

LONE STAR GROUNDWATER CONSERVATION DISTRICT

November 11, 2014

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 11, 2014.

President Tramm called the meeting to order at 9:04 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

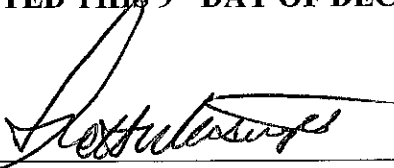
All members of the Board were present, with the exception of Director Baker, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District General Manager; Paul Nelson, Assistant General Manager, Brian L. Sledge, General Counsel; District 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 Director Tramm, the Board of Directors went into a Closed Executive Session at 9:05 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.

Following Executive Session, the Board reconvened in Open Session and President Tramm declared it open to the public at 10:13 a.m.

No action was taken on matters discussed in Executive Session and President Tramm adjourned the meeting at 10:13 a.m.

PASSED, APPROVED, AND ADOPTED THIS 9th DAY OF DECEMBER, 2014.



M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

November 11, 2014

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 November 11, 2014.

CALL TO ORDER:

President Tramm called to order the Public Hearing on Permit Applications at 10:13 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, 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, 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"*

Item #1, **Mark Milstead** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 125,000 gallons for 2014 and 250,000 gallons for 2015 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, **U.S. Land Corp** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 8,000,000 gallons for 2014 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, **Texas National MUD** - Applicant is requesting an amendment to an Operating Permit for drilling authorization for a new well. 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 #4, **Cajun Ready Mix LTD** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 3,500,000 gallons for 2014 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, **Texas Landing Utilities (Deerwood Subd)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,000,000 gallons for 2014 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, **MSEC Enterprises (Montgomery Trace WS/Crown Oaks)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 60,000,000 gallons for 2014 and annually thereafter. The SJRA GRP Administrator has been notified by email and has not submitted any comments on the request. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #7, **Marilyn Walker** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 736,000 gallons for 2014 and 1,800,000 gallons for 2015 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, **Tam Nguyen Retreat Center** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,000,000 gallons for 2014 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, **Lakelands Section II** - Application was originally posted for hearing for the October 14, 2014 board meeting. At the GMs request, the application was pulled from the hearing immediately prior to the board meeting to review the accuracy of information provided for administrative completeness and is reposted here for the November 11, 2014 hearing. Applicant has submitted a request to drill a replacement well for an existing non-permitted well that is failing. Well serves a small community system providing water to 10 residential connections servicing less than 25 individuals year round. System is maintained through resident O&M cost

sharing. No usage data is available for prior years for the existing well. District staff and consultants have reviewed the information submitted by applicant and note that the 100,000 gallons per connection per year being requested is within the District's standards for residential connections. Applicant is further requesting the issuance of OP-14090901 in the amount of 1 million gallons for 2014 and beyond. The existing/replacement well(s) is reported to be located within the City of Shenandoah's ETJ for water supply service. Applicant states that a public water system is not available in this area. Exact water availability information from the City of Shenandoah has been requested but not available. Based on legal advice received, the City of Shenandoah's letter (as attached) does not state reasons why the permit could not be granted under the District Rules and CCN issues between the City and applicant presented in the letter are not in the District's jurisdiction, the General Manager recommends that the Board authorize permitting and commencement of construction of the new replacement well, and further recommends that the Board approve the allocation of 1 million gallons for 2014 and beyond with the requirement that meters be installed at all residential connections within 12 months of approval of OP-14090901 and the permittee reports production monthly via the District's online database. (Meter at Lakeland Section 2 site must be installed within 30 days).

Item #10, **Newton Amalgamated LLC** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 60,000 gallons for 2014 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 #11, **Eagle Sand and Gravel** - Applicant is requesting registration of a new well and production authorization in the amount of 5,000 gallons for 2014 and 300,000 gallons for 2015 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration of the well and 2014 allocation in the amount of 5,000, and then authorize a **reduced** amount of 30,000 gallons for 2015 and annually thereafter.

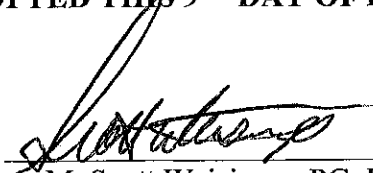
The first motion was made by Director Stinson, and seconded by Director Moffatt to approve items #1-8 and #10 as requested, in accordance with the General Manager's recommendations. Director Weisinger noted that item #6 reads on the agenda and notice that the application is for a proposed new well and increase in allocation, when in fact all that is requested is an increased allocation. The correction was noted and the motion passed unanimously.

The second motion was made by Director Bleyl, and seconded by Director Houston to approve item #11, in accordance with the General Manager's recommendation for the registration and construction of a new well, as well as the requested 2014 allocation, but with a reduced authorized allocation for 2015. The motion passed unanimously.

The third motion was made by Director Stinson, and seconded by Director Bleyl to approve item #9 as requested in accordance with the General Manager's recommendations. The motion passed unanimously.

President Tramm adjourned the public hearing on permit applications at 10:17 a.m.

PASSED, APPROVED, AND ADOPTED THIS 9TH DAY OF DECEMBER, 2014.

A handwritten signature in black ink, appearing to read "M. Scott Weisinger", written over a horizontal line.

M. Scott Weisinger, PG, Board Secretary

**LONE STAR
GROUNDWATER CONSERVATION DISTRICT**

NOVEMBER 11, 2014

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 11, 2014.

CALL TO ORDER:

President Tramm called to order the regular Board of Directors meeting at 10:17 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, 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, 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 listed as one item. Upon review of the following, a motion was made by Director Wood, seconded by Director Houston, and unanimously carried, to approve the meeting minutes:

- a) October 14, 2014, Special Board Meeting
- b) October 14, 2014, Public Hearing Rule Amendments

- c) October 14, 2014, Public Hearing on Permit Applications
- d) October 14, 2014, Regular Board of Directors Meeting

CONTINUATION OF PUBLIC HEARING ON PROPOSED AMENDMENTS TO THE DISTRICT RULES AND DRP FROM OCTOBER 14, 2014 – BRIAN L. SLEDGE

- a) **Presentation and discussion of proposed amendments to the District Rules, including without limitation amendments to Phase II(B) of the District Regulatory Plan (DRP). The proposed rules amendments include revisions regarding: (1) well location, spacing, completion, and minimum tract size requirements for water wells in the Gulf Coast Aquifer and the Catahoula Restricted Aquifer; (2) permitting requirements related to the transfer of Total Qualifying Demand and the Initial Conversion Obligation, as those terms are described in the DRP; (3) the ability of Small Volume Groundwater Users and Large Volume Groundwater Users to produce up to 10 million gallons of groundwater per year from the Gulf Coast Aquifer under certain circumstances, and restrictions related to the same, including transfer and production restrictions and related Groundwater Reduction Plan requirements; and (4) permitting operations and procedures related to participants in a Joint Groundwater Reduction Plan.**

The District has received one additional written public comment since the first portion of the public hearing on October 14, 2014. Mr. Sledge presented a written summary of the proposed changes as well as the public comment received to date. Additionally the following cities have requested additional time to review and comment on the proposed revisions: City of Shenandoah, City of Willis, City of Oak Ridge North, and Woodland Oaks Utility.

Mr. Sledge then opened up the public comment portion of the meeting.

- b) **Public comment on proposed changes to the District Rules and DRP.**

Mr. Mike Stoecker, representing Woodland Oaks Utility, noted that if the proposed changes are adopted, his exiting developments will not meet the requirements and will need to request numerous variances in the future. Specifically he addressed the requirement of 1-1/2 acres to drill a new well. He also questioned the proposed spacing requirement of 225 feet. His general comment was that these proposed changes cause an undue burden and will increase the cost of doing business in Montgomery County.

Director Houston acknowledged the complexity of the proposed changes, and suggested that the District host a Q&A workshop to further discuss in detail with the public the specifics of the changes. Following discussion, President Tramm asked the General Manager to coordinate with the consultants for District staff to host a workshop in the coming week for the public to come

and ask questions of staff and consultants regarding the proposed changes to the Rules and DRP. He also requested the workshop be posted as a public meeting to allow LSGCD Directors to attend.

c) Discussion, consideration and possible action approving amendments to the District Rules and Phase II(B) of the District Regulatory Plan.

In light of the above development, it was decided to continue the current public hearing on the next Board meeting on Tuesday, December 9 at 10 a.m.

COMMITTEE REPORTS:

Water Awareness and Conservation Committee - Billy Wood, Chair

Briefing on Committee Activities - Director Wood reported that the committee had not met since the last board meeting.

Briefing on Public Outreach Efforts - Marlisa Briggs, Education/Public Awareness Coordinator - Mrs. Briggs' presentation highlighted the following public outreach efforts:

- Mobile Education Lab Aquifer Model Update – aquifer model is complete and installed, and will be picked up this week
- Annual Billing Inserts – These have been placed in all District statements to permittees, and to date, nearly 41,000 have been given to area water providers for their billing inserts.
- Website Redesign Progress Report – the site is complete, and will be live this week
- TCEQ's Texas Environmental Excellence Award – the LMC Rainwater Harvesting Project has made it to the finals
- HOAs – reaching out to them for support of Water Efficiency Network's yard sign campaign
- Watering Recommendations – good media coverage
- Press Clippings – they have been added to board packets
- Chambers of Commerce Board Meetings
- Ongoing e-blasts, press releases and social media communications
- Monthly Dock Lines article

Update on Conservation Efforts – Paul R. Nelson, Assistant General Manager – Mr. Nelson briefed the Board on additional conservation activities, including

- Lake Conroe Watershed Protection Plan Meeting update – Mr. Nelson attended the most recent meeting on October 21. Currently, the group is focusing on best methods of public outreach.
- City of Conroe's Water Conservation Advisory Committee update – Presentation by Doug Goodwin, leading irrigation specialist. City of Conroe has begun sponsorship of the Wise Guys program to help residents. The

Woodlands Joint Powers Agency has taken part in the program for more than five years.

- October 23 Gulf Coast/Montgomery County Water Efficiency Network meeting – Ashley Oliver gave a presentation on mussels, including those which are considered endangered, as well as zebra mussels, which are increasingly aggressive to the Texas waterways. These mussels have had a negative impact on water supply in the Dallas area. Next meeting is November 20th at H-GAC, with the featured speaker a regional water planner with H-GAC.
- Lone Star College presentation – On November 5th, Mr. Nelson gave a presentation on conservation and activities of the District to continuing education students.
- November 6 – attended a Texas A&M AgriLife presentation on water and other property rights with Director Wood.

Rules Development and Bylaws Committee – Kathy Turner Jones, General Manager

Briefing on Committee Activities – Ms. Jones reported that the committee had not met since the last board meeting. She noted that she will work to schedule a public workshop regarding the proposed changes to the District Rules and Regulatory Plan.

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

Briefing on Committee Activities – In Director Baker's absence, Director Moffatt reported that the committee met on November 4th to discuss changes to the Department of Labor guidelines for exempt and non-exempt employees and laws under the Fair Labor Standards Act. Included was a progress update by the District's HR attorney, who was asked at the last committee meeting to perform a formal detailed analysis and audit of current positions and their respective job descriptions within the District to ensure we meet compliance with the FLSA and recommendations provided by him. The committee expects to have final recommendations back from the attorney no later than the end of the year.

Additionally, the committee reviewed compensation and staffing needs for fiscal year 2015. It is the committee's recommendation that the Board authorize an increase of under three percent for salary expenses to be included in the 2015 fiscal year budget based on merit and comparable salary raises at the recommendation of the General Manager and the staff supervisor(s).

Director Moffatt made a motion to approve an increase of under three percent to the "salary expense" for fiscal year 2015. Director Stinson seconded the motion, and all those present were in favor.

Findings and Review Committee – Richard J. Tramm, Chair

Status Update: 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. – Richard J. Tramm, Chair

Discuss, consider and take action as necessary concerning approval of Scope of Work for the “Strategic Planning for Groundwater Management and Development”

- a) LBG Guyton & Associates – Project Lead
- b) Mullican and Associates – Owner's Representative

Mr. John Siefert, LBG Guyton, provided a presentation on the proposed study, including scope, timeline, components and specific objectives. The study will include a stakeholder component, ensuring those in the community have the opportunity for input.

Mr. Bill Mullican, Mullican and Associates, then spoke on his firm's role in the overall study, specifically concerning his role as the owner's representative.

Director Wood made a motion to approve scopes of work from both LBG Guyton & Associates and from Mullican and Associates. Director Houston seconded the motion, and all those present were in favor.

Update: Groundwater data acquisition and analysis study of potential groundwater contamination – Paul R. Nelson

Mr. Nelson reported that Mr. Bennett has completed downloading of the data from the state. There are a plethora of single source wells in the county, which is good news. The District will now begin placing those wells on a map, and designating which aquifers those wells are located within. Following that exercise, certain wells will be selected as those to monitor for changes on an ongoing basis.

Budget and Finance Development Committee - Jim Stinson, Chair

Briefing on Committee Activities - Director Stinson reported that the committee has not met since the last committee meeting.

Review of Monthly Financial Reports - Director Stinson reported that the financial statement indicated a year-to-date (Jan. – Oct.) actual income of \$2 million compared to projected \$2.1 million, and expenses are at \$1.6 million, compared to projected expenses of \$1.8 million.

Additionally, Ms. Jones reported she is working to schedule a budget workshop for the board within the next 30 days, in order to review year-end numbers and create a draft budget for 2015.

Building and Facilities Committee - Kathy Turner Jones, Coordinator

Briefing on Committee Activities – Ms. Jones reported that the committee had not met since the last board meeting.

Update and Possible Action Regarding Construction and Redesign of Existing Detention Pond – Ms. Jones reported that in addition to the above note about the potential leadership project, she acknowledged that board members have been extremely busy with other District committees, and she was trying to avoid too much demands on their time. She hopes that the committee will have the opportunity to meet soon to move this project forward.

LSGCD PRESENTATION OF STATIC WATER LEVELS AND MAPPING CAPABILITIES:

Permitting Director Samantha Reiter demonstrated to the board the District's online static water levels and mapping capabilities.

ENGINEERING REPORT:

Mark Lowry, District Consultant, reported that most of his activity during the month was routine, and a copy of his report is included in the Board's packet. Additional activities included working with Findings and Review Committee on the scope, working with the Rules Committee, and preparing to retrieve the educational trailer from north Texas.

GENERAL MANAGER'S REPORT:

Ms. Jones noted that the majority of her items have been covered during the meeting, and noted that she had been asked to provide an update on the Texas Water Development Board's progress with regard to the adoption of the SWIFT rules. Brian Sledge will provide that update in his report. She also brought attention to an update in her report by Shawna Fitzsimmons about the Railroad Commission's rule amendments. Generally, the changes to rules regarding groundwater are minor and will not impact the District.

GENERAL COUNSEL'S REPORT:

Mr. Sledge reported that they have been working on the rulemaking effort, and also noted that as a result of the recent elections, at least a quarter of the Texas Senate (8 out of 31) will be new. There may be a new committee chairman for Senate Natural Resources Committee, and there will be a new committee chairman for the same committee in the House.

The TWCA board meeting was held in San Antonio, and the board approved four proposed pieces of groundwater legislation that the stakeholders' committee had been working on during the past year. A summary of the four proposals follows:

1. Proposed legislation which would abolish the State Auditor Office review of groundwater districts' management plans and achievement of goals and objectives under the plan. Now that the TCEQ has increased oversight, there is no need for this additional review, but the Auditor's Office would still review financial transactions like they do most other entities.
2. Proposed permitting renewal and amendments legislation – would give more certainty to permit holders that their permits will be renewed at the end of the year, especially in districts where there are a lot of contested case hearings.
3. Proposed aquifer storage and recovery (ASR) bill – these changes could have the biggest benefit for water supply management in the state. The biggest change would allow people to store water in an aquifer after they divert it from a surface water body (which they already have a right to) without having to go through an extensive paperwork and approval process. It also ends the requirement of a pilot program before doing a full-scale ASR project.
4. Proposed water well drillers bill (Texas Dept. of Licensing and Regulation bill) – would reinstate the authority for the water well drillers board to do their apprentice program; would coordinate enforcement efforts between the TDLR and local jurisdictions (like groundwater districts), and would require a licensed water well driller to do preparations before oil and gas wells are converted to water wells.

Also, on November 6, the Texas Water Development Board approved their final rules for SWIFT and SWIRFT. The board is putting up about \$800 million the first year, and annually for the next decade. The rules are set up based on a priority system. Those interested in pursuing one of these subsidized loans are required to get a bridged application into the TWBD by February 3. The TWDB is hoping to do closings on those loans on November/December 2015.

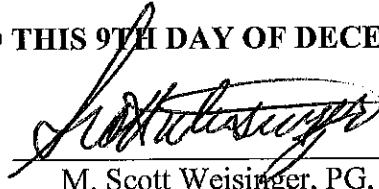
PUBLIC COMMENT:

There was no public comment. In honor of Veteran's Day, the board recognized and thanked all the military veterans for their service.

NEW BUSINESS:

There being no further business, Director Weisinger made a motion to adjourn the meeting; Director Wood seconded the motion, therefore the meeting was adjourned at 11:30 a.m.

PASSED, APPROVED, AND ADOPTED THIS 9TH DAY OF DECEMBER, 2014.

A handwritten signature in black ink, appearing to read "M. Scott Weisinger", written over a horizontal line.

M. Scott Weisinger, PG, Board Secretary

**LONE STAR
GROUNDWATER CONSERVATION DISTRICT**

November 18, 2014

MINUTES OF PUBLIC WORKSHOP

***PUBLIC WORKSHOP ON PROPOSED AMENDMENTS TO DISTRICT
RULES AND DISTRICT REGULATORY PLAN***


A "public workshop" open to the public, was held 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 at 8:30 AM on November 18, 2014.

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

Board members present: John Bleyl PG., Scott Weisinger PG, and Rick Moffatt. No other board members were present, thus no quorum of the Board of Directors was established and a meeting of the Lone Star GCD Board of Directors was not convened. Copies of the public sign-in sheets are attached hereto as Exhibit "A"

PASSED, APPROVED, AND ADOPTED THIS 9th DAY OF DECEMBER, 2014.



M. Scott Weisinger, PG, Board Secretary

