

# LONE STAR GROUNDWATER CONSERVATION DISTRICT

January 10, 2017

## 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 January 10, 2017.

President Tramm called the meeting to order at 9:01 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 Weisinger, 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”.*

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 and 551.074, to consult with the District’s attorney regarding pending or contemplated litigation, settlement offers, personnel matters, 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 Weisinger joined the meeting at 9:08 AM.

Following Executive Session, the Board reconvened in Open Session and President Tramm declared it open to the public at 10:03 AM.

No additional action was taken on matters discussed in Executive Session and President Tramm adjourned the meeting at 10:03 AM.

**PASSED, APPROVED, AND ADOPTED THIS 14<sup>th</sup> DAY OF February 2017.**

  
Rick Moffatt, Board Secretary

# LONE STAR GROUNDWATER CONSERVATION DISTRICT

**January 10, 2017**

## 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 January 10, 2017.

### **CALL TO ORDER:**

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

Permitting Director Samantha Reiter informed the board that there were 18 permit applications received in December. Items #3, #8, #9, #11, and #14 are requesting increases in allocation for the year 2016 only and item #2 is requesting an increase for 2016 and 2017 only and will revert to their current level in 2018. Mrs. Reiter then discussed the second group of items,

#16-18, noting that the applications were requesting registration and construction of new wells in addition to permit allocations.

Item #1, **Liberty Material** - Applicant is requesting an amendment to an Operating Permit in the amount of 587,300 gallons for 2016 and 1,768,400 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 #2, **RS Investments, LLC (Maximum Athletics)** - Applicant is requesting an amendment to an Operating Permit in the amount of 486,000 gallons for 2016 and 64,000 gallons for 2017 **only**. 2018 permitted allocation will revert back to 500,000 gallons. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #3, **Kingwood 360 Storage LLC A Delaware Limited Liability Company** - Applicant is requesting an amendment to an Operating Permit in the amount of 8,000 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, **Crystal Springs Water (Afton Park Civic Imp. Assoc.)** - Applicant is requesting an amendment to an Operating Permit in the amount of 500,000 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 #5, **Don E. Granger (Center)** - Applicant is requesting an amendment to an Operating Permit in the amount of 127,320 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, **Crystal Springs Water (Woodridge Estates)** - Applicant is requesting an amendment to an Operating Permit in the amount of 500,000 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, **Robert Huber (Bill's Café)** - Applicant is requesting an amendment to an Operating Permit in the amount of 300,000 gallons for 2016 and 150,000 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 #8 **Fellowship of the Woodlands** - Applicant is requesting an amendment to an Operating Permit in the amount of 250,000 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 #9, **Church of God – 7<sup>th</sup> Day The Way** - Applicant is requesting an amendment to an Operating Permit in the amount of 15,000 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 #10, **Crystal Springs Water (Tower Woods)** - Applicant is requesting an amendment to an Operating Permit in the amount of 2,000,000 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 #11, **First Baptist Church Willis** - Applicant is requesting an amendment to an Operating Permit in the amount of 20,000 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 #12, **ES Water Utility Consolidators, Inc.** - Applicant is requesting an amendment to an Operating Permit in the amount of 300,000 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 #13, **Indigo Lake Estates POA** - 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 #14, **Capital Growth (Dollar General Fostoria Rd., Store #14823)** - Applicant is requesting an amendment to an Operating Permit in the amount of 5,000 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 #15, **Montgomery County MUD #112** - 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 #16, **Billy Land** - Applicant is requesting registration of a new well and production authorization in the amount of 1,000,000 gallons beginning in 2017 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration and construction of the new well as well as authorize a **reduced** amount of 200,257 gallons for 2017 and annually thereafter.

Item #17, **AMWK Self Storage Associates, LLC** - Applicant is requesting registration of a new well and production authorization in the amount of 100,000 gallons beginning in 2017 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration and construction of the new well as well as authorize a **reduced** amount of 69,000 gallons for 2017 and annually thereafter.

Item #18, **Jim Ross** - Applicant is requesting an amendment to an Operating Permit in the amount of 200,000 gallons for 2016 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to authorize a **reduced** amount of 126,575 gallons for 2016 and further approve the requested amount of 200,000 gallons for 2017 and annually thereafter.

Following Mrs. Reiter's report, a motion was made by Director Stinson, seconded by Director Bleyl to approve items #1-15 in accordance with the General Manager's recommendations. The motion passed unanimously.

Next, a motion was made by Director Stinson, seconded by Director Moffatt to approve items #16-18 in accordance with the General Manager's recommendations. The motion passed, with Director Weisinger abstaining on items #16 and 17.

President Tramm adjourned the public hearing on permit applications at 10:13 AM.

**PASSED, APPROVED, AND ADOPTED THIS 14<sup>th</sup> DAY OF February, 2017.**



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Rick Moffatt, Board Secretary

# LONE STAR GROUNDWATER CONSERVATION DISTRICT

January 10, 2017

## 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 January 10, 2017.

### CALL TO ORDER:

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

- a) December 9, 2016, Budget Workshop
- b) December 13, 2016, Special Board Meeting
- c) December 13, 2016, Public Hearing on Permit Applications
- d) December 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 reported a meeting of the Executive Committee was held Monday, December 20, 2016 at 11:00 a.m.
- 2) Ratify the action of the Executive Committee to reconfirm the General Managers authorization to establish a secure line of credit not to exceed \$500,000 with First Financial Bank – President Tramm stated that the Budget Committee had examined and discussed the need to obtain a line of credit to help cover future legal costs as necessary and that this recommendation had been previously voiced at the December 9, 2016 Budget Workshop. Director Stinson made a motion to approve ratification. Director Hope seconded the motion. Director Bleyl commented that it was his opinion that, while he was not opposed to the idea of obtaining a line of credit, he would have preferred the matter come before the entire board first. President Tramm added, regarding the matter being presented before the entire board, that his support stemmed from the fact that the line of credit had been discussed before the Board at the December 9, 2016 Budget Workshop. Director Weisinger and Director McCoy echoed Director Bleyl's sentiment. Director Stinson said, as a member of the committee, he too had the same concern and raised it to the committee; however, due to an issue of timing, decided to vote in favor of the measure. With the exception of Director Wood, who abstained, all other directors voted to approve the action.
- 3) 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) – President Tramm reported that, according to Mr. Sledge, all related filings were being made appropriately to their respective timelines.
- 4) Defense of Appeal of Desired Future Conditions Adopted by the District: Cities of Conroe/Magnolia and Quadvest – President Tramm stated that the Committee concurred with the General Manager's hiring of Graves Dougherty Hearon & Moody for legal services and, for technical services, the hiring of Mullican & Associates, INTERA, and LBG-Guyton. President Tramm said the Committee is awaiting communication from the State Office of Administrative Hearings.

### **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 stated that the committee had not met since the last board meeting.



- 2) Update on water efficiency, conservation efforts – Paul R. Nelson – Mr. Nelson reported that he, as a representative of LSGCD, moderated a SWIFT funding symposium in December in Richmond, Texas and later served as a speaker at Leadership Montgomery County’s annual Infrastructure Day in which his presentation highlighted who LSGCD is and how the District serves its citizens. Nelson reminded the Board of January’s Water Efficiency Network meeting with Dr. Ken Kramer on water-related legislation as well as the upcoming Gulf Coast Water Conservation Symposium scheduled for February 22, 2017. Director Hope asked Mr. Nelson whether he had a sense of whether people are really utilizing potential of SWIFT funding. Mr. Nelson said that there has been significant use from some of the larger entities like the City of Houston, but less so amongst smaller entities around the state. Getting more of the smaller entities involved is an ongoing initiative with TWDB, he said.
- 3) Briefing on public outreach activities – James Ridgway – Mr. Ridgway provided the board with a status update on 2016 upgrades to the Mobile Lab. Through a series of pictures, Mr. Ridgway showed a before-and-after comparison of part of the Mobile Lab that had been retrofitted and enhanced with a new exhibit. The new exhibit is conservation based and provides an interactive experience to examine personal indoor water use. Mr. Ridgway also noted that he is in the process of scheduling Mobile Lab visits to area schools.

**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 stated there had not been a meeting since the last regular board meeting and had no updates to report.

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

- 1) Brief the Board on the Committee’s activities since the last regular Board meeting – President Tramm reminded the board that these were the same items brought to the board at the previous month’s meeting and that the board opted to give the items an additional month for review purposes.

Mr. Sledge stated that the proposed amendments had been an initiative started the previous fall after certain changes in state law made clear that conflict of interest provisions applied to board members. He further noted that the District had been complying with the law since those changes and prior to the change.

- 2) Discuss, consider, and take action regarding approval of Resolution #17-001 adopting amendments to the District’s Code of Ethics, Travel, Professional Services, and Management Policies – Following discussion, a motion was made by Director Moffatt to approve Resolution #17-001 adopting amendments to the District’s Code of Ethics, Travel, Professional Services, and Management Policies as presented;

Director Bleyl seconded. The motion passed with Director Weisinger abstaining. **A copy of Resolution #17-001 is attached hereto as "Exhibit B".**

- 3) Discuss, consider, and take action regarding approval of Resolution #17-002 adopting amendments to the District Bylaws – Following discussion, a motion was made by Director Moffatt to approve Resolution #17-002 adopting amendments to the District Bylaws as presented; Director Bleyl seconded. The motion passed with Directors McCoy and Weisinger abstaining. **A copy of Resolution #17-002 is attached hereto as "Exhibit C".**

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

- 1) Brief the Board on the Committee's Activities – Director Wood stated that there had been no meeting since the last regular meeting.
- 2) Review of monthly financial reports – Director Wood stated that the financials for the District for the month of December reported a net loss of (\$218,779); over the budget of \$351,780. Year-to-date net loss is (\$709,658); unaudited financials for the end of the fiscal year show over the budgeted year to date loss by \$141,693. Ms. Jones added that the District would have been on target and under budget had it not incurred significant, unanticipated legal fees.
- 3) Review 4th Quarterly Investment Report 2016 – Director Stinson stated that, according to the investment report, the District has approximately \$1.2 million invested between two investment pools. He added that First Financial Bank has collateral on these investments of about \$3 million.

**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 stated that there had been no meeting of the committee since the previous 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 – Director Moffatt reported that Task 3 of the Strategic Plan Study is underway and preliminary data may become available as soon as April or May.
- 3) Groundwater Management Area 14 – Update the board on the status of the current desired future conditions development process in GMA 14 – Ms. Jones stated that there had not been any new activity since the last board meeting.

**ENGINEERING REPORT:**

Mark Lowry, District Consultant, reported that a copy of his report was included in the Board's packet. He stated that his report reflects that he is no longer the primary oversight on permits, rather he just reviews the permits staff has questions on. He said he concurred with all of staff's numbers and believes they are doing excellent work regarding permit evaluations.

**GENERAL MANAGER'S REPORT:**

Ms. Jones stated that the District has been very busy with year-end budget finance requirements as staff has begun working on the 2016 Annual Report. She stated that staff aims to have a draft report available to the board no later than the March regular board meeting or, possibly, as early as the February regular board meeting. She added that staff aims to have the final draft ready for the board's approval by April. Additionally found in the report, Ms. Jones said there has been an extensive list of permit renewals processed as of December 31, 2016. Ms. Reiter said all are complete with the exception of two, one being a Small-Volume User permit and the other a Large-Volume User. Ms. Jones thanked and recognized the permitting department for the work and maintaining good relationships with the District's permittees.

**GENERAL COUNSEL'S REPORT:**

Mr. Sledge had a brief report, noting that the State's 85<sup>th</sup> legislature session had begun. He said he believes it will be a busy session for water-related topics and that he would keep the board apprised of these matters.

**PUBLIC COMMENTS:**

There were no public comments.

**NEW BUSINESS:**

No new business was reported.

There being no further business, upon a motion made by Director Weisinger and seconded by Director Wood, the meeting was adjourned at 11:45 AM.

**PASSED, APPROVED, AND ADOPTED THIS 14<sup>th</sup> DAY OF February 2017.**

  
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Rick Moffatt, Board Secretary

# LONE STAR GROUNDWATER CONSERVATION DISTRICT

## Resolution No. 17-001

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT REVIEWING AND ADOPTING AMENDMENTS TO THE DISTRICT CODE OF ETHICS, TRAVEL, PROFESSIONAL SERVICES, AND MANAGEMENT POLICIES

**WHEREAS**, the Lone Star Groundwater Conservation District (the "District") was created by the Legislature of the State of Texas by the Act of May 17, 2001, 77th Leg., R.S., ch. 1321, 2001 Tex. Gen. Laws 3246, as amended (the "Enabling Act"), as a groundwater conservation district operating under Chapter 36, Texas Water Code, and the Enabling Act; and

**WHEREAS**, § 36.056 and § 36.057 of the Texas Water Code, provide for the employment of a general manager and persons necessary for the proper handling of the business operations of the District.

**WHEREAS**, § 36.061 of the Texas Water Code requires the development and adoption of policies regarding code of ethics for district directors, officers, employees, and persons who are engaged in handling investments for the district, travel expenditures, procedures for selection, monitoring, or review and evaluation of professional services and management information.

**WHEREAS**, Resolution No 11-002, passed and adopted by the Board of Directors of the Lone Star Groundwater Conservation District on the 11<sup>th</sup> day of January, 2011, incorporated and adopted amended code of ethics, travel, professional services, and management policies of the District;

**WHEREAS**, the Policy and Personnel Committee of the Board of Directors is tasked with reviewing policies of the District and drafting amendments for consideration by the Board;

**WHEREAS**, the Policy and Personnel Committee has met and reviewed the current Code of Ethics, Travel, Professional Services, and Management Policies of the District and determined that such policies are in need of modification and has made necessary amendments for recommendation to the Board of Directors for acceptance and approval;

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


1. The above recitals are true and correct.
2. The Lone Star Groundwater Conservation District "Code of Ethics, Travel, Professional Services and Management Policies" dated January 10, 2017, attached hereto and incorporated herein in full, is hereby adopted as a policy of the District.

3. That such policy supersedes any and all policies previously adopted by the Board of Directors.
4. 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 10<sup>th</sup> day of January, 2017

**LONE STAR GROUNDWATER CONSERVATION DISTRICT**

By:   
Richard J. Tramm, Board President

ATTEST:

  
Rick Moffatt, Board Secretary

# **LONE STAR GROUNDWATER CONSERVATION DISTRICT**

## **Resolution No. 17-002**

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT REVIEWING AND ADOPTING AMENDMENTS TO THE DISTRICT BYLAWS**

**WHEREAS**, the Lone Star Groundwater Conservation District (the "District") was created by the Legislature of the State of Texas by the Act of May 17, 2001, 77th Leg., R.S., ch. 1321, 2001 Tex. Gen. Laws 3246, as amended (the "Enabling Act"), as a groundwater conservation district operating under Chapter 36, Texas Water Code, and the Enabling Act; and

**WHEREAS**, §36.061 of the Texas Water Code provides that the Board shall meet and adopt policies and procedures in order to carry out powers and duties provided by the Texas Water Code;

**WHEREAS**, Resolution No 11-007, passed and adopted by the Board of Directors of the Lone Star Groundwater Conservation District on the 8<sup>th</sup> day of November, 2011, incorporated and adopted amended Bylaws of the District and the Board of Directors of the District has determined that such Bylaws are in need of amendment; and

**WHEREAS**, Said policy has been reviewed by the Policy and Personnel Committee and certain changes thereto have been recommended.

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


1. The above recitals are true and correct.
2. The Lone Star Groundwater Conservation District "Bylaws" dated January 10, 2017, attached hereto and incorporated herein in full, are hereby adopted as the "Bylaws" of the District.
3. That such Bylaws supersede any and all bylaws previously adopted by the Board of Directors.
4. That the Bylaws shall govern the Board of Directors and Staff of the District until amended, repealed or replaced.
5. The General Manager of the District is authorized and directed to implement said Bylaw.

6. That 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 10<sup>th</sup> day of January, 2017

**LONE STAR GROUNDWATER CONSERVATION DISTRICT**

By:   
Richard J. Tramm, Board President

ATTEST:

  
Rick Moffatt, Board Secretary