

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 11, 2019

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 June 11, 2019.

President Melder called the meeting to order at 4:30 PM, announcing that it was now open to the public.

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

Jon Paul Bouché
Harry Hardman
Webb Melder
Jonathan Prykryl
Larry A. Rogers
Jim Spigener
Stuart Traylor

All members of the Board were present, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Samantha Reiter, Interim General Manager; Stacey V. Reese, District Counsel, District staff and members of the public. ***Copies of the public sign-in sheets and comment cards received are attached hereto as Exhibit “A” to the Regular Board of Directors Meeting minutes.***

After a proper and legally sufficient announcement to the public by President Melder, the Board of Directors went into a Closed Executive Session at 4:30 PM pursuant to Texas Government Code, Sections 551.071, to consult with the District’s attorney regarding pending or contemplated litigation, settlement offers, personnel matters (§551.074), 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 Melder declared it open to the public at 6:00 PM.

No additional action was taken on matters discussed in Executive Session and President Melder adjourned the meeting at 6:00 PM.

PASSED, APPROVED, AND ADOPTED THIS 9th DAY OF JULY 2019.



Stuart Traylor, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 11, 2019

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 June 11, 2019.

CALL TO ORDER:

President Melder called to order the Public Hearing on Permit Applications at 6:02 PM announcing the meeting open to the public.

ROLL CALL:

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

Jon Paul Bouché
Harry Hardman
Webb Melder
Jonathan Prykryl
Larry A. Rogers
Jim Spigener
Stuart Traylor

All members of the Board were present, with the exception of Director(s) Traylor, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Samantha Reiter, Interim General Manager; Stacey V. Reese, District Counsel; District staff; and members of the public. *Copies of the public sign-in sheets and comment cards received are attached hereto as Exhibit “A” to the Regular Board of Directors Meeting minutes.*

PRAYER AND PLEDGES OF ALLEGIANCE:

President Melder called on Director Bouché, for the opening prayer and Director Prykryl to lead the Pledge of Allegiance and the Pledge of Allegiance to the state flag.

PUBLIC COMMENTS:

Mr. Art Wilson, Conroe resident and retired civil engineer, opposed the proposed well permit for TexCom. He explained his concern that the geology at the TexCom site does not satisfy the safety code requiring a confining zone be separated from the face of the foremost underground source of rescue water, by at least one sequence of permeable and less permeable strata. These strata provide an added layer of protection for the underground sources of drinking water from the aquifer. Mr. Wilson asked that the Board deny the permit for TexCom's proposed well.

Ms. Karen Darcy, concerned resident, recommended denial of the commercial water well permit for TexCom. She has been observing this situation for the last eleven years. She commented that Mr. Wilson's testimony was factual regarding the injection well location and proximity to neighbors. She too, recommended the Board deny the well permit.

Director Bouché asked for clarification of the scope of commercial well permit purposes. Ms. Reiter discussed the application process and gave the purpose of such a well. TexCom's well is for sanitary needs, irrigation and to clean 5,000-gallon tanks. According to the application they run a Class 1 non-hazardous waste disposal site with an office, staff of five and yard staff of six for a 24/7 week. They expect 100 loads a day that need washdown from residue sludge in the 5,000-gallon tanks and irrigation/landscaping for 3.5 acres. They are not expecting to use any groundwater in the disposal process.

Ms. Reese helped clarify the jurisdiction over injection wells. The TCEQ and the Railroad Commission are the two entities which have authority with regards to injection wells; the District does not. Mike Thornhill, District Hydrogeologist, verified that the rules do not prohibit such a well to be drilled. President Melder stated that this was a classic private property case of a landowner having the right to capture the water underneath their property.

Ms. Reiter briefed the Board on permit applications received for the month. Applications for consideration and recommended for possible approval included the below:

1. DKC Investments LLC

Applicant is requesting the registration of a new well and production authorization in the amount of 100,000 gallons for 2019 and 200,000 gallons for 2020 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

2. TexCom Gulf Disposal, LLC

Applicant is requesting the registration of a new well and production authorization in the amount of 1,125,000 gallons for 2019 and 2,300,000 gallons for 2020 and 1,700,000 gallons for 2021 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

3. Matwalk Investments LLC (nursery)

Applicant is requesting the registration of an existing well not previously registered with the District and production authorization in the amount of 1,800,000 gallons for 2019 and 3,600,000 gallons for 2020 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

4. Weisinger Inc. (East MUD 5 supply well)

Applicant is requesting the registration of a new well and production authorization in the amount of 3,000,000 gallons for 2019 **only**. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

5. Conroe Lakeside RV & Boat Storage LLC

Applicant is requesting the registration of a new well and production authorization in the amount of 75,000 gallons for 2019 and 150,000 gallons for 2020 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

6. Spring Creek Motor Coach Resort, LLC

Applicant is requesting the registration of an existing well not previously registered with the District. Additionally, applicant is requesting the registration of one new well and production authorization in the amount of 6,000,000 gallons for 2019 and 9,000,000 gallons for 2020 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

7. City of Conroe

Applicant is requesting an amendment to an Operating Permit for drilling authorization only. 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 requested.

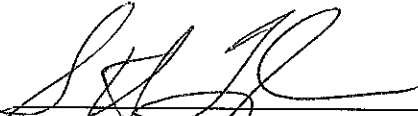
Following Ms. Reiter's report, the seven listed permit applications and amendments were approved. Director Rogers motioned to approve items #1-7, as recommended by the Interim General Manager. Director Spigener seconded. Motion approved.

Permit Suspension:

Ms. Reiter asked if there was a representative for The Water Hole. No one came forward. She recommended that a Cease and Desist Order be imposed on The Water Hole and that the permit be suspended and well tagged until a new owner comes into compliance. Director Hardman motioned to accept the recommendation. Director Rogers seconded. The motion passed.

President Melder adjourned the public hearing on permit applications at 6:23 PM.

PASSED, APPROVED, AND ADOPTED THIS 9th DAY OF JULY 2019.


Stuart Traylor, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 11, 2019

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 June 11, 2019.

CALL TO ORDER:

President Melder presided and called to order the regular Board of Directors meeting at 6:23 PM, announcing that it was open to the public.

ROLL CALL:

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

Jon Paul Bouché
Harry Hardman
Webb Melder
Jonathan Prykryl
Larry A. Rogers
Jim Spigener
Stuart Traylor

All members of the Board were present, with the exception of Director(s) Traylor, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Samantha Reiter, Interim General Manager; Stacey V. Reese, District Counsel; District staff; and members of the public. *Copies of the public sign-in sheets and comment cards received are attached hereto as Exhibit "A".*

PUBLIC COMMENTS:

None were received.

APPROVAL OF THE MINUTES:

President Melder stated the Board would consider the meeting minutes as listed for approval on today's agenda. Without further discussion, upon a motion by Director Spigener, seconded by Director Bouché, the Board approved the meeting minutes as presented.

- a) May 14, 2019, Special Board Meeting
- b) May 14, 2019, Public Hearing on Permit Applications
- c) May 14, 2019, Regular Board of Directors Meeting
- d) May 14, 2019, Hearing on Total Qualifying Demand
- e) May 14, 2019, Show Cause Hearing

REVIEW OF UNAUDITED FINANCIALS FOR THE MONTH OF MAY 2019:

Ms. Kay Martin, bookkeeper, reported that for the month of May 2019, income was \$201,158 and expenses were \$143,087 resulting in net income of \$58,071. Year-to-date net income is \$371,802. Total cash was \$825,921. Third quarter invoices have been mailed, totalling \$425,329 and are due on July 1, 2019.

Director Rogers asked Ms. Martin about the process she used to approve all invoices. She referred him to Ms. Reiter, since she approves all invoices for payment. Ms. Reiter explained that she reviews each invoice - line by line. Since she knew the scope of work for each consultant; she could determine the validity of each expense line. Director Rogers suggested that invoices be more specific with details correlating work between professionals performing services for the District, specifically referencing the District's consultants.

DISCUSSION, CONSIDERATION AND POSSIBLE ACTION REGARDING 2019-2020 TWCA RISK MANAGEMENT FUND COVERAGE RENEWAL:

Ms. Reiter discussed the TWCA Risk Management Fund coverage and the July 1 deadline. She mentioned that previously Director Bouché had reviewed the policy and he thought the coverage and quote comparison was acceptable. Director Hardman motioned to renew the coverage, seconded by Director Prykryl. The motion carried.

RECEIVE INFORMATION FROM DISTRICT'S TECHNICAL CONSULTANTS REGARDING PROPOSED STUDIES AND POSSIBLE ACTION:

Mike Thornhill, District Hydrogeologist, reviewed the two groups of issues prevalent in the District. The first is concerning large water level declines and artesian pressure declines. The second is the future water listing costs. He explained that one of the factors that GMA 14 must consider was the socio-economic impact the gulf coast aquifers would have on the water supply. He mentioned that LBG-Guyton made pumping predictions, and though Mr. Guyton was prominent in the water business, his predictions were conservative. In the near future, District consultants – Mike Thornhill and Bob Harden would like to present the scope of work for both countywide pumpage distribution and subsidence studies.

DISCUSSION, CONSIDERATION AND POSSIBLE ACTION REGARDING MEMBERS ASSIGNED TO STUDY GROUP ON NON-TECHNICAL RULES:

Ms. Reiter commented that since Director Hardman was serving as representative at the GMA 14 meetings; Director Spigener could replace Director Hardman on the Non-Technical

Study Group. Director Bouché motioned to approve Director Spigener as a member of the Non-Technical Study Group and Director Prykryl seconded. The motion passed.

RECEIVE INFORMATION AND/OR STATUS UPDATE REGARDING THE TWO STUDY GROUPS ON PROPOSED DRAFT RULES:

Ms. Reese reported that the study groups had begun their work. She introduced the steps in formulating the draft rules. Step one was to have each study group meet independently. The next step was to hold an open work session combining both groups to discuss their work. Then the draft rules would be presented to the public.

DISCUSSION, CONSIDERATION, AND POSSIBLE ACTION TO APPROVE A CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT(NDA) FOR DISTRICT USE:

Ms. Reese deemed the NDA appropriate in regard to the Open Meetings Act. The context of the act and the Public Information Act is transparent government, but it does not mean that political subdivisions do not have confidential information. The groundwater district is a political subdivision and it is allowed to go into closed session to discuss confidential information. Ms. Reese differentiated confidential and public information. The purpose of the NDA is not to have secrecy, but to protect that which is confidential. Each of the directors have a duty to protect such information. Director Bouché stated his desire that the board remain transparent. Director Hardman motioned to approve the NDA and Director Spigener seconded. The motion passed with Directors Hardman, Melder, Rogers and Spigener voting in favor, and Directors Bouché and Prykryl voting against.

DISCUSSION, CONSIDERATION, AND POSSIBLE ACTION TO REQUIRE ALL DISTRICT-HIRED CONSULTANTS TO SIGN CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENTS:

Director Hardman motioned to accept the NDA and Director Spigener seconded. The motion passed while Directors Hardman, Melder, Rogers and Spigener voted in favor, and Directors Bouché and Prykryl voted against.

DISCUSSION ON DISTRICT MEDIA POLICY:

Ms. Reese gave an overview on the policy. She emphasized that each director should have an approved message when speaking on behalf of the District but that it is not a “gag order”. She commented that the General Manager could work with the President to help establish the District message. Further, that each director should notify the General Manager of a speaking engagement, so it is listed on the calendar.

DISCUSSION, CONSIDERATION, AND POSSIBLE ACTION ON THE APPROVAL OF CONTRACT EXPANSION WITH TAYLORIZED PR:

Following a short discussion, the item died due to a lack of a motion.

GROUNDWATER MANAGEMENT AREA 14 - UPDATE THE BOARD ON THE LEGAL, TECHNICAL, AND FINANCIAL ISSUES RELATED TO JOINT PLANNING ACTIVITIES AND DEVELOPMENT OF DESIRED FUTURE CONDITIONS IN GMA 14:

Discussion, consideration, and possible action on any items related to Lone Star GCD's proposal(s) to and/or participation in GMA 14:

Mr. Hardman stated that there had not been a meeting since last board meeting, but the next GMA 14 meeting would be held June 26th.

GENERAL MANAGER'S REPORT:

Samantha Reiter reported on SJRA's Review Committee meeting on May 20th. She said that Ms. Reese reported to the Committee that the board had formed two study groups to address the rules and that there would be an open workshop combining the groups and drafting the rules. She gave an update on the Management Plan and that LSGCD had received notice from The Water Development Board (TWDB) of its incompleteness. Ms. Reese also assured the committee that the District was continuing to work with GMA 14 in establishing DFCs. Next, Ms. Reiter updated the Board on the broadcasting plans with a tentative completion date in July. Lastly, Ms. Reiter reported that she had met with USGS regarding amending the interlocal agreement to reallocate funds to add monitoring wells. This joint agreement was in the signing process.

GENERAL COUNSEL'S REPORT:

Ms. Reese updated the Board in three areas: 1) recent case law, 2) management plan and 3) legislative bills. Ms. Reese discussed a recent case law involving the Stratta/Fazzino with the Brazos River GCD where the board member and a landowner who sued the district. It was dismissed in federal court; but is now on appeal. The issue is with jurisdiction and immunity and whether the federal court system is the appropriate venue to adjudicate the dispute or whether it more appropriate for matter to be heard in state court. Texas and Southern Cattle Raisers had filed an amicus brief. The court denied the late brief. It is important to see which court – federal or state is the appropriate venue.

She noted that the management plan was found to be administratively incomplete but that the District had 60 days to appeal the decision or 180 days to submit new plan. She cited two bills of importance to LSGCD as HB 722, which governs rules for brackish zones and HB 1066, regarding the extension of expired transport permits.

NEW BUSINESS:

Two new business items were received for next month's agenda. Director Prykryl suggested considering the order of Executive Session be placed after Public Comment in the general meeting. Director Rogers suggested an update on the USGS contract.

ADJOURN:

There being no further business, upon a motion made by Director Rogers and seconded by Director Prykryl, the meeting was adjourned at 7:25 PM.

PASSED, APPROVED, AND ADOPTED THIS 9th DAY OF JULY 2019.



Stuart Traylor, Board Secretary



SIGN IN SHEET

June 11, 2019
Board Meeting

Do you wish to speak on an agenda item?	NAME	CITY, STATE, ZIP	E-Mail	Would you like to receive LSGCD updates & information?
N	TINA FENKAI	CONROE, TX	ON FILE	
N	GLENNA SLOAN	SHENANDOAH	—	—
YES	Mike Thornhill	Round Rock, TX	TGF / LSGCD	
NO	Jon Bakley	Madisonville TX 77864	on file	
	Bob Floyd	Conroe 77304 ¹⁷³¹⁸	Bobfloyd_REALTOR@yahoo.com	
Yes	ART WILSON	Conroe, TX 77302	wilson68@consolidated.net	
N	Sara Custer	The Woodlands 77392	on FILE	
n	Cyran Stehns	Houston	on file	
N	BOB HARDEN	AUSTIN	on file	
N	Mark Smith	Conroe,	on file	
N	Paula Sewall	Conroe, 77386	Psewall77@hotmail.com	
N	Kenny Eickelberg	Shenandoah	—	—
N	Tyler Wilms	Conroe TX 77382	Tyler@Unionpsys.com	
Y	Karen Dancy	Montgomery TX 77356	EQAN KAN@aol.com	



SIGN IN SHEET

June 11, 2019
Board Meeting

Do you wish to speak on an agenda item?	NAME	CITY, STATE, ZIP	E-Mail	Would you like to receive LSGCD updates & information?
N	Richard Derr	ORN	on file	—
N	BT Griffin	Montgomery, Tx 77316	bd.griffin@metx.org	
N	C Cooper	City of Conroe	cacooper@cityofconroe.org	

Exhibit "A"



655 Conroe Park North, Conroe, TX 77303
 Ph: (936) 494-3436 Metro: (936) 441-3437
 www.lonestargcd.org

Speaker Request Form

Those wanting to comment or register support for or against a specific agenda item are asked to fill out the Speaker Request Form.

Date of Meeting: 6-11-19
 Name: KAREN DARCY
 Address: 577 Edgewood
 City: Montgomery State: TX Zip: 77356
 Email: edgkdar@aol.com

IF SPEAKING FOR AN ORGANIZATION:

Name of Organization _____

Speaker's Official Capacity _____

Agenda Item No.: 4B 4ii EXISTING Well

- FOR (If applicable)
- AGAINST (If applicable)

Registering Position, NOT Testifying _____

To speak on an item not listed on the agenda, please indicate area of interest:

Please remember to step to the lectern as soon as you are recognized by the chair; state your name before beginning your presentation. If you have written notes you wish to present to the Board, PLEASE FURNISH AN EXTRA COPY FOR DISTRICT FILES.

Please see the back of this comment card for additional procedures, practices and notes followed and/or requested by the District when making public comment.

Thank you for your cooperation.



655 Conroe Park North, Conroe, TX 77303
 Ph: (936) 494-3436 Metro: (936) 441-3437
 www.lonestargcd.org

Speaker Request Form

Those wanting to comment or register support for or against a specific agenda item are asked to fill out the Speaker Request Form.

Date of Meeting: 6/11/19
 Name: ART WILSON
 Address: 10200 S. Summerlin
 City: Conroe State: TX. Zip: 77302
 Email: wilson68@consolidated.net

IF SPEAKING FOR AN ORGANIZATION:

Name of Organization Citizens Residents Oppose Well

Speaker's Official Capacity Participant

Agenda Item No.: 4ii Tex Com TCEQ OVERSEES

- FOR (If applicable)
- AGAINST (If applicable)

Registering Position, NOT Testifying _____

To speak on an item not listed on the agenda, please indicate area of interest:

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