Director Bleyl to approve items #10-11, in accordance with the General Manager’s recommendations. The motion passed unanimously with Director Weisinger abstaining.

President Tramm adjourned the public hearing on permit applications at 10:23 AM.

PASSED, APPROVED, AND ADOPTED THIS 8th DAY OF NOVEMBER 2016.



Rick Moffatt, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

October 11, 2016

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 October 11, 2016.

President Tramm called to order the Show Cause Hearing at 10:29 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.
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 Houston 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; 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" of the "October 11, 2016, Regular Board of Directors Meeting minutes".*

President Tramm stated this was a continuation from last month's Show Cause Hearing directing City of Patton Village, (Respondent), pursuant to District Rule 2.5, to appear before the Lone Star Groundwater Conservation District Board of Directors and show cause why the District should not issue a cease and desist order pursuant to District Rule 2.6(c) for failure to submit the Consent Order and/or remit the overproduction fees and fines associated with the 2015 withdrawal of groundwater in an amount which exceeded the specific amount authorized for withdrawal by ten percent (10%) or greater than the authorized amount; file a civil suit in this matter against Respondent; and take all other enforcement action that is necessary and appropriate under the laws of the State of Texas.

President Tramm asked if anyone representing the City of Patton Village was in attendance and wished to speak. No one indicated they were present to represent City of Patton Village.

Ms. Kathy Jones stated that the District had received an emergency order appointing a temporary manager. The staff is scheduled to meet with the parties involved today, October 11th, to discuss the outstanding overpumpage fees for 2015 that have been incurred.

President Tramm asked if staff had any objections to allowing the extension. There were no objections from District staff.

Mr. Sledge, District General Counsel, stated that upon receipt of the final order from the PUC, District staff will contact the City to discuss the outstanding 2015 overpumpage fees and fines. Mr. Sledge then suggested the Show Cause Hearing be continued until the November 8, 2016 board meeting to allow for the State to finalize the orders appointing a temporary manager for the system.

President Tramm asked that the District maintain communication and inform the Board as they receive updates from the City of Patton Village. President Tramm then stated that this hearing would be continued until 10:00 AM, November 8, 2016.

The Show Cause Hearing was continued at 10:31 AM.

PASSED, APPROVED, AND ADOPTED THIS 11th DAY OF OCTOBER 2016.

8th November



Rick Moffatt, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

OCTOBER 11, 2016

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 October 11, 2016.

President Tramm called to order the Public Hearing on amendments to permits to establish total qualifying demand under the District Regulatory Plan at 10:29 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.
Rick J. Moffatt
Jim Stinson, PE
Richard J. Tramm
M. Scott Weisinger, PG
W. B. Wood

All members of the Board were present, except Director Houston, 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; Mark Lowry, District Consultant; District staff; and members of the public. *Copies of the public sign-in sheets are attached hereto as Exhibit "A" of the "October 11, 2016, Regular Board of Directors Meeting minutes".*

President and Presiding Officer Tramm 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
HUP092 / OP-10011301	HMW Special Utility District (Pleasant Forest) PO Box 837 Pinehurst, TX 77362	1 well located at 26603 Sunset, Magnolia, and 1 well located at 17705 Butera Road, Magnolia, Public Supply (PWS) Use	6,266,000 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 10:29 AM.

PASSED, APPROVED, AND ADOPTED THIS 8TH DAY OF NOVEMBER, 2016.

Rick Moffatt, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

October 11, 2016

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 October 11, 2016.

CALL TO ORDER:

President Tramm presided and called to order the regular Board of Directors meeting at 10:31 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.
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 Houston, 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".*

APPROVAL OF THE MINUTES:

President Tramm stated the Board would consider all meeting minutes as listed for approval on today's agenda as one item. Upon review of the following, a motion was made to approve the meeting minutes by Director Moffatt, seconded by Director Bleyl, and unanimously carried, to approve the meeting minutes:

- a) September 13, 2016, Special Board Meeting
- b) September 13, 2016, Public Hearing on Permit Applications
- c) September 13, 2016, Show Cause Hearing
- d) September 13, 2016, Regular Board of Directors Meeting

COMMITTEE REPORTS:

A. Executive Committee--Richard J. Tramm, President

- 1) Brief the Board on the Committee's activities since the last regular Board meeting -- President Tramm noted there had not been a meeting of the committee since the last board meeting nor had any meetings been scheduled.
- 1) 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 noted that the Board was briefed and updated on issues related to the lawsuit filed by the City of Conroe et al during the closed executive session portion of the October 11, 2016 special board meeting.

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 had not met since the last board meeting.
- 2) Update on water efficiency, conservation efforts -- Paul R. Nelson
Mr. Nelson told the Board that the next Water Efficiency Network meeting would be held on Thursday, October 27th, at the offices of the Harris-Galveston Area Council in Houston and that the speaker would be Karen Guz of the San Antonio Water Authority ("SAWS"). Mr. Nelson stated that San Antonio had been a leader in successful conservation efforts over the past decades, and that Ms. Guz has played a large role in that effort. She will speak about past and current conservation efforts at SAWS.
- 3) Briefing on public outreach activities -- James Ridgway
Mr. Ridgway briefed the Board that there was an event on September 24th with the Woodlands Landscaping Solutions. Mr. Ridgway commented that the event had a lot of engaged attendees asking good questions. He then let the board know that a teacher from Splendora ISD had reached out to the District inquiring about the possibility of the District bringing out resources and the mobile lab to their school. Mr. Ridgway is encouraged by the request and hopes to see more requests emerge from the East county area. He further commented that both he and Director Wood had attended a meeting titled "What about our Water?" where the subject of rain harvesting as it relates to the agriculture and the livestock communities took a central focus. Mr. Ridgway also spoke about the Water Efficiency Network Meeting that was held at LSGCD on September 29th. He commented that it was very informative and that there was a great public turnout.

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 noted there had not been a meeting of the committee since the last board meeting nor had any meetings been scheduled.

D. Policy and Personnel Development Committee – Richard J. Tramm, Chair

- 2) Brief the Board on the Committee's activities – President Tramm noted there had not been a meeting since the last board meeting but stated that a meeting would be set up in the very near future.

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

- 1) Brief the Board on the Committee's Activities – Director Wood briefed the Board that the Budget and Finance Development Committee held a meeting on September 22nd to review projected revenue for year ending 2016 and potential funding options to offset legal and consulting costs in 2017 due to Conroe's lawsuit and DFC appeal. Following discussion, the Committee was in consensus and recommend no change to the 2017 water use fees.
- 2) Review of monthly financial reports – Director Wood reported that the financials for the District for the month of September report a net loss of (\$19,782); over the budgeted monthly income of \$70,149, by \$89,931. Year to date net loss is (\$210,564); under the budgeted year to date loss by \$194,040.
- 3) Review 3rd Quarterly Investment Report 2016 – Director Wood reported that both he and Director Stinson have reviewed the District's 3rd quarter investment report as provided in this month's board packets as required by the District's Investment Policy.

F. Findings and Review Committee – Rick Moffatt, Chair

- 1) Brief the Board on the Committee's activities since the last regular Board meeting – Director Moffatt reported that the Findings and Review Committee had not held a meeting since the last board 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 – John Seifert, LBG Guyton & Associates. On behalf of LBG Guyton, Mark Lowry reported on the status of the Strategic Water Resource Planning Study. Mr. Lowry explained that Task 0 is ongoing with project communications. He further commented that the draft technical memorandum on Task 2 of the Strategic Water Resources Planning Study is expected

to be available later in the week for the Findings and Review Committee review. Mr. Lowry also stated that data on Task 3 (Future Groundwater Availability) is now being collected to review the Catahoula Aquifer in response to pumping.

- 3) Groundwater Management Area 14 – Update the board on the status of the current desired future conditions development process in GMA 14 – Kathy Turner Jones
Ms. Jones stated that there had not been a meeting of the GMA since the last board meeting and that at this time, a future meeting has not been scheduled.

ENGINEERING REPORT:

Mark Lowry, District Consultant, reported that a copy of his report was included in the Board's packet.

GENERAL MANAGER'S REPORT:

Kathy Turner Jones stated that a copy of this month's general manager's report is included in the board packet and that the majority of the items included had previously been discussed during earlier agenda items today.

GENERAL COUNSEL'S REPORT:

Mr. Sledge noted that he had no additional information to report and that the Board was briefed and updated on issues related to the lawsuit filed by the City of Conroe et al. during the closed executive session in today's special board meeting. Mr. Sledge also commented that the majority of issues had previously been discussed during earlier agenda items today.

PUBLIC COMMENTS:

There were no public comments.

NEW BUSINESS:

No new business was reported.

There being no further business, upon a motion was made by Director Wood and seconded by Director Weisinger, the meeting was adjourned at 10:44 AM.

PASSED, APPROVED, AND ADOPTED THIS 8th DAY OF NOVEMBER 2016.



Rick Moffatt, Board Secretary