

# LONE STAR GROUNDWATER CONSERVATION DISTRICT

May 8, 2012

## MINUTES OF SPECIAL MEETING

Lone Star Groundwater Conservation District (“District”) held a “Special Meeting,” open to the public, at 655 Conroe Park North Drive, Conroe, Texas, within the boundaries of the District on May 8, 2012.

President Tramm called the meeting to order at 9:02 a.m., announcing that it was now open to the public.

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

Sam W. Baker  
John D. Bleyl, PE  
Reed Eichelberger, PE  
Roy McCoy, Jr.  
Rick J. Moffatt  
Jim Stinson, PE  
Richard J. Tramm  
M. Scott Weisinger, PG  
W. B. Wood

All members of the Board were present with the exception of Director Baker, Director McCoy, and 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 9:02 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.

Director Baker arrived at 9:08 a.m.

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

No action was taken on matters discussed in Executive Session and the meeting was adjourned at 10:03 a.m.

**PASSED, APPROVED, AND ADOPTED THIS 12<sup>th</sup> DAY OF JUNE, 2012.**

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M. Scott Weisinger, PG, Board Secretary

# LONE STAR GROUNDWATER CONSERVATION DISTRICT

May 8, 2012

## MINUTES OF SHOW CAUSE HEARING

The Board of Directors of the Lone Star Groundwater Conservation District (“District”) met in regular session, open to the public, in the Lone Star GCD – Board Room located at 655 Conroe Park North Drive, Conroe, Texas, within the boundaries of the District on May 8, 2012.

**The audio recording will serve as the official record for the Show Cause Hearing. The summary below is provided for convenience**

President Tramm called to order the Show Cause Hearing at 10:28 a.m.

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

Sam W. Baker  
John D. Bleyl, PE  
Reed Eichelberger, PE  
Roy McCoy, Jr.  
Rick J. Moffatt  
Jim Stinson, PE  
Richard J. Tramm  
M. Scott Weisinger, PG  
W. B. Wood

All members of the Board were present with the exception of Director McCoy and 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”.*

President Tramm appointed Brian Sledge, General Counsel, as co-presiding officer.

Mr. Sledge stated that Item #5, **WGBRV Park on the Lake, LLC**; Item #6, **Quality Car Care**; Item #8, **New Horizons**; Item #9, **North Woods Water Supply**; Item #10, **Rambling Vines RV Park**; Item #11, **AP WP Woodland 384 Reit, LLC**; Item #12, **Blue Horse Holdings, LTD**; and Item #16, **Grace Family Fellowship** had been resolved prior to today’s Board of Directors Meeting and no action will be taken on those items.

Mr. Sledge stated this was a Show Cause Hearing directing **Peter Wakefield; Jimmie Sebree; Sonya Sinclair (Sweet Dreams Kennel); Brenda Borrayo; Conroe Lighting & Supply; Cumberland Community Association; and Magnolia Enterprise Partners,**

("Respondents"), pursuant to District Rule 2.5, to appear before the Lone Star GCD Board of Directors and show cause why the District should not issue a cease and desist order pursuant to District Rule 2.6(c) for failure to remit 2012 annual water use fees and/or failure to submit 2011 production report and/or fines associated with timely submission; file a civil suit in this matter against Respondents and take all other enforcement action that is necessary and appropriate under the laws of the State of Texas.

Mr. Sledge asked if anyone representing the above Respondents was in attendance.

Mr. Jimmie Sebree was in attendance and was sworn in by Mr. Sledge. Mr. Sebree stated that he had no excuses for not remitting his 2012 annual water use fees and submitting 2011 production report. Mr. Sledge asked that Mr. Sebree visit with District staff today to settle his violations. Mr. Sledge continued that based on legal advice received in Executive Session, it would be his recommendation that this matter be given to the District's General Counsel for process and possible civil suit. Director Stinson confirmed that the recommendation included Mr. Sebree, as well as the other six (6) Respondents, Mr. Sledge confirmed. A motion was made by Director Stinson, seconded by Director Bleyl and unanimously passed to proceed with the recommendation of the General Counsel.

President Tramm adjourned the Show Cause Hearing at 10:37 a.m.

**PASSED, APPROVED, AND ADOPTED THIS 12<sup>th</sup> DAY OF JUNE, 2012.**

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M. Scott Weisinger, PG, Board Secretary

# LONE STAR GROUNDWATER CONSERVATION DISTRICT

May 8, 2012

## MINUTES OF PUBLIC HEARING ON PERMIT APPLICATIONS

The Board of Directors of the Lone Star Groundwater Conservation District (“District”) met in regular session, open to the public, in the Lone Star GCD – Board Room located at 655 Conroe Park North Drive, Conroe, Texas, within the boundaries of the District on May 8, 2012.

President Tramm called to order the Public Hearing on Permit Applications at 10:18 a.m., announcing that it was now open to the public.

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

Sam W. Baker  
John D. Bleyl, PE  
Reed Eichelberger, PE  
Roy McCoy, Jr.  
Rick J. Moffatt  
Jim Stinson, PE  
Richard J. Tramm  
M. Scott Weisinger, PG  
W. B. Wood

All members of the Board were present, with the exception of Director McCoy and 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”.*

Item #1, **Western Rubber Manufacturing** – This is an existing well that staff found in non-compliance. Applicant is requesting 135,000 gallons for 2012 and annually thereafter. Based on technical review of the information supplied by application, it is the General Manager’s recommendation to approve that which is being requested. A motion was made by Director Stinson, and seconded by Director Bleyl to approve the above permit amendment in accordance with the recommendations of the General Manager. Motion passed.

Item #2, **Quadvest, LP 1 (Red Oak Ranch WS)** – Applicant is requesting an amendment to OP for additional production authorization of 20,000,000 gallons for 2012 and annually thereafter. Based on technical review of the information supplied by application, it is

the General Manager's recommendation to approve that which is being requested. A motion was made by Director Stinson, and seconded by Director Bleyl to approve the above permit amendment in accordance with the recommendations of the General Manager. Motion passed.

Item #3, **Justin Hasara (Hasara Land Services)** – This is an existing well that was previously permitted as Ag use. Upon a change in water use type and ownership, applicant is requesting 112,500 gallons for 2012 and 150,000 gallons annually thereafter. Based on technical review of the information supplied by application, it is the General Manager's recommendation to approve that which is being requested. A motion was made by Director Stinson, and seconded by Director Bleyl to approve the above permit amendment in accordance with the recommendations of the General Manager. Motion passed.

Item #4, **Lawn Ranger Co.** – This is an existing well that staff found in non-compliance. Applicant is requesting 175,000 gallons for 2012 and annually thereafter. Based on technical review of the information supplied by application, it is the General Manager's recommendation to approve that which is being requested. A motion was made by Director Stinson, and seconded by Director Bleyl to approve the above permit amendment in accordance with the recommendations of the General Manager. Motion passed.

Item #6, **Triumph Downhole Services (Lessee)** – Applicant is requesting an amendment to an OP for additional production authorization of 300,000 gallons for 2012 and annually thereafter. Based on technical review of the information supplied by application, it is the General Manager's recommendation to approve that which is being requested. A motion was made by Director Stinson, and seconded by Director Bleyl to approve the above permit amendment in accordance with the recommendations of the General Manager. Motion passed.

Item #7, **Quadvest, LP 2 (Lonestar Ranch)** – Applicant is requesting an amendment to OP for drilling authorization for a new well. No additional authorization is being requested at this time. Based on technical review of the information supplied by application, it is the General Manager's recommendation to approve that which is being requested. A motion was made by Director Stinson, and seconded by Director Bleyl to approve the above permit amendment in accordance with the recommendations of the General Manager. Motion passed.

Item 8, **Fellowship of Montgomery Church** – Applicant is requesting drilling authorization for a new well with a production authorization of 65,000 gallons for 2012 and 200,000 gallons annually thereafter. Based on technical review of the information supplied by application, it is the General Manager's recommendation to approve that which is being requested. A motion was made by Director Stinson, and seconded by Director Bleyl to approve the above permit amendment in accordance with the recommendations of the General Manager. Motion passed.

Item #5, **George Turek** – Applicant is requesting an amendment to OP for additional production authorization of 200,000 gallons for 2012 and annually thereafter. Based on technical review of the information supplied by application, it is the General Manager's recommendation to approve that which is being requested.

Richard Derr representing The Woodlands Development Company (TWDC), provided District staff with a written request for contested case hearing on the amendment application, agenda item no. 5. Mr. Derr provided the Board a brief explanation of his request. He explained that the TWDC owns all of the water rights in The Woodlands and has provided District staff with the deed documentation. The TWDC has been working with residents, in order to allow them to produce groundwater from their wells but limiting them to 500,000 gallons. Mr. Derr expressed that he was just notified the evening prior to the meeting that George Turek had a pending application for an additional 200,000 gallons. Mr. Derr further requested that the Board not take action on the application in order to allow additional time to work out an agreement between TWDC and George Turek.

Applicant, George Turek, requested to speak on behalf of his amendment application. He stated that he has added an additional two acres to his property and is in need of an additional 200,000 gallons in order to maintain it. He also mentioned that he has a Indemnity Agreement for a variance from The Woodlands Township for the well that includes an unlimited amount of production allowance.

Richard Tramm, Board President, appointed Brian Sledge, General Counsel as co-presiding officer for procedural purposes. Furthermore, Mr. Sledge swore in Richard Derr. Richard Derr, Director of Utility District Relations for The Woodlands Development Company, LP claiming legal representation on behalf of TWDC, stated that his basis for this contested case request is TWDC is the actual owner of the rights to produce groundwater on the property owned by George Turek. Mr. Sledge confirmed that Mr. Derr's request for contested case hearing meets the qualifications according to the District rules. Mr. Sledge recommended that the Board grant the contested case hearing request on this matter due to the apparent willingness of the applicant and contestant to work this out. President Tramm declared the matter contested deferring action on the item until the next Permit Hearing to be held on June 12, 2012.

President Tramm adjourned the Public Hearing on Permit Applications at 10:28 a.m.

**PASSED, APPROVED, AND ADOPTED THIS 12<sup>th</sup> DAY OF JUNE, 2012.**

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M. Scott Weisinger, PG, Board Secretary

# LONE STAR GROUNDWATER CONSERVATION DISTRICT

May 8, 2012

## MINUTES OF REGULAR MEETING

The Board of Directors of the Lone Star Groundwater Conservation District (“District”) met in regular session, open to the public, in the Lone Star GCD – Board Room located at 655 Conroe Park North Drive, Conroe, Texas, within the boundaries of the District on May 8, 2012.

President Tramm called to order the regular Board of Directors meeting at 10:37 a.m. announcing that it was open to the public.

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

Sam W. Baker  
John D. Bleyl, PE  
Reed Eichelberger, PE  
Roy McCoy, Jr.  
Rick J. Moffatt  
Jim Stinson, PE  
Richard J. Tramm  
M. Scott Weisinger, PG  
W. B. Wood

All members of the Board were present with the exception of Director McCoy and 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”.*

### APPROVAL OF THE MINUTES:

President Tramm stated the Board would consider all meeting minutes listed as one item. Upon review of the following, a motion was made by Director Wood, seconded by Director Baker and unanimously carried, to approve the meeting minutes as presented:

- a) April 10, 2012, Special Board Meeting
- b) April 10, 2012, Public Hearing on Permit Applications
- c) April 10, 2012, Regular Board of Directors Meeting

### COMMITTEE REPORTS:



**Water Awareness and Conservation Committee – Billy Wood, Chair.** Director Wood stated that the committee had not met but there were a number of updates to share with the Board.

**Briefing on conservation efforts.** Committee Chairman Billy Woods presented a summary of the various water-saving devices and features that were built into the District's new building; including porous cement, solar/wind powered parking lot light, grass "pavers" in the overflow parking area, low-flow water fixtures, and a rain collection system that incorporates 4 2,500 gallon above-ground cisterns and a 15,000 plastic tank buried under the east end of the dry river bed.

At the request of Chairman Wood, the Assistant General Manager gave an update of conservation activities since the last Board meeting.

Mr. Nelson reported that the District had mailed a letter to all high schools in Montgomery County, inviting students to apply for 2 positions at the State Youth Water Camp in Monahans, Texas, July 8-12, 2012. Lone Star GCD will again be funding the cost to register and provide transportation for 2 students. Applications are due to the District by May 11<sup>th</sup>.

Mr. Nelson reported that he is still working with restaurants, reminding them of the need to continue the "Water on Demand" program, even though the drought has subsided. He further reported that Wild Ginger Restaurant had apparently responded to his requests and had stopped serving water without being asked.

Mr. Nelson attended the monthly City of Conroe Conservation Committee meeting, which was a re-presentation by Mr. Mike Turco (USGS) of the presentation that Mr. Turco gave to LSGCD Board last month; an annual summary of the water table levels in the Gulf Coast Aquifer.

At the Woodlands Children Museum on Friday the 27<sup>th</sup> (during Earth Week celebration), Mr. Nelson gave a presentation to several children and their parents. Simple water saving tips for around the house were discussed and follow-up questions were asked by the parents. Mr. Nelson was also asked to return for future events and to help plan a water collection demonstration.

Mr. Nelson then discussed the water efficiency network that he has been working on for several weeks and announced that the District, along with SJRA, would be presenting a water conservation workshop at Lone Star Convention Center on May 22<sup>nd</sup>. Attendees would include all GRP holders and their member entities. Speakers will include Jim Stinson, Jay Hartley of Wise Guys, past-Senator Kip Averitt, and a representative of the city of San Antonio. A follow-up meeting of the water efficiency group has been scheduled for June 4<sup>th</sup> at the Houston-Galveston Area Council offices.

The education trailer is scheduled for use by SJRA at the dam on May 10<sup>th</sup>.

**Rules and Bylaws Committee – Kathy Turner Jones, Coordinator.** Ms. Jones reported that the committee has not met since March. A follow up meeting will be scheduled for the end of May or early June.

**Policy and Personnel Development Committee – Sam W. Baker, Chair.** Director Baker stated that there had been no meeting and there was no report.

Director Stinson exited the meeting at 10:56 a.m.

**Findings and Review Committee – Paul R. Nelson, Coordinator.** Mr. Nelson reported that the General Manager had been appointed to the Region H Groundwater Committee; the committee being charged with evaluating groundwater demands and supplies in anticipation of the next round of Region H planning. The group has had one meeting (April 5) and the committee will be kept informed of any significant discussions.

Mr. Nelson then reported that on April 25<sup>th</sup>, there was a public meeting of Groundwater Management District 14 (“GMA 14”) held at the new district facilities. The main topic of discussion was the coordination of planning efforts between the GMA and Region H. Both groups have reports due to the TWDB in 2016.

On a final note, Mr. Nelson informed the Board that he had been named to the Texas Water Conservation Association “Re-use Committee”. Meetings to date have been phone conferences, and 2 have been held. The committee’s charge is to review all aspects of water re-use, from indirect to the treatment of wastewater treatment plant effluent for potable purposes. There will be emphasis on determining what other states or entities world-wide have done with regards to any special regulations or rules pertaining to this type of re-use. The group will look at the effect of emerging contaminants on these types of water supplies.

**Update and status project report related to Regional Groundwater Update Project w/ HGSD and the FBSD – Paul R. Nelson.** Mr. Nelson stated that a report was included in the packet. Mr. Nelson added that refining of the model continues and that Mr. Lowry continues to work with the consultants on the issues of population demand distribution and projected daily per capita usage numbers.

**Update and status project report related to the District’s modeling study of the Catahoula Formation/Aquifer – Paul R. Nelson.** Mr. Nelson stated that the deadline for public comments on the Catahoula Formation Hydrostratigraphic and Model Study presentation and draft report was Friday, May 4, 2012. Comments have been received and are being reviewed by the District’s staff and consultants.

**Building and Facilities Committee – Kathy Turner Jones.** Ms. Jones stated that the committee has not met since the last Board meeting. District staff has held several meetings with our contractor and discussed the remaining issues typical of new construction, including finishing the stonework around the arroyo and making adjustments to the irrigation system. District staff has requested the flooring manufacturer representative be brought in to review the flooring, as it has not met staff’s expectations. Additionally, we are working on adding TVs, projector screens, microphones in the board room and bringing in an electrician to assist with some finishing touches. Lastly, with regard to the undocumented sanitary sewer line, we have received notice from our insurance company that they do believe there is fault not on parties other than LSGCD and they are reimbursing the District all out of pocket expenses to date. We are still awaiting an update from our local attorney as to other recourse options we may have

with adjoining property owners. A committee meeting will be scheduled once we receive additional information on the sanitary sewer line.

**Budget and Finance Development Committee – Jim Stinson, Chair.** Director Stinson reported that the committee had not met since the last Board meeting.

**Review of Monthly Financial Reports.** Director Stinson stated he had reviewed the monthly financial reports and if anyone had any questions he would be glad to address those. The District shows the operating budget has an actual income of \$1.38 million compared to a budget of \$1.38 million. The operating expenses show a budget of \$562,000 compared to a budget of \$585,000. The capital improvement budget for our building shows expenses of \$793,000 compared to a budget of \$684,000 for this period. Director Stinson has spoken with District staff and it is believed that the capital improvement budget is the result of a coding error and he will have an update on that at next month's meeting.

### **ENGINEERING REPORT:**

In Mr. Lowry's absence, Mr. Nelson reported that Mr. Lowry continues to work with the consultants performing the Regional Groundwater Update Project, as well as the Catahoula study. A complete summary of Mr. Lowry's activities for the month is found in the Board packet.

### **DISCUSSION AND POSSIBLE ACTION TO ISSUE A SHOW CAUSE ORDER DIRECTING PEACH CREEK DAM AND LAKE CLUB, OR THEIR DESIGNATED REPRESENTATIVE, TO APPEAR AT A SHOW CAUSE HEARING FOR THAT PURPOSE AND SHOW CAUSE WHY APPROPRIATE ENFORCEMENT ACTION SHOULD NOT BE TAKEN, INCLUDING WITHOUT LIMITATION INITIATING A LAWSUIT AGAINST IT FOR FAILURE TO SUBMIT 2011 PRODUCTION REPORT AND/OR FINES ASSOCIATED WITH TIMELY SUBMISSION.**

Based on legal advice received in Executive session, it is the General Manager's recommendation to order a Show Cause Hearing to be held in conjunction with the June 12, 2012 Board meeting for failure to submit 2011 production report and fines associated with timely submission.

A motion was made by Director Baker, seconded by Director Bleyl and unanimously carried, to proceed with the recommendations of the General Manager.

### **GENERAL COUNSEL REPORT:**

Brian L. Sledge updated the Board on pertinent legal issues and developments impacting the District since the last regular Board Meeting. Mr. Sledge stated that motions for rehearing were filed by both sides in the EAA v. Day case last month. The court has 180 days to take action and there is still not a final case yet. We are still awaiting the DFC rules on Chapter 336 to come out from the Water Development Board reflecting the legislative changes from last session. The TCEQ did adopt the surface water entailment rules last month and they have

cleaned them up to clarify how they suspend rights under the priority system under times of shortage. TCEQ has published its rules implementing Senate Bill 313 but it will not have any implications on the District. Mr. Sledge stated that he has been having a few meeting in Austin on what things can be accomplished with groundwater conservation districts, using Lone Star GCD as the poster child.

**GENERAL MANAGER’S REPORT:**

Ms. Jones stated that the General Manager’s report was included in the packets and if anyone had any questions she would be glad to address them. Ms. Jones added that the mid-year TWCA conference coming up June 13-15<sup>th</sup> in Horseshoe Bay, Texas.

**PUBLIC COMMENT:** None.

**NEW BUSINESS:** None.

There being no further business, upon a motion by Director Baker, seconded by Director Wood, President Tramm adjourned the meeting at 11:12 a.m.

**PASSED, APPROVED, AND ADOPTED THIS 12<sup>th</sup> DAY OF JUNE, 2012.**

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M. Scott Weisinger, PG, Board Secretary