

LONE STAR GROUNDWATER CONSERVATION DISTRICT

February 9, 2016

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 February 9, 2016.

President Tramm called the meeting to order at 11:42 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:

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 Stinson and Director Wood, 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 11:43 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 President Tramm declared it open to the public at 12:19 p.m.

No action was taken on matters discussed in Executive Session and President Tramm adjourned the meeting at 12:19 p.m.

PASSED, APPROVED, AND ADOPTED THIS 8th DAY OF MARCH, 2016.



Rick Moffatt, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

February 9, 2016

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 February 9, 2016.

CALL TO ORDER:

President Tramm called to order the Public Hearing on Permit Applications at 10:02 a.m., 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, with the exception of Director Stinson, 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; 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 explained to the board that item #2 had been stricken from the agenda.

Item #1, **George Turek** – Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 100,000 gallons for 2015 only. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #2, **Nerro Supply, LLC (Woodhaven)** – Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,000,000 gallons for 2015 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 #3, **Montgomery County Hospital District – EMS 32** – Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 80,000 gallons for 2015 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 #4, **Montgomery County Hospital District – EMS 40** – Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 480,000 gallons for 2015 and 150,000 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, **River of God Church** – Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 600,000 gallons for 2015 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, **Smith & Company (1575 FM 1485)** – Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 161,002 gallons for 2015 and 397,702 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, **Georges Mark Le'Fevre (King of the Road Motors Inc.)** – Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 300,000 gallons for 2015 only. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #8, **Robbin Express** – Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 75,000 gallons for 2015 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, **Tina Cherry** – Applicant is requesting registration of a new well and production authorization in the amount of 800,000 gallons for 2016 and 1,000,000 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 #10, **RS Investments, LLC (Maximum Athletics)** – Applicant is requesting registration of a new well and production authorization in the amount of 450,000 gallons for 2016 and 500,000 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 #11, **East Fork Water Company (Exxon Rd.)** – Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 5,000 gallons for 2015 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, **East Fork Water Company (Duncan Ln.)** – Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 504,100 gallons for 2015 only. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #13, **East Fork Water Company (Wainoco)** – Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 399,000 gallons for 2015 only. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

The General Manager recommendations were categorized into three groups: **Group 1** (applications for permit amendments for 2015 only)—included items 1, 7, 8, 11, 12, and 13; **Group 2** (applications for permits and/or permit amendments received on or before Dec. 31, 2015 but after January hearing deadline—the permit amendments are for 2015 and annually thereafter)—items 2 through 6; and **Group 3** (applications for new permits requesting registration of well and production authorization beginning in 2016 and annually thereafter)—items 9 and 10.

- **Group 1** (applications for permit amendments for 2015 only): Director Moffatt motioned for approval and Director Bleyl seconded. The motion carried unanimously.
- **Group 2** (applications for permits and/or permit amendments received on or before Dec. 31 of 2015 but after January hearing deadline—the permit amendments are for 2015 and annually thereafter): Director Houston motioned for approval and Director Wood seconded. The motion carried unanimously.
- **Group 3** (applications for new permits requesting registration of well and production authorization beginning in 2016 and annually thereafter): Director Bleyl motioned for approval and Director Houston seconded. The motion carried unanimously.

Public Comment:

On behalf of George Turek, regarding item #1, attorney Bret Strong addressed the board of directors. He stated that his client would like an amendment to his application going forward and was unclear whether, procedurally, such a request could be made at the meeting or whether it would be necessary to place on an upcoming agenda. Ms. Reiter responded that Mr. Turek

would need to request an additional amendment for 2016 and beyond, which would be subject to consultant review again and staff could get such a request placed on an upcoming agenda.

President Tramm adjourned the public hearing on permit applications at 10:12 a.m.

PASSED, APPROVED, AND ADOPTED THIS 8TH DAY OF MARCH, 2016.


Rick Moffatt, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

February 9, 2016

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 February 9, 2016.

CALL TO ORDER:

President Tramm presided and called to order the regular Board of Directors meeting at 10:12 a.m. announcing that it was open to the public.

ROLL CALL:

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

Gregg Hope
John D. Bleyl, PE
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 Stinson. Also, in attendance at said meeting were Kathy Turner Jones, General Manager; Paul R. Nelson, Assistant General Manager; 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".*

PUBLIC COMMENT:

There were no public comments.

RECOGNITION:

President Tramm stated the Board would consider Resolution #16-003 for approval regarding an official expression of gratitude and appreciation in honor of former Director Sam W. Baker and his service to the District (Feb. 2007 to Jan. 2016). After President Tramm read

the resolution aloud, a motion for approval was made by Director Wood and seconded by Director Moffatt. The motion unanimously carried to approve resolution #16-003.

SELECTION OF OFFICERS:

President Tramm stated the Board would discuss, consider, and take action as necessary concerning selection of officer(s) to fill vacancy or vacancies. Rather than taking motions for any specific person, President Tramm asked the Board to share nominations.

Director Houston nominated Director Moffatt for Vice-President. Director Weisinger nominated Director Stinson. President Tramm called for a vote in the order the nominations were given.

- **Moffatt for Vice-President**, Houston, Wood, and Tramm voted in favor of this nomination—3 votes.
- **Stinson for Vice-President (elected)**, Weisinger, Hope, Moffatt, McCoy, and Bleyl voted in favor of this nomination—5 votes.

Director Stinson's nomination and election to Vice-President created a vacancy for Treasurer. Director Weisinger nominated Director Wood for Treasurer. Director Moffatt nominated Director Houston for Treasurer. President Tramm called for a vote in the order the nominations were given.

- **Wood for Treasurer (elected)**, Weisinger, Hope, McCoy, Bleyl, Tramm, and Houston voted in favor of this nomination—6 votes.
- **Houston for Treasurer**, Moffatt and Wood voted in favor of this nomination—2 votes.

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 Houston and seconded by Director Moffatt to approve the minutes. The motion unanimously carried to approve the meeting minutes listed below. *Copies of the minutes are attached hereto as Exhibit "B"*

- a) January 12, 2016, Special Board Meeting
- b) January 12, 2016, Public Hearing on Permit Applications
- c) January 12, 2016, Public Hearing on Amendments to Permits to Establish Total Qualifying Demand Under the District Regulatory Plan
- d) January 12, 2016, Regular Board of Directors Meeting

2015 ANNUAL REPORT DRAFT:

President Tramm stated the Board would discuss, consider, and take action as necessary concerning the 2015 Annual Report Draft. Mr. Ridgway briefed the board on the draft's status. He stated that the majority of the report is ready for review with the exception of the financial review. He said that other, minor, areas still under development had been designated as such on each director's copy of the draft. Director Weisinger asked when the final draft would be made

available. Ms. Jones replied that staff intends to have the final draft made available in the next two weeks. She encouraged the Board to still look over the present draft comment to begin a feedback process that could then be incorporated into the final draft in preparation for final approval at the March regular meeting. Ms. Jones added that costs associated with the Annual Report had been trimmed since Mr. Ridgway was able to handle the design elements internally—the design portion of the previous year's Annual Report totalled \$2,000. President Tramm asked Ms. Jones whether setting a firm date for the completion of the 2015 Annual Report would be preferred by staff. Ms. Jones said that approach might be premature at this juncture.

COMMITTEE REPORTS:

A. Executive Committee – Richard Tramm, President

- 1) Brief the Board on the Committee's activities since the last regular Board meeting – President Tramm stated the executive committee had one meeting since the January regular board meeting. Director Weisinger commented that he would like to be better informed by the executive committee regarding updates on litigation, including filings of pleas to jurisdiction, summary judgments, and continuances.
- 2) Defence 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 stated that the committee had received some updates on the lawsuit and that there was a hearing at 10 a.m. the same day which, during the executive session, Mr. Sledge would provide an update on to the Board.

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 has had several meetings since the December regular board meeting. Director Wood then had a video played for the board—a Colgate commercial which played during the Super Bowl about water conservation. He stated that he thought it worth writing a letter of appreciation to Colgate.
- 2) Update on water efficiency, conservation efforts and public outreach – James Ridgway, Jr. & Paul Nelson – Mr. Ridgway presented an update on the District's social media performance. He reported to the Board that a year-to-year comparison from Jan. 1–31, 2015 compared to Jan. 1–31, 2016, pertaining to Twitter impressions, showed a 327 percent increase. Mr. Ridgway, via a brief PowerPoint presentation, highlighted some of the specific social media interactions he believes led to these results. The social media presentation doubled as a visual timeline depicting various activities the District had participated in since the last regular board meeting, e.g. January's Water Efficiency Network meeting, volunteering at local science fair,

presenting at Leadership Montgomery County's Infrastructure Day, marketing Gulf Coast Water Conservation Symposium. Mr. Nelson encouraged the Board to invite network contacts to the Gulf Coast Water Conservation Symposium in March, especially MUD board directors.

C. Rules Development and Bylaws Committee – Richard Tramm, Chair

- 1) Brief the Board on the Committee's activities since the last regular Board meeting – President Tramm stated that the Rules and Bylaws Committee did not have a meeting this last month. There was nothing new to report.

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

- 1) Brief the Board on the Committee's activities since the last regular Board meeting – President Tramm stated the committee did have a meeting. Another meeting will be scheduled soon as well, he said. President Tramm made reference to a packet that was dropped off to the District which all the directors had received which included allegations made against the District's General Manager. He said the committee is looking into the matter and will make a full report to the Board. Director Weisinger commented that the matter had not been properly placed on the agenda and should not be discussed in open meeting or executive session. It was noted by Director Houston that the matter was not actually being taken up for consideration or discussion by the Board at the moment so the committee report is appropriate under the posted agenda.

E. Findings and Review Committee – Richard Tramm, Chair

- 1) Brief the Board on the Committee's activities – President Tramm stated that the committee has not had a meeting in the last month and had nothing new to report.
- 2) Groundwater Management Area 14 – Update the board on the status of the current desired future conditions development process in GMA 14 – Kathy Turner Jones – Ms. Jones stated that GMA 14 had had a meeting scheduled toward the end of February, but it had since been cancelled. Following amendments to the Draft Explanatory Report from member districts, she said that GMA 14 is working toward incorporating and finalizing to set up another review before bringing back to the actual planning group for final approval and adoption. She added that the meeting will most likely be rescheduled in March and would update the Board by email as soon as the date is official.
- 3) 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 – John Seifert – John Seifert was not able to attend. District Engineer, Mark Lowry,

said Mr. Seifert did send a brief report that had been included in the Board Packet. Ms. Jones added that an updated timeline had been placed on the District's website.

F. Budget and Finance Development Committee – Richard Tramm

- 1) Brief the Board on the Committee's Activities – President Tramm updated the Board in Director Stinson's absence. He stated there had been a meeting to discuss budgetary items and the committee plans to get back together soon to make recommendations to the Board on budget revisions. He said that he and Director Stinson had met with Director Weisinger and Ms. Jones to discuss some areas that might be reduced. He added that the General Manager had already made some steps to reduce expenses through staff restrictions and consolidations prior to any budget changes.
- 2) Review of Monthly Financial Reports – In Director Stinson's absence, President Tramm said that the financial reports had been reviewed and are in the Board's packets.

G. Professional Services Review Committee – Rick Moffatt, Chair

- 1) Brief the Board on the Committee's activities - Director Moffatt stated that the committee meeting has been scheduled for Feb. 11, 2016 to begin evaluations of consultants. He stated that the meeting will be a first step to collect input and that more, follow-up, meetings are likely.

ENGINEERING REPORT:

Mark Lowry, District Consultant, reported that it had been a relatively light month. A copy of his report is included in the Board's packet.

GENERAL MANAGER'S REPORT:

Ms. Jones stated that the District has received over 76 percent of their pumpage reports. The final date to receive the pumpage reports is Feb. 15, 2016. She said much has been happening with regard to permit renewals and permitted authorization for 2016 and that past due notices had been recently sent on water use fees. Ms. Jones stated that it has been a busy time for bookkeeping while working through the annual financial audit. She also reminded the Board about the TWCA conference in March and that registrations had been completed.

GENERAL COUNSEL'S REPORT:

President Tramm stated that a general counsel update would be available during executive session.

NEW BUSINESS:

President Tramm stated that General Counsel had suggested to him at last month's meeting rephrasing the titles of two of the current committees. First, rather than the Rules Development and Bylaws Committee, General Counsel suggested it be named Rules and Regulatory Planning Committee. Second, rather than the Policy and Personnel Committee, General Counsel suggested it be named Policy, Personnel and Bylaws Committee. President Tramm said that both changes would more closely align with the function of the respective committees affected by such a change. He added that the General Manager would have a revised committee assignment chart available by the end of the following day.

Director Weisinger stated that he wants the Board to have further evaluation in the future on a matter mentioned in the Policy and Personnel Development Committee update and that, in his opinion, it is arguably a whistleblower matter and not a personnel matter, which requires an independent investigation and report to the full board of directors. President Tramm reminded Director Weisinger, as Director Weisinger had himself emphasized earlier in the meeting, that the personnel matter Director Weisinger was alluding to could not be further discussed since it was not a posted item on the agenda for the day's meeting.

RECESS:

There being no further business, Director Wood made a motion to recess the meeting; Director Bleyl seconded the motion. Therefore the meeting was recessed at 10:45 a.m.

Director Wood exited the meeting at 11:15 a.m.

PASSED, APPROVED, AND ADOPTED THIS 8th DAY OF MARCH, 2016.


Rick Moffatt, Board Secretary