

LONE STAR GROUNDWATER CONSERVATION DISTRICT

May 13, 2014

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 May 13, 2014.

President Tramm called the meeting to order at 9:09 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 Baker
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 Directors Baker, Houston, Stinson and Wood, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District 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"*

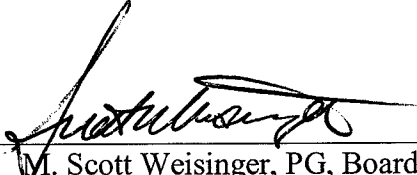
After a proper and legally sufficient announcement to the public by President Tramm, the Board of Directors went into a Closed Executive Session at 9:10 a.m. pursuant to Texas Government Code, Sections 551.071, to consult with the District's attorney regarding pending or contemplated litigation, settlement 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 Stinson arrived at 9:18 a.m.

Following Executive Session, the Board reconvened in Open Session and declared it open to the public at 10:00 a.m.

No action was taken on matters discussed in Executive Session and the meeting was adjourned at 10:11 a.m.

PASSED, APPROVED, AND ADOPTED THIS 10th DAY OF JUNE, 2014.



M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

May 13, 2014

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 13, 2014.

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 10:10 a.m.

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

Sam W. Baker
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 Directors Houston and Wood, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District General Manager; Brian L. Sledge, General 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".*

Kathy Turner Jones, General Manager stated that Item #4, **Rigoberto Ruiz** had been resolved prior to today's Board of Directors Meeting and no action will be taken.

President Tramm asked if anyone was in attendance for the Show Cause Hearing. President Tramm asked that the record show there was no one in attendance.

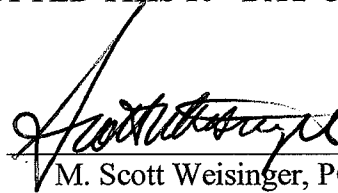
Ms. Jones stated this was a Show Cause Hearing directing **Joe Worthy** and **Verizon**, ("Respondents"), pursuant to District Rule 2.5, to appear before the Lone Star GCD Board of Directors and show cause why the District should not issue a cease and desist order pursuant to District Rule 2.6(c) for failure to remit 2014 annual water use fees 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.

It is the General Manager's recommendation to follow precedent and follow previous procedures and turn the above matters over to the District's local attorney to move forward with suit in accordance with District Rules. A motion was made by Director Baker, seconded by Director Stinson and unanimously passed to proceed with the recommendation of the General Manager.

President Tramm adjourned the Show Cause Hearing at 10:12 a.m.

PASSED, APPROVED, AND ADOPTED THIS 10th DAY OF JUNE, 2014.



M. Scott Weisinger, PG, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

May 13, 2014

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 13, 2014.

CALL TO ORDER:

President Tramm called to order the Public Hearing on Permit Applications at 10:07 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:

Sam W. Baker
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 Directors Houston and Wood, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, General Manager; Brian L. Sledge, General 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".*

Item #1, **Santo Bahena** - This is an existing well staff found in non-compliance. Applicant is requesting registration of the well and production authorization in the amount of 125,000 gallons for 2014 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is being requested.

Item #2, **South County Football League** - Applicant is requesting an amendment to an Operating Permit for drilling authorization to construct a new well and an increase in production authorization in the amount of 2,000,000 gallons for 2014 and 1,500,000 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, **Carmina Zamorano & Rafeaz Chavez** - This is an existing well staff found in non-compliance. Applicant is requesting registration of the well and production authorization in the amount of 9,000,000 gallons for 2014 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, **Crystal Springs Water (Forest Trace Ltd)** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 5,000,000 gallons for 2014 and 3,000,000 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 #5, **CST Performance Products Corp. (Koalstad Road)** - This is an existing well permittee recently acquired. Applicant is requesting an amendment to an Operating Permit to add an existing 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 #6, **Red Diamond Disposal** - Applicant is requesting registration of a new well and production authorization in the amount of 100,000 gallons for 2014 and 150,000 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 #7, **Sanctuary Ministries** - Applicant is requesting registration of a new well and production authorization in the amount of 100,000 gallons for 2014 and 150,000 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 #8, **Resco Electric Ltd.** - These are existing wells staff found in non-compliance. Applicant is requesting registration of two wells and production authorization in the amount of 100,000 gallons for 2014 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration of the two existing wells and authorize a reduced amount of 75,000 gallons for 2014 and annually thereafter.

Item #9, **Todd Attayi** - Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,000,000 gallons for 2014 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to authorize a reduced amount of 475,000 gallons for 2014 and annually thereafter.

Item #10, **Mike Wimberly** - Applicant is requesting registration of a new well and production authorization in the amount of 150,000 gallons for 2014 and 350,000 gallons for 2015 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration and construction of the well and authorize a reduced amount of 60,000 gallons for 2014 and annually thereafter.

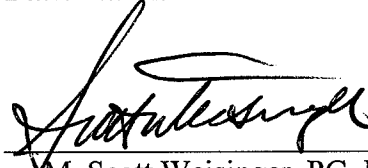
Item #11, **Rodney Cuccerre** - Application is requesting registration of a new well and production authorization in the amount of 150,000 gallons for 2014 and 300,000 gallons for 2015 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration and construction of the well and authorize a reduced amount of 130,000 gallons for 2014 and annually thereafter.

The first motion was made by Director Baker, and seconded by Director Moffatt to approve items #1-7, in accordance with the General Manager's recommendations. Director Weisinger abstained from voting on item #6, Red Diamond Disposal, and the motion passed unanimously.

The second motion was made by Director Stinson, and seconded by Director Bleyl to approve items #8-11, in accordance with the General Manager's recommendation. The motion passed unanimously.

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

PASSED, APPROVED, AND ADOPTED THIS 10TH DAY OF JUNE, 2014.



M. Scott Weisinger, PG, Board Secretary

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LONE STAR GROUNDWATER CONSERVATION DISTRICT

May 13, 2014

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 May 13, 2014.

CALL TO ORDER:

President Tramm 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:

Sam Baker
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 Directors Houston and Wood, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, General Manager; Brian L. Sledge, General Counsel; Mark Lowry, P.E., District Engineer; District staff; and members of the public. *Copies of the public sign-in sheets are attached hereto as Exhibit "A".*

APPROVAL OF THE MINUTES:

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

- a) April 8, 2014, Special Board Meeting
- b) April 8, 2014, Public Hearing on Permit Applications
- c) April 8, 2014, Regular Board of Directors Meeting

COMMITTEE REPORTS:

Water Awareness and Conservation Committee - Billy Wood, Chair

Briefing on Committee Activities - Director Wood reported that the committee had not met since the last board meeting. He asked Marlisa Briggs to update the Board on public outreach efforts and conservation activities since the last Board meeting.

Briefing on Public Outreach Efforts - Marlisa Briggs, Education/Public Awareness Coordinator – Mrs. Briggs' presentation highlighted the following public outreach efforts:

- Annual Report
- National Drinking Water Week Activities:
 - Approximately 750 individual interactions
 - Kaufman Elementary
 - Woodlands Chamber Business After Hours
 - Conroe Chamber Board Meeting
 - East County Rotary
 - Houston Grand Opera's Production of Carmen at Cynthia Woods Pavilion
 - Water presentations by Jack Golden in nine Woodlands-area schools
 - WaterFest at Northshore Park
- City of Conroe's Recycling Event
- Conroe KidzFest
- Initial Meeting of Conservation Outreach Coalition
- Added SJRA as a NCM movie ad partner
- Ongoing e-blasts, press releases and social media communications
- Monthly Dock Lines article
- Upcoming Events and Speaking Engagements

Update on Conservation Efforts – Marlisa Briggs - Mrs. Briggs briefed the Board on additional conservation activities, including the Gulf Coast/Montgomery County Water Efficiency Network.

Leadership Montgomery County 2014 Class Project Presentation – Members of the LMC class provided a presentation on their class project, which focused on rainwater harvesting and conservation educational materials.

USGS Presentation Regarding Groundwater Activities, Data Collection, Water Level Monitoring and Water Well Inventories for Montgomery County – Mark Kasmarek – USGS

Ms. Jones introduced Mr. Kasmarek (USGS) to the Board and the public. Kasmarek presented on USGS inventories and findings for Montgomery County and noted, following his presentation, that the final report will be available to the public mid-June. Kasmarek added that interested parties would have until the end of May to submit comments. *(This item was moved up in the agenda for time purposes.)*

Director Baker exited the meeting at 11:01 AM.

Rules Development Committee - Kathy Turner Jones, Coordinator

Briefing on Committee Activities – Kathy Turner Jones, Coordinator - Ms. Jones reported that the Rules and Bylaw Committee met May 6 to continue discussion and development of draft amendments to the District rules and regulations. Ms. Jones then asked District Counsel to give a detailed report of the Committee's progress to date.

Status report of 2013 GRP Compliance Audits – Ms. Jones stated that of all 33 GRP audits had been received and reviewed by the District. Of the 33 received, 21 GRPs received letters requesting additional information with a deadline of April 25th. The District has received the additional information for all but 3 of the original 21 recipients and has reached out to the remaining 3 – Montgomery County MUD #8, Montgomery County MUD #18, and Montgomery County UD #3 - in an attempt to collect.

Director Moffatt exited the meeting at 11:08 AM.

Policy and Personnel Development Committee – Kathy Turner Jones

Briefing on Committee Activities – Ms. Jones reported that the committee met on April 24th. Members of the committee reviewed the District's existing Personnel Policy and discussed possible changes and/or revisions to the current Vacation/Sick Leave Policy and Holiday Policy. Upon discussion, no recommendations for changes were approved by the Committee. The committee also received and approved recommendations from the District's employment attorney as they may relate to personnel of the District.

Findings and Review Committee – Kathy Turner Jones

Briefing on Committee Activities – Ms. Jones commented the Findings and Review Committee met on April 9th to receive presentations regarding potential water quality monitoring projects.

Update on Advanced Analytical Chemistry and Hydrogeological modelling proposal to identify and quantify the relative risk of groundwater contamination. - Ms. Jones reported about the April 9th committee meeting, at which FracTest provided a presentation on their capabilities to study potential impacts related to future fracking to groundwater quality. The purpose of this type of study would establish a baseline of pre-fracking water quality for the County and/or specific areas of Montgomery County. No decision or recommendation was made by the Findings and Review Committee at this time and tasked staff to work with FracTest to bring back a proposal directed more to Montgomery County specifically and its hydrology. Once their proposals are available, an additional committee meeting will be scheduled.

Discussion and possible action to approve waste injection well monitoring program for groundwater quality protection - Based on recommendations from the Findings and Review Committee, Director Stinson motioned to authorize the general manager to enter into agreements with both Sledge Fancher (utilizing Phil Grant w/ Terra Dynamics, Inc.) and R.W. Byron & Co separately for a UIC Waste Injection Well Monitoring Program for groundwater quality protection. Cost of program not to exceed \$10,000 annually per each agreement. Mr. Sledge noted that these types of monitoring services work well in other districts, and recommended the Board's approval for a UIC waste injection monitoring program. Motion was seconded by Director Weisinger. Motion carried.

Budget and Finance Development Committee - Jim Stinson, Chair

Briefing on Committee Activities - Director Stinson reported that the committee met on April 29 to review the draft of the District's annual audit. The committee's comments are incorporated in the General Manager's report.

Review of Monthly Financial Reports - Director Stinson reported that the financial statement indicated an actual income of \$1.5 million compared to projected \$1.7 million, and expenses are at \$617,000 compared to projected expenses of \$698,000.

Discuss, consider and take action as necessary regarding the Annual Financial Report for fiscal year 2013 – Bob VanWassehnova, CPA, Bob VanWassehnova and Associates – Mr. VanWassehnova gave the Board a brief overview of the annual fiscal report. After discussion, a motion was made by Director Weisinger to accept the report as presented. Director Bleyl seconded the motion and all those present were in favor.

Building and Facilities Committee - Kathy Turner Jones, Coordinator

Briefing on Committee Activities – No report

Update and Possible Action Regarding Construction and Redesign of Existing Detention Pond – No report

ENGINEERING REPORT:

Mark Lowry, District Consultant, reported that most of his activity during the month was routine, and a copy of his report is included in the Board packet.

GENERAL MANAGER'S REPORT:

Ms. Jones reported to the Board that many of the items planned for the General Manager's Report had been discussed under earlier agenda items. Other activities of possible interest to the Board were included in the report found in their packets. Ms. Jones also recognized and thanked Marlisa Briggs for her efforts and work with the Leadership Montgomery County project as well as the Annual Report.

GENERAL COUNSEL'S REPORT:

Mr. Sledge noted that he had covered the majority of his items during executive session.

PUBLIC COMMENT:

There were no members of the public wishing to speak at this meeting.

NEW BUSINESS:

There was no new business to discuss.

There being no further business, upon a motion by Director Bleyl, seconded by Director Weisinger, President Tramm adjourned the meeting at 11:27 a.m.

PASSED, APPROVED, AND ADOPTED THIS 10TH DAY OF JUNE, 2014.



M. Scott Weisinger, PG, Board Secretary

