

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 9, 2009

MINUTES OF SPECIAL MEETING

The Lone Star Groundwater Conservation District (“District”) held a “Special Meeting,” open to the public, at 207 W Phillips Street, Suite 300, Conroe, Texas, within the boundaries of the District on June 9, 2009.

President Tramm called the meeting to order at 9:00 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
Reed Eichelberger, PE
Orval R. Love, PE
Roy McCoy, Jr.
Jim Stinson, PE
Richard J. Tramm
Scott Weisinger, PG
James B. Wesley
W. B. Wood

All members of the Board were present, with the exception of Director Baker, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District General Manager; Jason Hill, Attorney; 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. as authorized by the Open Meetings Act, Section 551.071, Government Code, 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, Vernon's Texas Codes, Annotated.

Director Baker arrives at 9:20 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

PASSED, APPROVED, AND ADOPTED THIS 14th DAY OF JULY, 2009.

Sam W. Baker, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 9, 2009

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 207 W. Phillips Street, Suite 300, Conroe, Texas, within the boundaries of the District on June 9, 2009.

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

Sam W. Baker
Reed Eichelberger, PE
Orval R. Love, PE
Roy McCoy, Jr.
Jim Stinson, PE
Richard J. Tramm
Scott Weisinger, PG
James B. Wesley
W. B. Wood

All members of the Board were present, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District General Manager; Jason Hill, Attorney; Mark Lowry, District Consultant; District staff; and members of the public. *Copies of the public sign-in sheets are attached hereto as Exhibit “A”.*

Following the permit hearing report from General Manager, Kathy Turner Jones, a motion was made by Director Stinson and seconded by Director Love, to approve permits #1 through #6, in accordance with the recommendations of the General Manager.

1. Encino Car Wash, for a proposed amendment to OP, increase of 1.5 mg annually, 1750 Northpark, Kingwood, Commercial use;
2. Bridgewood Farms, for a proposed operating permit not to exceed 0.295 mg annually, 11680 Rose Rd, Conroe, Public Supply (PWS) use;

3. Drifters Ice House, for a proposed amendment to OP, increase of 0.15 mg annually, 29293 FM149, Richards, Public Supply use;
4. Mark McDonald, for a proposed well to be drilled at 17500 Concord Dr., Conroe, not to exceed 0.5 mg annually, Public Supply use;
5. Sterling First Aid & Safety Inc., for a proposed well to be drilled at 12570 FM 830, Willis, not to exceed 3 mg annually, Commercial use; and
6. Southern Montgomery County MUD, for a proposed amendment to OP, well to be drilled at 406 Oak Ridge Grove Dr., Spring, Public Supply (PWS) use.

The motion passed with Director Weisinger abstaining from item #5 and #6.

President Tramm adjourned the Public Hearing on Permit Applications at 10:12 a.m.

PASSED, APPROVED, AND ADOPTED THIS 14th DAY OF JULY, 2009.

Sam W. Baker, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

June 9, 2009

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 207 W. Phillips Street, Suite 300, Conroe, Texas, within the boundaries of the District on June 9, 2009.

President Tramm called to order the regular Board of Directors meeting at 10:12 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
Reed Eichelberger, PE
Orval R. Love, PE
Roy McCoy, Jr.
Jim Stinson, PE
Richard J. Tramm
Scott Weisinger, PG
James B. Wesley
W. B. Wood

All members of the Board were present thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Kathy Turner Jones, District General Manager; Jason Hill, Attorney; Mark Lowry, District Consultant; 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 three (3) meeting Minutes listed as one item. Upon review of the following a motion was made by Director Weisinger, seconded by Director Love and unanimously carried, to approve the meeting minutes as presented:

- a) May 12, 2009, Special Board Meeting
- b) May 12, 2009, Public Hearing on Permit Applications
- c) May 12, 2009, Regular Board of Directors Meeting

DISCUSS, CONSIDER, AND TAKE ACTION ON LETTER DATED JUNE 2, 2009, FROM FOREST PARK-THE WOODLANDS CEMETERY (SCI) REGARDING WRAP REQUIREMENTS.

Nadene Crandall, General Manager, Forest Park – The Woodlands Cemetery (SCI), explained to the Board the reason for the excess water usage for 2008. As a result of overpumpage, SCI has been asked to enter into a joint WRAP with the San Jacinto Water District. Since the problem has been identified and corrected, Ms. Crandall does not feel that this action is necessary. Upon correcting the problem, there has been a dramatic decrease in the volume of water usage. Of the two wells permitted, only one is currently being used. The second is used strictly as a backup well. Dan Narveson, Director, Real Estate, SCI Management, states that he expects SCI to meet the criteria for a WRAP in the future, but, not at this time. Upon a motion by Director Wesley, seconded by Director Baker and unanimously passed, the Board instructs the General Manager to review the issues raised by Forest Park Funeral Home and Cemetery, and to take all action authorized under the rules to achieve voluntary compliance, and if voluntary compliance cannot be achieved, to make a recommendation to the Board at the next regular meeting for further action.

COMMITTEE REPORTS:

Rules and Bylaws Committee – Kathy Turner Jones, Coordinator. Ms. Jones reported that the Rules and Bylaws Committee had not met since the last Board meeting, but the Committee is scheduled to meet at 9:00 a.m. on June 23, 2009. At this time the Committee will begin to work on Phase IIB (GRP) requirements and revisions of District Rules pertaining to lake impoundments.

Policy and Personnel Development Committee – Sam W. Baker, Chair. Director Baker stated that the committee had not met since the last Board meeting. The District's new Education/Public Awareness Coordinator, Marjorie Risk, will officially begin July 1, 2009. Ms. Risk will attend the Water Conservation Workshop II on July 1, 2009.

Water Awareness and Conservation Committee – Billy Wood, Chair. Director Wood stated that the committee had not met since the last Board meeting. Director Wood reported that the East Montgomery County News requested an interview for a story surrounding the last Water IQ press release distributed May 18, 2009. The story should be in this week's newspaper for that area. Director Wood further stated that the District has been told that a total of seven (7) billboards have been posted. Director Wood reported the creative design for the gas station pump toppers and the mall banner has been selected and these will be displayed from June 1 through August 31. The mall banner will be displayed in the food court area of The Woodlands Mall. EnviroMedia secured three advertorials on behalf of Lone Star GCD to run in the Woodlands **Lifestyles and Homes Magazine**, focusing on conservation. The first article was due June 1, 2009 for the July, 2009, issue. Because of the cancellation of Earth Day back in April, EnviroMedia has been searching for an alternative event within the county to feature Water IQ and details about the county's population increase – thus the need to conserve. Currently, they are working with The Woodlands Mall to possibly have some type of indoor event to coincide with the tax-free weekend. Director Wood displayed an insert that was distributed to water customers in The Woodlands and commended the Joint Powers Agency for their pro-active program.

Director Stinson asked if anyone had met with the restaurants regarding establishing a policy for water upon request. Kathy Turner Jones, General Manager, stated that yes, she had met with them last fall and presentation a presentation on the District and encourage the association to promote "Water on Request Only" for all food serving establishments. Ms. Jones

added that it is planned for the District's Education/Public Awareness Coordinator, Marjorie Risk, to meet with them once on board with the District to assist in encouraging this message and program.

Budget and Finance Development Committee – Jim Stinson, Chair. Director Stinson reported the committee had not met since the last Board meeting. The Committee will meet soon to begin looking at water use fees for 2010. According to District Rules, the deadline for setting water fees for the coming year is July 15, 2009.

Review of Monthly Financial Reports. Director Stinson stated a review of the monthly financial reports showed that the District was \$920,000 over budget in income and \$430,000 under budget in expenses.

ENGINEERING REPORT:

Mark Lowry, District Consultant, reported that a copy of his report was included in each Director's Board Packet. The primary items worked on this past month were finalization of advice and consultation on the population and water demand issues, plus further review on amenity ponds and the estimates of exempt water use. Mr. Lowry stated AECOM staff evaluated all permitting database components and assigned each a status indicating whether it is critical to the application, a utility object, or is able to be deleted.

Director Wesley asked Mr. Lowry if he had received any information on the projection of population conducted by Region H. Mr. Lowry stated that Region H, which is comprised of 16 counties, had completed their projections. Montgomery County water users had submitted a number of corrections to the Region H projections, most of which were accepted by the Region H Board.

APPOINTMENT OF TEMPORARY "FINDINGS AND REVIEW COMMITTEE" .

President Tramm stated the purpose of this committee will be to monitor the on-going status of the United States Geological Survey ("USGS") hydrological study currently being conducted within the LSGCD area ("Study") and keep Board apprised of status of such activity. Members of the committee include: Director Weisinger, Director Wesley, Director Love and Mark Lowry, District Consultant. Director Love will Chair the committee.

GENERAL COUNSEL'S REPORT:

Jason Hill, Attorney, stated that the Legislative Session had adjourned. Many bills died due to procedural rules within both houses. HB 2063 (Callegari/Duncan) relating to the enforcement of rules by a groundwater conservation district, amended Chapter 36, Water Code, to clarify that a groundwater district may enforce this chapter and its rules "against any person". The bill further specifies that limits on the amount of fees, costs, and penalties contained in Chapter 36, or under a special law governing a district operating under this Chapter, constitutes a limit of liability in an enforcement action against a governmental entity. The Bill was passed and sent to the Governor for his signature. Mr. Hill states that the primary goal, at this time, is to concentrate on Phase II(b) of the District's Regulatory Plan.

TEXCOM Update: There have been significant developments in the case against TEXCOM. During a meeting last month an agreement was reached to suspend the SOAH hearing in June to perform tests on the pressure falloff, which will help determine how far any injected wastewater will spread beneath the ground. Additional testing is a positive turn in the case.

GENERAL MANAGER’S REPORT:

Kathy Turner Jones stated she had nothing further to report that wasn’t included in the Board packets.

PUBLIC COMMENT: None

CONSIDER ENFORCEMENT ACTION, INCLUDING WITHOUT LIMITATION LITIGATION, IMPOSITION OF CIVIL PENALTIES, AND/OR COMPROMISE AND SETTLEMENT AGREEMENTS FOR VIOLATIONS OF DISTRICT RULES FOR THE FOLLOWING:

UNRESOLVED MAJOR

Anthony Plew OP-09010701

Upon a motion by Director Wesley, second by Director Love, and unanimously carried, the Board approved to issue a show cause order directing Anthony Plew to appear at a hearing for that purpose and show cause why Permit No. OP-09010701 should not be suspended and all other appropriate enforcement action be taken, including initiating a lawsuit against him for collection of all water use fees, civil penalties, and attorney fees and costs, to which the District is entitled under law. Show cause hearing date: July 14, 2009 AND to instruct legal counsel to contact Mr. Plew, in writing, to inform him that the Board has voted to issue the show cause order and will deliver the same to him if, by June 19, 2009, he has not paid to the District all water use fees and late payment penalties due and owing to the District.

UNRESOLVED MAJOR

Canyon Crossing, LLC OP-05052002A

Upon a motion by Director Wesley, seconded by Director Stinson, and unanimously carried, the Board approved to issue a show cause order directing Canyon Crossing, LLC, or its designated representative, to appear at a show cause hearing for that purpose and show cause why Permit No. OP-05052002A should not be suspended and all other appropriate enforcement action be taken, including initiating a lawsuit against it for collection of all water use fees, civil penalties, and attorney fees and costs to which the District is entitled under law. Show cause hearing date: July 14, 2009.

NON PAYMENT OF WATER USE FEES

East Montgomery
County MUD 4

OP-07022201

Upon a motion by Director Baker, seconded by Director Weisinger, and unanimously carried, the Board approved to allow the General Manager to contact this entity and try to resolve the matter without taking legal action.

NEW BUSINESS:

None

Director Stinson handed out copies of inserts that are being sent to residents, along with their water bills, in The Woodlands. The inserts main topic is water conservation. A different water conservation message insert will be distributed in the water bills each month. A special mail-out has also been sent to hose households that are exceeding 15,000 gallons per month in their water usage. Director Wood suggested the Board should share these with other groundwater entities.

There being no further business, upon a motion by Director Baker, seconded by Director Eichelberger, the meeting was adjourned at 10:50 a.m. The next regular meeting of the Board of Directors is scheduled for July 14, 2009, at 10:00 a.m.

PASSED, APPROVED, AND ADOPTED THIS 14th DAY OF JULY, 2009.

Sam W. Baker, Board Secretary