

LONE STAR GROUNDWATER CONSERVATION DISTRICT

August 9, 2011

MINUTES OF SPECIAL MEETING

Lone Star Groundwater Conservation District (“District”) held a “Special Meeting,” open to the public, at 207 W. Phillips Street, Suite 300, Conroe, Texas, within the boundaries of the District on August 9, 2011.

President Tramm called the meeting to order at 9:05 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 W. Baker
John D. Bleyl, PE
Reed Eichelberger, PE
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, Director McCoy, Director Moffatt, and Director Stinson thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District General Manager; Brian 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”.*

After a proper and legally sufficient announcement to the public by President Tramm, the Board of Directors went into a Closed Executive Session at 9:07 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.

Director Baker arrived at 9:10 a.m.

Following Executive Session, the Board reconvened in Open Session and declared it open to the public at 9:36 a.m.

No action was taken on matters discussed in Executive Session and the meeting was adjourned at 9:36 a.m.

PASSED, APPROVED, AND ADOPTED THIS 13th DAY OF SEPTEMBER, 2011.

M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

August 9, 2011

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 207 W. Phillips Street, Suite 300, Conroe, Texas, within the boundaries of the District on August 9, 2011.

President Tramm called to order the Public Hearing on Permit Applications at 10:05 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 W. Baker
John D. Bleyl, PE
Reed Eichelberger, PE
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 McCoy and Director Moffatt, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District General Manager; Brian 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”.*

Following the permit hearing report from General Manager, Kathy Turner Jones, a motion was made by Director Eichelberger, seconded by Director Wood and unanimously carried, to approve permits #1 through #17, in accordance with the following recommendations of the General Manager:

1. David Legee, for a proposed well to be drilled at 38923 FM 1774, Magnolia, not to exceed 0.1 mg for 2011 and 0.2 annually thereafter, Commercial use;
2. LB Pipe & Coupling, for a proposed well to be drilled at 21220 FM 1488, Magnolia, not to exceed 0.1 for 2011 and 0.250 mg annually, Industrial use;

3. San Jacinto River Authority (Office), for a proposed amendment to OP, increase of 3.1 mg annually, 1577 Damsite Rd, Conroe, Public Supply (PWS) use;
4. Jason Warren, for a proposed well to be drilled at 11980 FM 830, Willis, not to exceed 0.05 for 2011 and 0.1 mg annually thereafter, Commercial use;
5. Montgomery County MUD #83, for a proposed amendment to OP, increase of 60 mg annually, 23815 Bentwood, Porter, Public Supply (PWS) use;
6. Bethyl Lab, for a proposed amendment to OP, well to be drilled at 25043 West FM 1097, Montgomery, increase of 0.1 for 2011 and 0.2 mg annually thereafter, Commercial use;
7. Montgomery County Mud #94, for a proposed amendment to OP, 2828 ½ Spring Trails Bend, Spring, increase of 135 mg annually, Public Supply (PWS) use;
8. Maria Luna, for a proposed well to be drilled at Lot 32 Cannock Ct, New Caney, not to exceed 0.35 for 2011 and 0.75 mg annually thereafter, Public Supply use;
9. Klein Memorial Park Inc., for a proposed amendment to OP, increase of 3.7 mg for 2011 & 1.7 mg annually thereafter, 32539 FM 249, Pinehurst, Irrigation use;
10. Alton Muzyka, for a proposed well to be drilled at 13070 FM 149, Montgomery, not to exceed 0.035 for 2011 and 0.1 mg annually, Commercial use;
11. Zulfiqar Karedia, for a proposed well to be drilled at Hwy 242 & FM 1485, Conroe, not to exceed 0.3 for 2011 and 0.5 mg annually, Public Supply use;
12. Williams Brothers Construction (Willis Pugmill), for a proposed well to be drilled at corner of I45 Frontage Rd and Pollard Rd, Willis, not to exceed 3 mg annually, Industrial use;
13. Woodforest Golf Club LLC, for a proposed amendment to OP, 6201 Mulligan, Montgomery, increase of 40 mg for 2011 only, Impoundment/ Irrigation use;
14. YMCA of Greater Houston (Conroe Branch), for a proposed amendment to OP, increase of 2.235 mg annually, 10245 Owen Dr, Conroe, Impoundment use;
15. Sequoia Golf Woodlands LLC (Player), for a proposed amendment to OP, increase of 20 mg for 2011 only, Player Course @ Branch Crossing, The Woodlands, Impoundment/ Irrigation use;
16. 177 Lake Estates HOA, for a proposed amendment to OP, increase of 1.5 mg annually, Keenan Cut-Off & Lake Shore, Montgomery, Impoundment use; and
17. Sequoia Golf Woodlands LLC (Lake Windcrest), for a proposed amendment to OP, 10941 Clubhouse Cir, Magnolia, increase of 20 mg for 2011 only, Impoundment/ Irrigation use.

President Tramm adjourned the Public Hearing on Permit Applications at 10:07 a.m.

PASSED, APPROVED, AND ADOPTED THIS 13th DAY OF SEPTEMBER, 2011.

LONE STAR GROUNDWATER CONSERVATION DISTRICT

August 9, 2011

MINUTES OF HEARING ON CERTIFICATION OF GROUNDWATER REDUCTION PLAN (GRP) OR JOINT GROUNDWATER REDUCTION PLAN (JOINT GRP)

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 207 W. Phillips Street, Suite 300, Conroe, Texas, within the boundaries of the District on August 9, 2011.

Pursuant to §36.408 of the Texas Water Code and Rule 12.12 of the Lone Star Groundwater Conservation District’s (the “District’s”) Rules, these minutes serve as the official minutes of hearing on Certification of Groundwater Reduction Plan (GRP) or Joint Groundwater Reduction Plan (Joint GRP) identified in the Notice of Hearing issued by the District’s General Manager and admitted into the record in this hearing.

President Tramm called to order the Hearing on Certification of Groundwater Reduction Plan (GRP) or Joint Groundwater Reduction Plan (Joint GRP) at 10:07 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 W. Baker
John D. Bleyl, PE
Reed Eichelberger, PE
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 McCoy and Director Moffatt, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District General Manager; Brian 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”.*

President Tramm turned control of the meeting over to Vice-President Baker who did not appoint a co-presiding officer and deferred to Brian Sledge, District Counsel.

Brian Sledge, General Counsel, gave the Review of Notice observing 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 permits and hearing to each permit applicant, and posted it at the District Office and at the County Courthouse;
- (3) the General Manager posted notice more than 72 hours prior to the hearing, in compliance with the Texas Open Meetings Act; and
- (4) no one had requested special notice under District Rule 12.3(d), so no notice was required to be issued under Rule 12.3(d).

Mr. Sledge continued with the Review of Hearing Procedures to the Board. He explained that he would read the summaries of each GRP and Joint GRP and then allow the Board to vote on them as one item unless circumstances, such as the challenging or protesting of a recommendation, prevented that. Mr. Sledge stated that should any circumstances arise then he would address the GRP on an individual basis, additionally any questions from the Board would be answered by Mark Lowry or himself.

HEARING REPORT ON THE GROUNDWATER REDUCTION PLAN (GRP) OR JOINT GROUNDWATER REDUCTION PLAN (JOINT GRP) SUBMITTED TO LSGCD.

A hearing report was given on each of the following GRP's or Joint GRP's submitted to the District:

1. GRP sponsored by Magnolia ISD;
2. GRP sponsored by Woodland Lakes WSC;
3. Joint GRP sponsored by City of Panorama Village;
4. Joint GRP sponsored by Porter Special Utility District.

Based on District staff's technical review, the GRP's and Joint GRP's listed above meet the minimum requirements of Phase II (B) of the Districts Regulatory Plan and it is the General Manager's recommendation for certification.

A motion was made by Director Stinson, seconded by Director Weisinger and unanimously carried, to approve the certification of the uncontested Groundwater Reduction Plans (GRP's) and Joint Groundwater Reduction Plans (Joint GRP's) heard, in accordance with the General Manager's recommendations. Abstentions included Director Bleyl from voting on the Joint GRP sponsored by City of Panorama Village and the Joint GRP sponsored by Porter Special Utility District; President Tramm from voting on the Joint GRP sponsored by Porter

Special Utility District. *A copy of Resolutions #11-0023, #11-0024, #11-0025, and #11-0026 are attached hereto as Exhibit "B".*

Vice-President Baker stated that there was no need to schedule the continuance of contested hearings at this time and adjourned the Public Hearing on Certification of GRP's and Joint GRP's at 10:18 a.m.

PASSED, APPROVED, AND ADOPTED THIS 13th DAY OF SEPTEMBER, 2011.

M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

August 9, 2011

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 – Board Room located at 207 W. Phillips Street, Suite 301, Conroe, Texas, within the boundaries of the District on August 9, 2011.

President Tramm called to order the regular Board of Directors meeting at 10:18 a.m. announcing that it was open to the public.

The roll was called of the members of the Board of Directors, to wit:

Sam W. Baker
John D. Bleyl, PE
Reed Eichelberger, PE
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 McCoy and Director Moffatt, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District General Manager; Brian 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”.*

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 Weisinger and unanimously carried, to approve the meeting minutes as presented:

- a) July 12, 2011, Special Board Meeting
- b) July 12, 2011, Public Hearing on Permit Applications
- c) July 12, 2011, Hearing on Certification of GRP’s or Joint GRP’s
- d) July 12, 2011, Regular Board of Directors Meeting

e) June 14, 2011, Show Cause Hearing

COMMITTEE REPORTS:

Water Awareness and Conservation Committee – Billy Wood, Chair. Director Wood reported that the committee had not met since the last Board meeting. Paul Nelson, Assistant General Manager, gave a brief update on the status of the District's conservation efforts. Mr. Nelson stated that he recently met with The Woodlands Children's Museum and is reviewing proposals from NCM Media regarding movie ads. Mr. Nelson also pointed out that the Water on Demand program now has 20 participating restaurants, an increase from the four (4) that were signed up in July.

Rules and Bylaws Committee – Kathy Turner Jones, Coordinator. Ms. Jones reported that the committee had not met since last month's meeting and a meeting will be scheduled soon.

Policy and Personnel Development Committee – Sam W. Baker, Chair. Director Baker stated that the committee had not met since the last Board meeting and had no report at this time.

Findings and Review Committee. Ms. Jones reported that the committee met on August 8th with District consultants to review the current studies.

Update and status project report related to Regional Groundwater Update Project with HGSD and the FBSD. Mark Lowry began by stating that a copy of the report was included in the packet from Freese & Nichols detailing the activities. Mr. Lowry gave a brief summary of the report, stating that the panel is working on Work Order #4, which includes finalizing the old PRESS model and preparing it for the new population and water demands being developed.

Status Report on Catahoula Formation Hydrostratigraphic and Model Study. Mr. John Seifert, LBG-Guyton and Mr. Steve Young, INTERA, gave a brief presentation to the Board on the interim report they will be giving at the August 24th Stakeholder meeting. The presentation gave a summary of the findings thus far, focusing on the characterization of the Catahoula formation, including the framework for the model (the depth, thickness, and location), the hydraulic properties, and water quality findings.

Building and Facilities Committee – Kathy Turner Jones. Ms. Jones stated the committee met on August 5th at the bid opening for the new LSGCD building. The project received nine (9) bids, which the District is in the process of having reviewed and are expecting to receive confirmation as to the qualification of the lowest bidders by August 12th. The committee is also awaiting approval on the plans from the Greater Conroe Economic Development Council's architectural committee, and expects to hear back from them shortly.

A motion was made by Director Bleyl, seconded by Director Baker and unanimously passed to award the contract for construction of the new District office to the apparent low bidder, Collier Construction based on bid packages received. The motion is subject to written confirmation received no later than August 17, 2011 from Mark Todd Architect stating that Collier

Construction's bid package meets specification and is qualified. If the low bidder is not qualified, the Board asks that Mr. Todd come back to the Board with further consideration.

Budget and Finance Development Committee – Jim Stinson, Chair. Director Stinson reported that the committee had not had a meeting since the last Board meeting. Director Stinson stated that the committee had a preliminary meeting with the First Bank of Conroe to discuss financing options for the new building and will be presenting those to the Board at next month's meeting.

Review of Monthly Financial Reports. Director Stinson stated he had reviewed the monthly financial reports and if anyone had any questions he would be glad to address those. The District shows the operating budget has an income of \$38,000 under budget and expenses of \$223,000 under budget. The capital improvement program has a budgeted expense of \$1.2 million versus an actual expense of \$80,000.

Ratification of Resolution #11-004 approved July 12, 2011, authorizing water use fee rate schedule for 2012. A motion was made by Director Weisinger, seconded by Director Baker and unanimously carried, to ratify Resolution #11-004.

Director Baker exited the meeting at 11:18 a.m.

ENGINEERING REPORT:

Mark Lowry, District Consultant, stated his report was included in the packet and if there were any questions he would be happy to answer them. This month the bulk of his work was GRP related.

Director Wood asked Mr. Lowry to explain how the work Mr. Seifert and Mr. Young are doing will benefit the public. Mr. Lowry explained that the primary benefits will allow the District to evaluate the requests for further permits in the Catahoula and ensure that permits are not approved for more than the safety yield allows. Mr. Lowry continued that the study will help give more assurance that the impacts of the additional pumping are manageable and will not result in any long term detriment to the Catahoula aquifer formation. He added that the District is simply trying to protect the Catahoula investors by making sure this is a reliable and safe source of supply. The study is providing an evaluation tool which will allow us to look at the impacts of additional demands in portions of the aquifer that appear to have the best quality of water.

UPDATE STATUS REPORT ON INSTALLATION OF PERIODICALLY ACCESSIBLE MONITOR (“PAM”) EQUIPMENT FOR SUBSIDENCE MONITORING – Paul R. Nelson.

Mr. Nelson stated that two (2) PAM sites have been completed in The Woodlands and he is awaiting approval for a site at the dam, as well as at Precinct 2 and Precinct 4. He also added that the District is in the process of scouting another site at an east side City of Conroe water

plant. Mr. Nelson is hopeful that within the next 2-3 weeks we will be able to start the rotation and data collection process.

Mr. Nelson also mentioned that he met with the Lake Conroe Rotary Club on July 21st, and that he attended a presentation given by Ms. Jones in Coldspring, Texas.

DISCUSSION AND POSSIBLE ACTION TO ISSUE A SHOW CAUSE ORDER DIRECTING THE FOLLOWING PERMITTEES, OR THEIR DESIGNATED REPRESENTATIVE, TO APPEAR AT A SHOW CAUSE HEARING FOR THAT PURPOSE AND SHOW CAUSE WHY APPROPRIATE ENFORCEMENT ACTION SHOULD NOT BE TAKEN, INCLUDING WITHOUT LIMITATION INITIATING A LAWSUIT AGAINST THE PERMITTEES FOR FAILURE TO REMIT FEES ASSOCIATED WITH EXCEEDING THE AUTHORIZED PERMITTED WITHDRAWAL OF GROUNDWATER IN 2010:

Based on legal advice received in Executive Session, it is the General Manager's recommendation to order a Show Cause Hearing to be held in conjunction with the September 13, 2011 Board meeting for failure to remit fees associated with exceeding the authorized permitted withdrawal of groundwater in 2010 for the following:

- a) Bridgewood Farms, HUP033/ OP-09050501A
- b) Montgomery Co. Hospital District EMS 32, OP-10031801
- c) Texas American Water (Pine Vista), HUP207
- d) The Corner Store, HUP228

Ms. Jones stated that no action will be taken on items a) and c) – 1404 Blaketree, LP and Texas American Water (Pine Vista).

A motion was made by Director Stinson, seconded by Director Bleyl and unanimously carried, to proceed with the recommendations of the General Manager.

GENERAL COUNSEL REPORT:

Brian Sledge updated the Board on pertinent legal issues and developments impacting the District since the last regular Board Meeting. Mr. Sledge stated that he is pleased the District is working with INTERA and LBG-Guyton on the Catahoula project because they are the top two firms he recommends to all the groundwater districts he represents. Mr. Sledge added that he has been working with the District to get the last five (5) GRPs ready for certification and is also monitoring the implementation of the new laws related to the Desired Future Conditions process. Mr. Sledge is working internally to get a conceptual outline for rules revision which will not only incorporate the recent legislative changes but also the reconciliation of the fact that the District now has three (3) distinct users groups with different rules that apply to them; LVGUs, which are governed by the District's Regulatory Plan; exempt and non-exempt users, who abide by a subset of rules from the Regulatory plan; and now Catahoula users, who will need a set of rules. Mr. Sledge will continue to keep the Board apprised of any changes that arise before the next meeting.

GENERAL MANAGER’S REPORT:

Kathy Turner Jones, General Manager, stated that her report was included in the packets and if anyone had any questions, she would be glad to address them. Ms. Jones pointed out that there was a picture of an installed PAM site included in her report. Ms. Jones mentioned that one of the changes that came from the recent legislative session was Senate Bill 660, which amended the water code to state that groundwater districts located within a GMA and a Regional Planning Group were to appoint one representative to the Regional Planning Group for that area. The Groundwater Districts that are within both GMA 14 and Region H Planning Group boundaries have selected Ms. Jones as that representative.

COMMITTEE APPOINTMENTS:

President Tramm handed out copies of the updated committee list to the Board. The new committees are:

The Budget and Finance committee includes: Jim Stinson, Chair; Richard J. Tramm, Scott Weisinger, and John D. Bleyl.

The Policy and Personnel committee includes: Sam Baker, Chair; Jim Stinson, Rick Moffatt, and Reed Eichelberger.

The Rules and Bylaws committee includes: Kathy Jones, Coordinator; Scott Weisinger; Billy Wood; Roy McCoy; and Sam Baker.

The Water Awareness and Conservation committee includes: Billy Wood, Chair; Richard J. Tramm; John D. Bleyl; and Roy McCoy.

The Findings and Review committee includes: Paul R. Nelson, Coordinator; Rick Moffatt; John D. Bleyl; Reed Eichelberger; and Richard J. Tramm.

The Building and Facilities committee includes: Kathy Jones, Coordinator; Sam Baker; Reed Eichelberger; Scott Weisinger; and Billy Wood.

PUBLIC COMMENT:

Mike Stoecker, Stoecker Corp. stated that he felt the Board was headed in the right direction with regard to the Catahoula studies but wanted to reiterate his thoughts that the District should drill test wells in order to get more “real” data. He further explained that while this information is probably going to be good and will probably get our money’s worth, it is also probably not going to be enough information. Mr. Stoecker is asking the District to expand the scope of this study and add more test holes, stating that before we spend more millions of dollars on more studies, we should spend a few hundred thousands of dollars on a few more test holes, which he believes will be money well spent long-term and it will give us factual information. Mr. Stoecker encouraged the District to do as much as we can and do an extensive study of the

Catahoula because he just doesn't believe we have done quite enough yet. Director Weisinger stated that we are working with a limited budget and that we will look into it. There was some discussion with Mr. Seifert, who explained that the first step is the completing the study and that the next step could be to drill, if the study warrants.

Diane Lincoln, Mayor for Town of Woodloch, asked who the designated Open Records officer was. President Tramm stated that questions could be directed to Kathy Jones, General Manager or Cori Stallings, Permitting Director for permit specific questions.

Manny Vasquez was signed up for a comment but was not present at the time called upon.

NEW BUSINESS: None.

There being no further business, upon a motion by Director Weisinger, seconded by Director Wood, President Tramm adjourned the meeting at 11:42 a.m.

PASSED, APPROVED, AND ADOPTED THIS 13th DAY OF SEPTEMBER, 2011.

M. Scott Weisinger, PG, Board Secretary