

LONE STAR GROUNDWATER CONSERVATION DISTRICT

November 8, 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 November 8, 2011.

President Tramm called the meeting to order at 9:11 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 thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District 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”.*

After a proper and legally sufficient announcement to the public by President Tramm, the Board of Directors went into a Closed Executive Session at 9:11 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 declared it open to the public at 9:52 a.m.

No action was taken on matters discussed in Executive Session and the meeting was adjourned at 9:53 a.m.

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

M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

November 8, 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 November 8, 2011.

President Tramm called to order the Public Hearing on Permit Applications 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 thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District 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, **C&S Investments**, Item #2, **Hil & Don Properties, LP**, Item #3, **CLW, Inc.**, Item #4, **T&W Water Services (Rio Vista)**, Item #5, **T&W Water Services (Hidden Springs Ranch)**, Item #6, **Woodland Oaks Utility Co. Inc.**, Item #7, **Montgomery County MUD #15**, Item #8, **First Assembly of God**, Item #9, **Wood Acres Properties, LLC**, Item #10, **T&W Water Services (Riverwalk)**, Item #11, **T&W Water Services (Grand Harbor/Gemstone)**, Item #12, **T&W Water Services (Thousand Oaks)**, Item #13, **T&W Water Services (Harbor Side)**, Item #14, **CSD, Inc.**, Item #15, **Montgomery County MUD #89**, Item #16, **Forest Lane Food Mart**, Item #17, **Montgomery County MUD #19**, Item #18, **Bridgewood Farms**, Item #19, **MSEC Enterprises (Montgomery Trace WS/Crown Oaks)**, Item #20, **T&W Water Services (Sun Rise Ranch)**, Item #21, **T&W Water Services (Deer Run)**, Item #22, **Crystal Springs Water (Afton Park Civic Imp. Assoc.)**, Item #23, **Crystal Springs Water (Autumn**

Acres), Item #24, **Crystal Springs Water (Chasewood)**, Item #25, **Crystal Springs Water (Country West/Western Hills)**, Item #26, **Crystal Springs Water (Deer Glenn)**, Item #27, **Crystal Springs Water (Lake Creek Falls)**, Item #28, **Crystal Springs Water (Lake Louise)**, Item #29, **Crystal Springs Water (The Oaks)**, Item #30, **Crystal Springs Water (Timberland Estates)**, Item #31, **Crystal Springs Water (Tower Woods)**, Item #32, **Crystal Springs Water (Whispering Pines)**, Item #33, **Crystal Springs Water (White Oak Hills)**, Item #34, **City of Cut and Shoot**, Item #35, **Archdiocese of Galveston – Houston Circle Lake Retreat Center**, and Item #36, **Country Food Mart** – Applicants are requesting amendments to their existing permits for additional production authorization for 2011 and annually thereafter. Based on technical review of the information supplied by application, it is the General Manager’s recommendation to approve that which is being requested. A motion was made by Director Baker, and seconded by Director Bleyl to approve the above amendments in accordance with the recommendations of the General Manager. Motion passed.

Item #37, **Johnston’s Utilities, Inc.**, Item #38, **Woodforest Golf Club LLC**, Item #39, **Southern Montgomery County MUD**, Item #40, **ES Water Utility Consolidators, Inc.**, Item #41, **Montgomery Place Water System**, Item #42, **Washington County Railroad**, Item #43, **Everett Square Inc. (Windcrest Est., Honea Egypt, Part of 1488 System)**, Item #44, **Don E. Granger (Apartments)**, Item #45, **Don E. Granger (Center)**, Item #46, **Westwood North Water Supply**, Item #47, **Lake Forest Falls**, Item #48, **Lake South Water Supply**, Item #49, **Montgomery County MUD #9**, Item #50, **Lazy River Improvement District**, and Item #51, **April Sound Country Club** – Applicants are requesting amendments to their existing permits for additional production authorization for 2011 only. Based on technical review of the information supplied by application, it is the General Manager’s recommendation to approve that which is being requested. A motion was made by Director Stinson, and seconded by Director Bleyl to approve the above amendments in accordance with the recommendations of the General Manager. Director Moffatt sustains from voting on Item #39 and motion passed.

Item #52, **Glen E. Walden** – Applicant is requesting an amendment to their existing permit for additional production authorization for 2011 and annually thereafter and to add an existing well. Based on technical review of the information supplied by application, it is the General Manager’s recommendation to approve that which is being requested. A motion was made by Director Stinson, and seconded by Director Moffatt to approve the above permit amendment in accordance with the recommendations of the General Manager. Motion passed.

Item #53, **Splendora Pipe Services** – Applicant is requesting drilling authorization for new wells and production authorization for 2011 and annually thereafter. Based on technical review of the information supplied by application, it is the General Manager’s recommendation to approve that which is requested. A motion was made by Director Stinson, and seconded by Director Eichelberger to approve the above permit application in accordance with the recommendations of the General Manager. Motion passed.

Item #54, **Glen Walden (Koalstad Rd)** – Applicant is requesting an amendment to their existing permit for additional production authorization for 2011 and annually thereafter and to add an existing well. Based on technical review of the information supplied by application, it is the General Manager’s recommendation to approve that which is being requested. A motion was made by Director Stinson, and seconded by Director Eichelberger to approve the above permit amendment in accordance with the recommendations of the General Manager. Motion passed.

Item #55, **Northwest Water System (Shady Brook Acres)**, Item #56, **Crane Energy Flow Solutions**, and Item #57, **Inkjet, Inc.** – Applicants are requesting an operating permit for additional production authorization. Based on technical review of the information supplied by application, it is the General Manager’s recommendation to approve that which is being requested. A motion was made by Director Stinson, and seconded by Director Moffatt to approve the above permit application in accordance with the recommendations of the General Manager. Motion Passed.

Item #58, **San Jacinto River Authority** – Applicant is requesting drilling authorization for a new well and production authorization of 1,000,000,000 gallons for 2011 only. Based on technical review of the information supplied by application, it is the General Manager’s recommendation to approve that which is being requested. A motion was made by Director Stinson, and seconded by Director Bleyl to approve the above permit amendment in accordance with the recommendation of the General Manager. Director Eichelberger and Director Weisinger abstain from voting and motion passed.

Item #59, **Rayford Road MUD** – Applicant is requesting an amendment to their existing permit for additional production authorization for 2011 only. Based on technical review of the information supplied by application, it is the General Manager’s recommendation to approve that which is being requested. A motion was made by Director Baker, and seconded by Director Moffatt to approve the above permit applications in accordance with the recommendations of the General Manager. Motion passed.

President Tramm adjourned the Public Hearing on Permit Applications at 10:24 a.m.

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

M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

November 8, 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 November 8, 2011.

President Tramm called to order the regular Board of Directors meeting at 10:24 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 thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District 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”.*

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

- a) October 11, 2011, Special Board Meeting
- b) October 11, 2011, Public Hearing on Permit Applications
- c) October 11, 2011, Hearing on Certification of GRP
- d) October 11, 2011, Regular Board of Directors Meeting

COMMITTEE REPORTS:

Water Awareness and Conservation Committee – Billy Wood, Chair. Director Wood stated that the committee had not met since the last board meeting.

Briefing on conservation efforts. Mr. Nelson gave an update on LSGCD's conservation efforts. Mr. Nelson stated that the Water on Demand campaign now has fifty (50) restaurants signed up to promote only serving water on request. The movie theater conservation ad looks great and demographics should be available soon. The Woodlands Children's Museum will be having a demonstration booth on water conservation before Thanksgiving, as well as in April 2012. Additionally, the museum is utilizing the District's color and activity books as well as sending out information on conservation in the parent's newsletter. The mobile lab is currently at one of the elementary schools and was also at the Texas Bass Classic the last weekend in October.

Rules and Bylaws Committee – Kathy Turner Jones, Coordinator. Ms. Jones reported that the committee met on October 26th with committee members Scott Weisinger and Billy Wood present. During the discussions, attendees identified five categories of potential changes to the rules and District Regulatory Plan, including changes necessitated by amendments to Chapter 36; clean-up of outdated provisions in existing rules to reflect overriding DRP provisions; maintaining the District's DRP as a separate regulatory document versus incorporating into the main rules; incorporation of protocol for operation of GRP under Phase II (B); and general cleanup. The committee's consensus was to move forward with a two-phased rule-making approach to revisions within the five areas discussed. The first phase will incorporate statutory change to the rules, general cleanup, and updating of old general rule provisions to recognize newer specific provisions in the DRP. The second phase will address a more detailed protocol for operation of permits and enforcements under the GRPs and relationships between GRP sponsors and participants. Brian Sledge, District Counsel, stated that the reason for this approach is because at this time there is not enough data to limit the Catahoula but he reminded that LVGUs need to be mindful that it will be regulated just like the Gulf Coast Aquifer in the future and he will be keeping the Board apprised of the situation.

Policy and Personnel Development Committee – Sam W. Baker, Chair. Ms. Jones stated that the committee did meet on October 19th and discussed the District's Bylaws, specifically fees of office and reimbursement, as well as the long term disability policy. The changes that were made specify that conferences outside the Montgomery County and Houston metropolitan area will require Board approval, while meetings within the District will require authorization by the General Manager.

Discuss, consider, and take action as necessary to approve Resolution #11-007 amending Bylaws for the Lone Star Groundwater Conservation District. A motion was made by Director Baker, and seconded by Director Moffatt to approve Resolution #11-007 amending the Bylaws for the Lone Star Groundwater Conservation District.

Findings and Review Committee. Ms. Jones reported that the committee had not met since the last Board meeting.

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 from Freese & Nichols detailing the month's activities was included in the board packet. Mr. Lowry stated that one of the major items that has been a source of contention with the Water Development Board, is the Fort Bend County population projections. The population study is on-going, public input on the per capita use throughout the area will be solicited as well. The subsidence model is almost complete and the panel will be moving forward with the PRESS model and the subs package, a part of the groundwater model, which will allow a view of subsidence on a one square mile grid cell, the same way the model predicts water level declines and rises. If the panel is able to show that the subs package is sufficiently correlated to the PRESS model then they will be able to do away with the press model. The panel is also finalizing the population and water demand projections as well as finishing the work on the existing models and preparing to put the population and water demand projection numbers into the new model. Mr. Lowry explained that the correlation between the water demand and population varies within each individual entity in the system.

Status Report on Catahoula Formation Hydrostratigraphic and Model Study. Mark Lowry stated that the panel is working on cross checking some of the geologic surfaces and pulling in the various data sets for the modeling. They are continuing to gather pump test data and/or test well data from all the newly drilled holes into the Catahoula, which is critical in the development of the model. A draft of the model is still on track to be completed by January 2012.

Building and Facilities Committee – Kathy Turner Jones. Ms. Jones stated the committee has not met since the last meeting but she would like to schedule a meeting soon to allow the committee to view the progress. As of last week, the framing was 95% complete and the initial layer of the roof was being put down. The storm sewer lines have all been laid and storm inlets have been set. The detention pond spillways have been re-graded and the removal of the excess dirt from the pond has begun. The laying of the temporary electrical service leading to the inside of the building has been completed and the electrician began wiring the inside of the building on November 6th. The east side of the parking lot has been graded and the "pour" is currently scheduled for November 11th. Ms. Jones is continuing to review materials for the inside floors, wall tiles, and blinds. Ms. Jones added that the General Contractors have asked District staff and Board members to stay offsite because of general liabilities but arrangements can be made should any Board members be interested in going to the site. Based on the bid, it is estimated that the building will be completed by the end of March or early April. Ms. Jones also stated that the District is in communication with Byrne Medical regarding moving the sewer line that runs across the property.

Budget and Finance Development Committee – Jim Stinson, Chair. Director Stinson reported that the committee has not met since the last board 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 \$94,000 over budget and expenses of \$360,000 under budget. The capital improvement program has a budgeted expense of \$1.2 million versus an actual expense of \$101,000.

ENGINEERING REPORT:

Mark Lowry, District Consultant, stated that his report was included in the packet and if there were any questions he would be happy to answer them. This month Mr. Lowry worked primarily on a record number of permit reviews, updated the watering recommendations spreadsheets with the evaporation and rainfall data, and kept up with the Regional Groundwater Update Study.

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

Mr. Nelson stated that the last two (2) sites at Precinct 2 and Precinct 4, were drilled last week and the rotation is complete and will go into full effect.

GENERAL COUNSEL REPORT:

Brian L. Sledge updated the Board on pertinent legal issues and developments impacting the District since the last regular Board Meeting. Mr. Sledge stated that the drought is the biggest topic across the state. The Senate, the Lieutenant Governor in the Senate, the Speaker of the House, and the House of Representatives issued their interim charges to the House and the Senate and not surprisingly they have to do with the drought. Last week, there were two hearings, a joint hearing of the Senate Natural Resources Committee and the Senate Agriculture Committee, as well as a meeting of the House Natural Resources Committee. The hearings were limited to invited testimony only and Mr. Sledge pointed out that the LSGCD’s General Manager, Kathy Jones was the only Groundwater Conservation District invited to testify in the Senate, and one of 3 to testify in the House. Mr. Sledge summarized the testimony by stating that the consensus was that we need rain and that the economic impact of this drought is going to be huge. Mr. Sledge will continue to monitor and assess the situation across Texas and in Montgomery County, where most issues are with shallow residential and agricultural wells going dry. Mr. Sledge has also been working on planning with the Rules and Bylaws committee and assisting with general responses to inquiries from groundwater users.

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 stated that she has provided copies of the testimony from both the Senate and House of Representatives hearings to the Board members for their review. She also stated that the District Christmas party has been tentatively scheduled for December 12th or 13th.

PUBLIC COMMENT: None.

NEW BUSINESS: None.

There being no further business, upon a motion by Director Baker, seconded by Director Weisinger, President Tramm adjourned the meeting at 11:03 a.m.

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

M. Scott Weisinger, PG, Board Secretary