

LONE STAR GROUNDWATER CONSERVATION DISTRICT

March 8, 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 March 8, 2016.

President Tramm called the meeting to order at 9:10 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
Greg 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 McCoy, 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 9:15 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 10:05 a.m.

Consideration and possible action regarding legal advice received in executive session regarding Quality Car Care – In an effort to get the item settled, quickly and amicably the board decided to

move forward with legal advice that was given in closed session. A motion was made by Director Houston and seconded by Director Stinson. The vote was unanimously approved.

No action was taken on matters discussed in Executive Session and President Tramm adjourned the meeting at 10:06 a.m.

PASSED, APPROVED, AND ADOPTED THIS 12th DAY OF APRIL, 2016.



Rick Moffatt, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

March 8, 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 March 8, 2016.

CALL TO ORDER:

President Tramm called to order the Public Hearing on Permit Applications at 10:06 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 McCoy, 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 noted to the board that item #1 had been stricken from the agenda and no action would be taken.

Item #1, **George Turek** – No action will be taken on this item.

Item #2, **33 Solutions, LLC** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 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 #3, **Ranchcrest Water System** - 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 #4, **Paul Sullivan (Superior Storage)** - Applicant is requesting registration of a new well and production authorization in the amount of 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, **Re-New Construction** - Applicant is requesting registration of a new well and production authorization 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 authorize the registration and construction of the well and further authorize a reduced allocation of 250,000 gallons for 2016 and annually thereafter.

Item # 6, **DMJM Enterprises LLC** - Applicant is requesting registration of a new well and production authorization in the amount of 2,600,000 gallons for 2016 and 7,800,000 gallons for 2017 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to authorize the registration and construction of the well as well as the requested allocation for 2016. Additionally, it is the General Manager's recommendation to authorize a reduced allocation of 5,180,000 gallons for 2017 and annually thereafter.

Following Ms. Reiter's report, a motion was made by Director Stinson, seconded by Director Houston to approve items #2-#4, in accordance with the General Manager's recommendations. The motion passed unanimously.

Following, Director Stinson motioned, seconded by Director Moffatt to approve items #5 and #6, in accordance with the General Manager's recommendation to approve the registration and construction of new wells, as well as authorize reduced allocations. The motion passed unanimously.

President Tramm adjourned the public hearing on permit applications at 10:19 a.m.

PASSED, APPROVED, AND ADOPTED THIS 12TH DAY OF APRIL, 2016.


Rick Moffatt, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

March 8, 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 March 8, 2016.

CALL TO ORDER:

President Tramm presided and called to order the regular Board of Directors meeting at 10:19 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:

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 McCoy. 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:

Discuss, consider, and take action as necessary concerning approval of Meeting Minutes:

- a) February 9, 2015, Special Board Meeting
- b) February 9, 2015, Public Hearing on Permit Applications
- c) February 9, 2015, Regular Board of Directors Meeting

President Tramm stated that there were board members who wished to review the Regular Minutes additionally and therefore requested that approval of the February 9, 2016 Regular Board of Directors Meeting minutes be withheld until the next board meeting scheduled for April 12, 2016. A motion was made by Director Houston and seconded by Director Stinson to approve the Special Board Meeting and Public Hearing on Permit Applications minutes. The motion was unanimously carried. *Copies of the minutes are attached hereto as Exhibit "B"*

President Tramm noted for the public the following agenda item originally listed to be heard under the General Manager's report would be taken now at the request of the presenter.

- a) Federal Bureau of Land Management – Mike Bleier, Lake Conroe Association – Mr. Mike Bleier spoke to the Board regarding notice of bid received on January 20th from the Federal Bureau of Land Management (BLM) for land and gas drilling in the Sam Houston Forest. Bleier said he had contacted several people and found that no one had been advised on this matter. On February 19th, Mr. Bleier stated he sent an official protest letter to the BLM. Additionally, he sent letters asking other local entities to also submit protest letters and added the posting was withdrawn shortly after. Mr. Bleier emphasized the lack of local knowledge or readily available information is a subject of concern. He requested that going forward, the District examine federal registers and letters be sent to effected entities accordingly. Mr. Tramm advised that the staff will work with Mr. Bleier and that his efforts are greatly appreciated.

**RECEIVE SUMMARY OF TWCA PRESENTATION REGARDING
HARRIS COUNTY GROUNDWATER REDUCTION PLANS (GRPs) –
Jace Houston**

Director Houston shared a presentation given at the spring Texas Water Conservation Association (TWCA) meeting. The presentation was originally created by representatives from Harris Galveston Subsidence District, City of Houston, North Harris County Regional Water Authority, and Allen Boone Humphries Robinson, LLP and highlighted a collaborative effort to meet the region's projected growth and future water demand while reducing rates of subsidence. Director Houston explained that Areas 1 and 2 of Harris County, which had begun conversion in the late 70s, are now 90 percent and 80 percent converted to an alternative water supply. Area 3 required a 30 percent reduction, which began in 2010 and has been met. He continued that Area 3 will have another significant conversion which will require a 40 percent reduction by 2025. Director Houston explained that in order to meet the 2025 conversion there are six entities (City of Houston, North Harris County Regional Water Authority, West Harris County Regional Water Authority, Central Harris County Regional Water Authority, North Fort Bend Subsidence District, and the Coastal Water Authority) working on a large multi-faceted project, which includes: the Luce Bayou Interbasin Transfer Project; the Northeast Water Purification Plant (NEWPP) Expansion; and transmission lines from the NEWPP to regional customers, each of who will complete their own internal distribution system. The presentation also touched on total measured subsidence from 1915-2006 in the areas. This data showed 14-16 feet of subsidence in the ship channel. Locally it showed 1-3 feet of subsidence in Montgomery County through

2001, which did not include the 8/10 of a foot of subsidence that had occurred since 2005. In addition to the conversion projects underway, there are five long-term water supply strategies the entities are and/or will plan to implement including: reuse; additional surface water; importation of groundwater; desalination; and conservation.

DISCUSS, REVIEW AND POSSIBLE ACTION TO APPROVE FINAL DRAFT: “2015 ANNUAL REPORT FOR THE LONE STAR GROUNDWATER CONSERVATION DISTRICT” - James Ridgway

Mr. James Ridgway, Education / Public Awareness Coordinator, updated the board on the 2015 Annual Report final draft. He commented the project has been a group effort and appreciated everyone’s contributions. Director Stinson asked if the report is required by the Water Development Board. Ms. Jones stated that it is required and that it summarizes the management goals of the District. Director Wood stated that he appreciated the time that has been put into this report and that it will be useful for the public as well as auditors. Mr. Ridgway stated that the annual report will be on LSGCD’s website once it has been approved. Director Moffatt extended his thanks to all who have worked on this project. Director Wood motioned to approve the final draft of the 2015 Annual Report. Director Bleyl seconded. The motion carried unanimously.

PRESENTATION REGARDING LCCN’S PETITION – Dr. Michael Massey, LCCN

Dr. Massey with Lake Conroe Communities Network (LCCN) discussed a petition that he said had been signed by 3,100 people in Montgomery, the groundwater management restrictions implemented by the District, impacts on Lake Conroe, and related issues.

COMMITTEE REPORTS:

A. Executive Committee – Richard Tramm, President

- 1) Brief the Board on the Committee’s activities since the last regular Board meeting – Mr. Tramm stated that the board had met earlier this month to discuss the current lawsuit.
- 2) 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) – Mr. Brian Sledge, General Counsel, reported that the plaintiff filed four amendments the previous Friday. Mr. Sledge stated that 16 of the 18 claims had been dropped from the suit. Two of the allegations are still under the court’s review. He said all claims against the General Manager have been dismissed. Mr. Sledge advised that there had been new claims added and that he would review them and return to the board with an update.

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 not had a meeting since the last board

meeting. Director Wood stated the Mr. Paul Nelson would be updating the board within the next few weeks.

- 2) Update on water efficiency, conservation efforts and public outreach – James Ridgway, Jr. & Paul Nelson – Mr. Nelson updated the board that the 5th annual Gulf Coast Water Symposium would be the following day in Houston. He said this year's theme is on New Frontiers in Conservation. Both he and Mr. Ridgway would be in attendance as well as members of the Board.

- A. Recognition – Texas A&M Agrilife, “2015 WaterSense Promotional Partner of the Year” for their efforts to promote the WaterSense program and products throughout the region – Director Wood lauded Texas A&M Agrilife for their recent accolade and added that water conservation is becoming more of a recognized issue than in the past.

- B. Update on water efficiency, conservation efforts and public outreach – James Ridgway – Mr. Ridgway stated that March 6-12 is National Groundwater Awareness week and March 14-20 is Fix a Leak week. He updated the board on substantial growth in social media impressions compared to the previous year's February metrics. He highlighted outreach activities, including a presentation to a Lone Star College Earth Science class on groundwater awareness and water conservation. He stated that the District received some positive feedback on their most recent article in a Dock Line Magazine from an area resident. Mr. Ridgway, at the request of Director Wood at the previous month's meeting, read a letter of gratitude written from the District to Colgate for the “Every Drop Counts” SuperBowl commercial.

C. Rules Development and Bylaws Committee – Kathy Turner Jones

- 1) Brief the Board on the Committee's activities since the last regular Board meeting – Ms. Jones stated that there had not been a meeting since the last board meeting. Currently, there is not a meeting on the schedule.

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 that the Policy and Personnel Committee will meet following the regular board meeting and that the agenda items under this section would be taken up at the end of the meeting after an executive session.

E. Findings and Review Committee – Rick Moffatt, Chair

- 1) Brief the Board on the Committee's activities – Director Moffatt stated that there had not been a meeting since the last board meeting. He said the committee is working toward setting a meeting soon.

- 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 for 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 before bringing it back to the actual planning group for final approval and adoption. She added that the meeting will most likely be rescheduled in April and that she 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.

F. Budget and Finance Development Committee – Billy Wood, Chair

- 1) Brief the Board on the Committee’s Activities – Director Wood updated the board and stated there had not been a meeting since the last board meeting.
- 2) Review of Monthly Financial Reports – Director Wood reported that the district was under budget at \$114,078, income was \$252,758, and expenses were \$366,836.

G. Professional Services Review Committee – Rick Moffatt, Chair

- 1) Brief the Board on the Committee’s activities – Director Moffatt advised that a meeting was held February 11th to gather information to discuss consultants. Director Moffatt said he had not been able to review the information and will schedule a meeting very soon.

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 said the District in an effort to overturn a decision which would allow Texcom Gulf Disposal, LLC to operate a Class 1 waste injection wells(s) in Montgomery County filed an amicus brief with Travis County’s 345th District Court on February 17th in Austin. At this time there has not been a ruling to date and it is under advisement with the judge.

Ms. Jones also reported that Notice of Violations have gone out to permittee

and staff is working diligently to get these all resolved.

GENERAL COUNSEL'S REPORT:

The District's legal counsel will brief the Board on pertinent legal issues and developments impacting the District since the last regular Board meeting, and legal counsel's activities on behalf of the District, including without limitation: waste injection well monitoring activities and injection well applications filed at the Railroad Commission of Texas or the Texas Commission on Environmental Quality, including District protests or other actions regarding same; District rules enforcement activities; District Regulatory Plan, District Rules, and District Management Plan development or implementation issues; groundwater-related legislative activities; joint planning and desired future conditions development activities; pending litigation involving the District; developments in groundwater case law and submission of legal briefs; contractual issues related to the District; open government, policy, personnel, and financial issues of the District; and other legal activities on behalf of the District. – Brian L. Sledge. – Mr. Sledge said legislature hearings were held in February. Now that the primaries have come and gone, Mr. Sledge believes that the District will see more action coming up soon. He added that TCEQ communication was submitted and the District received some comments and feedback.

PUBLIC COMMENTS:

President Tramm noted that if there was anyone present who like to provide public comment, that he would recognize them at this time, since the board meeting is expected to be lengthy today.

Jill Savoy – a Willis Resident commended Mr. Massey for his work and addressed the board.

No other public comment was provided, although Lisa Mathews, and attorney and citizen, requested to be able to provide comment later in the 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 11:32 a.m. The board reconvened in regular session at 1:37 p.m. Following reconvening, the Board received the Policy and Personnel Committee report.

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

- a. Performance review of the general manager regarding compliance with District Policies and procedures – President Tramm stated the committee has received and reviewed allegations regarding alleged policy violations by the general manager,

and that the committee takes all such allegations seriously and is investigating the allegations, but for legal reasons cannot discuss the matter further at this time.

PUBLIC COMMENTS (cont'd):

Lisa Mathews, an attorney and citizen, was given an additional opportunity to provide public comment. Ms. Mathews asked questions and requested additional information regarding the personnel matter concerning the review of the general manager. President Tramm, Directors Houston and Hope, and the District's outside employment attorney all explained to Ms. Mathews that the matter is a confidential personnel matter, that there is an ongoing investigation that is being taken seriously by the board, and that as such they cannot discuss it publicly.

NEW BUSINESS:

No new business was reported.

There being no further business, upon a motion made by Director Wood, seconded by Director Houston the meeting was adjourned at 1:47 p.m.

PASSED, APPROVED, AND ADOPTED THIS 12th DAY OF APRIL, 2016.


Rick Moffatt, Board Secretary