

# LONE STAR GROUNDWATER CONSERVATION DISTRICT

July 11, 2023

## 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 and held in person in the Lone Star GCD – James B. “Jim” Wesley Board Room located at 655 Conroe Park North Drive, Conroe, Texas, and remotely via the publicly accessible webinar/telephone conference call within the boundaries of the District on June 13, 2023.

### CALL TO ORDER:

President Spigener called to order the Public Hearing on Permit Applications at 6:00 PM announcing the meeting open to the public.

### ROLL CALL:

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

Jim Spigener  
Stuart Traylor  
Janice Thigpen  
Jonathan Prykryl  
Jon Paul Bouché  
Kenneth Earnest  
Garry Dent

Six members of the Board were present, thus constituting a quorum of the Board of Directors. Also, in attendance at said meeting were Samantha Reiter, General Manager; Stacey V. Reese, District Counsel; and members of the public. *Copies of the public sign-in sheets and comment cards received are attached hereto as Exhibit “A” to the Regular Board of Directors Meeting minutes.*

Director Bouché lead prayer and Vice President Traylor lead the US and Texas pledges.

### PUBLIC COMMENTS:

No comments were received.

Ms. Hein stated there are 10 permit applications listed for consideration. #1 Mill Creek was pulled due to a spacing waver. She brought attention to items # 2 and #9 as they required a

hydrogeological report to be submitted. It is the Permitting Director's recommendation to approve that which is requested.

### **July 2023 Permit Hearing GM Recommendations:**

**1. ~~Quadvest, L.P. (Mill Creek)~~**

~~Applicant is requesting an amendment to an Operating Permit OP-19071801-CHEV for registration of a new Evangeline Aquifer well and an increase in production authorization in the amount of 85,000,000 gallons for 2023 and annually thereafter. Application pulled from public hearing at permittee's request.~~

**2. San Jacinto River Authority**

Applicant is requesting an amendment to an Operating Permit OP03-005Q-CHEV and OP03-0050Q--JSPR for an increase in production authorization in the amount of 112,500,000 gallons for the Chicot/ Evangeline Aquifer and 637,500,000 gallons for the Jasper Aquifer for 2023 and annually thereafter. Due to the combined max gpm of the well system, a hydrogeological report was required for the proposed amendment. LSGCD technical consultants have reviewed the submitted hydrogeological report and found it meets the requirements as detailed in District Rules and guidance documents.

**3. Quadvest LP. 1 (Mostyn Manor)**

Applicant is requesting an amendment to an Operating Permit OP-07061901H-JSPR for an increase in production authorization in the amount of 107,190,841 gallons for 2023 and annually thereafter. Based on a technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

**4. Quadvest, LP. (McCall Sound)**

Applicant is requesting an amendment to an Operating Permit OP-06042502E-CHEV for an increase in production authorization in the amount of 5,698,170 gallons for 2023 and annually thereafter. Based on a technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

**5. Montgomery County MUD #105**

Applicant is requesting an amendment to an Operating Permit OP-13092401E-CHEV for an increase in production authorization in the amount of 105,000,000 gallons for 2023 and annually thereafter. Based on a technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

**6. Westwood North Water Supply**

Applicant is requesting an amendment to an Operating Permit OP-05110102F-CHEV for an increase in production authorization in the amount of 10,000,000 gallons for 2023 and annually thereafter. Based on a technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

**7. Iglesia De Dios Pentecostes "Palabra Viva"**

Applicant is requesting an amendment to an Operating Permit OP-19042301-CHEV for an increase in production authorization in the amount of 50,000 gallons for 2023 and annually

thereafter. Based on a technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

**8. CLW, Inc,**

Applicant is requesting an amendment to an Operating Permit OP-06080402-JSPR for an increase in production authorization in the amount of 375,000 gallons for 2023 and annually thereafter. Based on a technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

**9. City of Conroe**

Applicant is requesting an amendment to an Operating Permit OP02-0001-JSPR for an increase in production authorization in the amount of 7500500,000 gallons for the Jasper Aquifer for 2023 and annually thereafter. Due to the combined max gpm of the well system, a hydrogeological report was required for the proposed amendment. LSGCD technical consultants have reviewed the submitted hydrogeological report and found it meets the requirements as detailed in District Rules and guidance documents.

**10. Arissa Properties Office/Warehouse Water System**


Applicant is requesting registration of a new Evangeline Aquifer well and production authorization in the amount of 1,100,000 gallons for 2023 and annually thereafter. Based on a technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

Treasurer Prykryl moved to approve item #2-10, as recommended by the Permitting Director and adjourn the July 11, 2023 Pubic Hearing on Permit Applications. Vice President Traylor seconded the motion. Motion passed.

**ADJOURN:**

The meeting was adjourned at 6:03 pm.

**PASSED, APPROVED, AND ADOPTED THIS 8<sup>th</sup> day of August 2023.**

  
\_\_\_\_\_  
Janice Thigpen, Board Secretary

**LONE STAR  
GROUNDWATER CONSERVATION DISTRICT  
July 11, 2023  
MINUTES OF REGULAR MEETING**

The Board of Directors of the Lone Star Groundwater Conservation District (“District”) met in regular session, open to the public and held in person in the Lone Star GCD – James B. “Jim” Wesley Board Room located at 655 Conroe Park North Drive, Conroe, Texas, and remotely via the publicly accessible webinar/telephone conference call within the boundaries of the District on July 11, 2023.

**1. CALL TO ORDER:**

President Spigener presided and called to order the regular Board of Directors meeting at 6:03 PM, announcing that it was open to the public.

**2. ROLL CALL:**

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

Jim Spigener  
Stuart Traylor  
Janice Thigpen  
Jonathan Prykryl  
Jon Paul Bouché  
Kenneth Earnest  
Garry Dent

Seven members of the Board were present, thus constituting a quorum of the Board of Directors. In attendance at said meeting were Kirstin Hein, Justin Saenz, Stacey V. Reese, District Counsel; and members of the public. *Copies of the public sign-in sheets and comment cards received are attached hereto as Exhibit "A".*

**3. PUBLIC COMMENTS:**

No public comments were received

**4. EXECUTIVE SESSION:**

The Board recessed at 6:04 PM into a closed Executive Session pursuant to Texas Government Code, Sections 551.074 to discuss personnel matters—general manager vacancy and other vacant staff positions and section §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 regarding any agenda item on any of the board meetings or hearings posted for today.

## 5. RECONVENE IN OPEN SESSION

Following Executive Session, the board reconvened in Open Session and President Spigener declared it open to the public at 6:35 PM.

## 6. APPROVAL OF THE MINUTES:

President Spigener stated the Board would consider the meeting minutes as listed for approval. Vice President Traylor move to accept the minutes as presented; Treasurer Prykryl seconded the motion. President Spigener called for a vote, motion passed to accept the minutes as presented.

- 1) June 13, 2023, Hearing on Permit and Permit Amendment Applications
- 2) June 13, 2023, Regular Meeting

## 7. COMMITTEE REPORTS

### A. Executive Committee

- 1) Brief the Board on the Committee's activities since the last regular Board meeting.

President Spigener gave an update on the Executive Committee's effort in the General Manager search: The executive committee received five resumes and from those applications, three candidates were shortlisted and extensively interviewed by all members of the committee. Thorough background checks were conducted. The committee reached a unanimous decision to recommend Sarah Kouba for the position. Sarah brought valuable experience working with different entities and local governments, demonstrating her ability to navigate bureaucratic environments and foster collaboration. Her notable involvement in the recovery efforts following Hurricane Harvey in Houston further enhanced her qualifications. The staff also interviewed Ms. Kouba, and it was evident that she was highly regarded and stood out among other candidates. The third and final interview process was a meeting with Ms. Reese, the District's General Counsel.

- 2) Discuss, consider, and take action as necessary related to the appointment of the General Manager – President Spigener called for a motion. Director Dent moved to offer Ms. Kouba the position of General Manager, under the terms and conditions that were discussed in the Executive Session. Director Bouchè second the motion. President Spigener called for a vote, the motion passed unanimously to offer Ms. Kouba the position of General Manager, under the terms and conditions that were discussed in Executive Session.

### B. Budget & Finance Committee

- 1) Brief the Board on the Committee's activities since the last regular Board meeting. – Treasurer Prykryl noted that the committee met to discuss the budgets for the years 2023 and 2024, as well as water use fees. The budgets are still being finalized, and the team expressed the need for additional guidance and information from the DFC committee regarding Phase III of the Subsidence Study. They specifically requested details about the expected funding required for the study, as it is crucial for effectively creating the budget for the upcoming year. The team recognized that obtaining input from the DFC committee on this matter is essential for making informed decisions.

- 2) Review of unaudited financials for the month of June 2023 – Ms. Hein reported that in June, the income generated amounted to \$492,347.66, while expenses totaled \$140,913.53, resulting in a net income of \$351,443.30. As of June 30th, 2023, the year-to-date net income approached 1.5 million. The organization's total cash on hand stands at \$5.5 million.
- 3) Review of 2<sup>nd</sup> Quarterly Investment Repo – At the beginning of the second quarter, the money market and tax full accounts had a balance of \$5,223,602.52, which increased to \$5,482,272.25 by the end of the quarter.

C. **External Affairs Committee**

- 1) Brief the Board on the Committee's activities since the last regular Board meeting – President Spigener reported the District had a had a successful year working with legislators, effectively stopping unfavorable bills and supporting beneficial ones, leading to a significant impact. They have maintained communication with their legislative consultants and received regular updates. The External Affairs Committee is expected to address the management of legislative consultants now that the session is over. They need to determine the appropriate strategy, considering whether to retain the current consultants or reduce expenses. Cost-effectiveness will be a key consideration in making the decision.
- 2) Discussion, consideration, and possible action on any items related to communications and/or legislative matters pertaining to Lone Star GCD

There was no action to take

D. **DFC & Technical Committee**

- 1) Brief the Board on the Committee's activities since the last regular Board meeting – Vice President Traylor reported during their recent committee meeting, updates were provided on stakeholder interest in Phase III of the Subsidence Study. They have scheduled meetings with Porter SUD and South Montgomery County MUD to discuss potential locations for coring and monitoring wells. The DFC Committee is hopeful for a quick progression and plans to release a revised scope with more specific location information for bidding purposes. Additionally, there has been expressed interest from Galveston County, and the organization is cautiously considering their involvement. President Spigener emphasized the need for timely decision-making and data acquisition to inform future planning and avoid being dependent on external agencies. The urgency of the situation was stressed, and it was mentioned that data collection should commence before the end of 2024 to adequately plan for the next session and determine groundwater capacity and subsidence mitigation measures. President Spigener expressed a need to strike the right balance between acting swiftly and avoiding mistakes while ensuring progress is made.

E. **Rules, Bylaws & Policies Committee**

- 1) Brief the Board on the Committee's activities since the last regular Board meeting - Since the last board meeting, there haven't been any additional meetings. However, it was mentioned that the Board reopened the rules for public comment for an additional 30 days due to concerns and feedback received from individuals who missed the initial opportunity. The deadline for submitting comments is expected to be on July 13th at 5:00 PM. Currently, there are no draft rules available for comment, as the focus is on collecting written input from

stakeholders. The goal is to be responsive to feedback and improve rules based on the received input. President Spigener indicated interest in holding a workshop where the general public can participate, share ideas, and engage in discussions.

**8. Receive information from District's technical consultants regarding subsidence studies and/or discussion regarding the same – Nothing to report on.**

**9. Groundwater Management Area 14 – update the board on the issues related to joint planning activities and development of desired future conditions in GMA 14 – Jim Spigener, Board President and/or District's technical consultant(s).**

- A. Discussion, consideration, and possible action on any items related to Lone Star GCD's proposal(s) to and/or participation in GMA 14. – During the recent meeting held on May 14th in Cleveland, Texas, the decision was made for consultants to collaborate with the other members of the GMA 14 and their consultants and Texas Water Development Board (TWDB) in order to conduct a comprehensive review and refinement of comments related to the Gulf 2023 model. It was also mentioned that the next GMA (Groundwater Management Area) meeting is scheduled to take place in the fall.

Discussion, consideration, and possible action to designate a district representative(s) for joint planning in management area. – Due to the absence of a general manager, President Spigener discussed that a representative is needed to serve on the GMA committee until a general manager is appointed. A motion was requested to assign someone to fulfill this role and represent the organization in GMA-related matters.

Director Bouchè moved to designate President Spigener as the GMA 14 representative. Vice President Traylor second the motion. A vote was called and the motion passed to have President Spigener as the District representative to GMA 14.

**10. Discussion and possible action to issue a show cause order directing the following permittees, 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 2022 production report and/or fines associated with untimely submissions:**

- A. Richard Gysler & Cailean McAlister (HUPAG1500026A) – Ms. Hein noted that during the review of the 2022 production reports, it was discovered that one permit was sold, leading to a delay in the report. The district staff has been actively working to bring the permit into compliance, including contacting the new owners. However, they have encountered difficulties and reached an impasse. Based on this information, it was requested that the matter be escalated to a Show Cause hearing.

Vice Present Traylor moved to issue a Show Cause order for Richard Gysler & Cailean McAlister (HUPAG1500026A). Director Earnest seconded the motion, a vote was called and the motion passed to issue a Show Cause order for Richard Gysler & Cailean McAlister (HUPAG1500026A).

**11. Discussion and possible action to issue a show cause order directing the following permittees, 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 remit 2023 water use fees and/or fines associated with untimely submissions:**

- A. Richard Gysler & Cailean McAlister (HUPAG1500026A) – Number 11 was removed due to a posting error,

not action to take

**12. Discussion and possible action to issue a show cause order directing the following permittees, 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 overproduction of permitted allocation during the 2022 calendar year and/or fines associated with untimely submissions:**

Ms. Hein discussed the remaining overpumpage notices of violation that have not been resolved yet. An updated list was provided, indicating which violations have been closed since the agenda was published. The district staff is actively working with several permittees to bring their permits back into compliance. However, based on the information presented by the district staff, it was recommended that the board take action to direct the listed permittees to appear at a show cause hearing scheduled for August 9th.

- a) Addison Woods – OP-19072403
- b) Aqua Texas (Black Oak) - OP-16092601
- c) Aqua Texas (Carriage Hills) - HUP005A & OP-05111403D
- d) Aqua Texas (Cimarron Country) - HUP006 & OP-05111401C
- e) Aqua Texas (Clear Creek Forest) - HUP007 & OP-05072101F
- f) Aqua Texas (Hidden Forest) - HUP204 & OP-06112802D
- g) Aqua Texas (Indigo Ranch) - HUP014 & OP-05072102H
- h) Aqua Texas (Lake Conroe Village) - HUP016 & OP-07092601I
- i) Aqua Texas (Lake Conroe & Tejas Creek) - HUP015 & OP03-0039C & OP-05092002
- j) Aqua Texas (Lake Creek Forest) - HUP017 & OP-06092601F
- k) Aqua Texas (Legends Ranch Estates) - OP03-0038G
- l) Aqua Texas (Old Egypt) - HUP003
- m) Aqua Texas (Walnut Springs) - HUP022A
- n) Aqua Texas (West Lane) - OP-13032101
- o) Aqua Texas (Wilshire Sub.) - HUP025 & OP-06122801A
- p) Aqua Texas (Woodlands Pkwy) - OP-13082601
- q) Berkshire Woodlands - OP-17012601
- r) CC Woodlands LLC Player - HUP254 & OP-07052401D
- s) City of Magnolia - HUP039 & OP-04041601D
- t) City of Shenandoah - HUP043 & OP-04113002H
- u) Covenant Christian School – OP-20022003
- v) Crown Point Development - OP-11070802A
- w) Crystal Springs Water (Chasewood) - HUP274 & OP-07121703
- x) Crystal Springs Water (Ponderosa Pines) - OP-16092602B
- y) Crystal Springs Water (Waukegan Way) - OP-18081501B
- z) Crystal SpringsWater (White Oak Hills) - HUP273 & OP-07102603B
- aa) DMJM Enterprises LLC – OP-16021501
- bb) East Montgomery County MUD 3 – OP03-0020
- cc) East Montgomery County MUD 12 - OP-19060701B
- dd) Far Hills Utility District (AWS Production Well) - AWS-15120101
- ee) Fish Creek Storage Ltd - OP-14072102
- ff) GBT Realty - OP-21092201
- gg) Grangerland Rentals, LLC - OP-08051901B
- hh) Jo Mark 1 Ltd. - OP-08121201
- ii) Johnston Water Utility, LLC - HUP104 & OP-056201I
- jj) Lake Conroe Hills - HUP112 & OP-21121401A



- kk) Midway Water Utilities - OP-07100402B
- ll) Montgomery County MUD #9 - AWS-13082203E
- mm) Montgomery County MUD #83 - HUP146 & OP-04042802F
- nn) Montgomery County MUD #94 - OP03-0027J
- oo) Montgomery County MUD #96 - OP-13102401C
- pp) Montgomery County MUD 105 - OP-13092401E
- qq) Montgomery County MUD #112 – OP-13092401E
- rr) Montgomery County MUD 137 - OP-14061701E
- ss) Montgomery County MUD 164 - OP-19012902B
- tt) Ann Nguyen - OP02-0002E
- uu) P & S Properties, LLC (Sapphire lessee) - OP-19102801
- vv) Pinehurst Decker Prairie - HUP171&OP-05110202C
- ww) Ernan Puebla - OP-19122701
- xx) Quadvest, LP (Benders Landing) - HUP180 & OP-04030801K
- yy) Quadvest, LP (Indigo Lakes) - HUP181 & OP03-0024
- zz) Quadvest, LP (McCall Sound) - OP-06042502E
- aaa) Quadvest, LP (Mill Creek) - OP-19071801A
- bbb) Quadvest, LP 1 (Mostyn Manor) - HUP282 & OP-07061901I
- ccc) Quadvest, LP 1 (Sendera Ranch) - HUP280 & OP-07061903E
- ddd) Rayford Road MUD – HUP184A
- eee) SCI, Texas Funeral Services, Inc dba Forest Oak The Woodlands Funeral Home - OP-08032601C
- fff) Splendora Pipe Services - OP-11100704B
- ggg) T & W Water Services (Deer Run) - OP-07092807D
- hhh) T & W Water Services (Falls of Wildwood) – HUP286 & OP-07092801B
- iii) T & W Water Services (Grand Harbor) – HUP291 & OP-07092802G
- jjj) T & W Water Services (Harbor Side) – HUP288 & OP-07092803E
- kkk) T & W Water Services (Hidden Springs Ranch) - OP-07092809H
- lll) T & W Water Services (Millers Crossing) – HUP287 & OP-07092804E
- mmm) T & W Water Services (Old Mill Lake) – HUP285 & OP-07092805F
- nnn) T & W Water Services (Thousand Oaks) – HUP283 & OP-07092806I
- ooo) The Springs Events – OP-21082701
- ppp) Undine Texas, LLC (Hazy Hallow) – HUP157C & OP-05061701C
- qqq) Western Rim Property Services (Towers Woodland) – OP13111101C
- rrr) Westwood North Water Supply – HUP242 & OP-05110102G
- sss) White Oak Water Supply Corp – HUP244 & OP03-0056F
- ttt) WMC Steel, LLC – OP-19072404A

President Spigener called for a motion, Director Bouchè moved to issue a Show Cause Order for the listed permits for August 9, 2023. Vice President Traylor seconded the motion. President Spigener called for a vote, motion passed to issue Show Cause Order for the listed permits for August 9, 2023

**13. District’s Staff Report – The Permitting Director and Education and Outreach Conservation Coordinator will brief the Board on pertinent operational and management issues that the District, its employees, or consultants have encountered since the last regular Board meeting**

Ms. Hein reported the permit department continues to work diligently on addressing over pumpage issues and making revisions to application forms to simplify the process for amendments and new permits. Ms. Hein noted the upcoming TAGD (Texas Alliance of Groundwater Districts) conference in San Antonio, scheduled from August 29th to 31<sup>st</sup>.

Mr. Saenz reported he met with Tinker LLC regarding their annual report for the 2022-2023 school

year. Mr. Thrasher was invited to present the full report in the upcoming August meeting to provide detailed highlights. The quick highlights mentioned were that the program had 1,470 kits, benefiting an equivalent number of students, which resulted in saving 4,486 gallons of water per year. This educational initiative successfully saved approximately 6.5 million gallons of water during the year. The annual report was shared as a first draft, and some updates were made since the previous version. Mr. Saenz request any suggestions or major changes be submitted by July 25th. The final version would be approved in the August meeting.

**14. General Counsel's Report – The District's legal counsel will brief the Board on any 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 Rules and regulations, permitting and District Management Plan development or implementation issues; groundwater-related legislative activities; joint planning and desired future conditions development activities; contemplated and/or pending litigation involving the District; developments in groundwater case law and submission of legal briefs; legislation or legislative activities; contractual issues related to the District; open government, open records requests, policy, personnel, election matters and financial issues of the District; and other legal activities on behalf of the District.**

Ms. Reese provided an update regarding TAC Chapter 36 bills and their status. Kristen Fancher, the district's PIA (Public Information Act) Council and Election Council, reviewed the Open Meetings Act, election law, and other relevant regulations to identify any significant changes from the last session. It was determined that while there were some changes, they would not have any impact on the district's operations related to elections, the Open Meetings Act, or the Public Information Act. Therefore, no adjustments or modifications to the district's current practices were necessary. Additionally, it was mentioned that rules need to be established by December 1st to comply with bill that mandates the development of a process for petitioning the GCD (Groundwater Conservation District) for rulemaking. The Rules Committee will begin this process of revising the District's rules, and adopting a rule on how to petition for rulemaking will be a priority to meet the legal requirement.

**15. EXECUTIVE SESSION:**

The Board recessed at 7:06 PM into a closed Executive Session pursuant to Texas Government Code, Sections 551.074 to discuss personnel matters—general manager vacancy and other vacant staff positions and section §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 regarding any agenda item on any of the board meetings or hearings posted for today.

**16. RECONVENE IN OPEN SESSION**

Following Executive Session, the board reconvened in Open Session and President Spigener declared it open to the public at 7:50 PM.

**17. New Business.**

There was no new business.

**18. Adjourn:**

Vice President Traylor moved to adjourn, Treasurer Prykryl seconded the motion, President Spigener called for a vote and the motion passed. The Regular meeting the Board of Director concluded at 7:51 PM.

**PASSED, APPROVED, AND ADOPTED THIS 11th DAY OF July 2023.**

  
\_\_\_\_\_  
Janice Thigpen, Board Secretary