EXHIBIT B

RESOLUTION NO. #10-001

A RESOLUTION ADOPTING A BUDGET FOR THE LONE STAR GROUNDWATER CONSERVATION DISTRICT FOR THE PERIOD BEGINNING JANUARY 1, 2010 AND ENDING DECEMBER 31, 2010

THE STATE OF TEXAS §

COUNTY OF MONTGOMERY §

WHEREAS, the Lone Star Groundwater Conservation District ("District") was created by the Legislature of the State of Texas in Acts 2001, 77th Leg., R.S., ch. 1321, p. 3246, § 1(a);

WHEREAS, § 36.154 of the Texas Water Code provides that the Board shall prepare and approve an annual budget; and

WHEREAS, the General Manager of the Lone Star GCD, after in-depth review of the current and previous years' budgets, forecasting future needs and expenses of the District, and analysis of the budget relationship with District rules and goals, has accordingly formulated a budget for the Lone Star Groundwater Conservation District; and

WHEREAS, the Budget and Finance Development Committee, duly appointed from the Board of Directors, has reviewed information relating to the financial needs of the District, and has recommended said budget for adoption by the Board of Directors; and

WHEREAS, after consideration of the recommended budget and after further deliberation, the Board has agreed upon the budget, attached hereto, to be designated the Lone Star Groundwater Conservation District Budget;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT AS FOLLOWS:

1. The budget attached hereto is hereby adopted as the Lone Star Groundwater Conservation District Budget for the period beginning January 1, 2010, and ending December 31, 2010.

2. It is the clear intent of the Board that this budget represents an estimate of it expenditures and that neither individual line items nor, in fact, the total is limiting on future Board actions.

3. The General Manager of the District is further authorized to take any and all action necessary to implement this resolution.

AND IT IS SO ORDERED.

PASSED AND ADOPTED on this 13th day of April, 2010.

LONE STAR GROUNDWATER CONSERVATION DISTRICT

By: _____
Richard J. Tramm, Board President

ATTEST:

_____
Sam W. Baker, Secretary