

LONE STAR GROUNDWATER CONSERVATION DISTRICT

July 12, 2022

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 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 12, 2022.

CALL TO ORDER:

Vice President Traylor called to order the Public Hearing on Permit Applications at 6:03 PM announcing the meeting open to the public.

ROLL CALL:

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

Jon Paul Bouché
Larry Rogers
Jonathan Prykryl
Janice Thigpen
Stuart Traylor
Jim Spigener

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.*

PRAYER AND PLEDGES OF ALLEGIANCE:

Vice President Traylor called on Director Bouche for the opening prayer and Director Thigpen to lead the Pledge of Allegiance and the Pledge of Allegiance to the state flag.

PUBLIC COMMENTS:

No comments were received.

Ms. Hein briefed the Board on permit applications received for the month and reported that there were eight applications received for this month. Applications for consideration and recommended for possible approval included the below:

1. Regina Sandefer

Applicant is requesting registration of a new well and production authorization in the amount of 920,000 gallons for 2022 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

2. Ancestral Supplements HQ

Applicant is requesting registration of a new well and production authorization in the amount of 320,000 gallons for 2022 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

3. New Caney Self Storage, LLC

Applicant is requesting registration of an existing well and production authorization in the amount of 178,510 gallons for 2022 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

4. Gideon Water LLC (The Preserve Subdivision)

Applicant is requesting registration of a new well and production authorization in the amount of 7,500,000 gallons for 2022 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

5. Shadyside Land Company, LLC

Applicant is requesting an amendment to an Operating Permit for registration of a new well. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

6. KSW Holdings, L.P. (Big Sky Barn)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 400,000 gallons for 2022 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

7. Indigo Lake Estates POA

Applicant is requesting an amendment to an Operating Permit for registration of a new well. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

Following Ms. Hein's report, Director Bouche motioned to approve items #1-7, as recommended by the General Manager. Secretary Rogers seconded. Motion passed.

8. Quadvest, LP (Lake Windcrest)

Applicant is requesting an amendment to an Operating Permit for registration of a new well. Due to the combined max gpm of the well system for HUP178/OP03-0025K and required documentation to request exemption from spacing rules, a hydrogeological report was required for the proposed amendment. LSGCD technical consultants reviewed the submitted hydrogeological report and found it meets the requirements as detailed in District Rules and guidance documents. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

Ms. Reiter brought to the Boards attention that it was discovered during review of the application materials provided for Item #8 that a majority of the wells listed on the existing Lake Windcrest permit document had incorrect or false information that was previously submitted by Quadvest, LP representatives. It was Ms. Reiter's recommendation that District staff work with Quadvest, LP representatives to correct the information included in their permits. Treasure Spigener recommended the District give Quadvest, LP a 90-day time limit to review and work with District staff to update or amend the permits. Ms. Reiter confirmed that District staff would reach out to Quadvest, LP to start the 90-day review time.

Following Ms. Reiter's report, Treasurer Spigener motioned to approve item #8, as recommended by the General Manager. Director Pykryl seconded. Motion passed.

Vice President Traylor adjourned the public hearing on permit applications at 6:08 PM.

PASSED, APPROVED, AND ADOPTED THIS 9th DAY OF August 2022.



Larry Rogers, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

July 12, 2022

MINUTES OF REGULAR MEETING

The Board of Directors of the Lone Star Groundwater Conservation District (“District”) met in regular session, open to the public, 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 12, 2022.

CALL TO ORDER:

Vice President Traylor presided and called to order the regular Board of Directors meeting at 6:12 PM, announcing that it was open to the public.

ROLL CALL:

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

Jon Paul Bouché
Jonathan Prykryl
Larry A. Rogers
Janice Thigpen
Stuart Traylor
Jim Spigener

Six members of the Board were present, thus constituting a quorum of the Board of Directors. In attendance at said meeting were Samantha Reiter, General Manager; Stacey V. Reese, District Counsel (virtual); and members of the public. *Copies of the public sign-in sheets and comment cards received are attached hereto as Exhibit "A".*

PUBLIC COMMENTS:

No public comments were received.

EXECUTIVE SESSION:

Vice President Traylor announced Executive Session would be held at the end of the Board Meeting.

DISCUSS, CONSIDER, AND TAKE ACTION AS NECESSARY CONCERNING VACANCIES ON BOARD AND ELECTION OF OFFICERS:

Ms. Reese stated that Harry Hardman was elected to Conroe City Council and therefore had to resign as a director and President. Mr. Hardman's resignation creates a vacancy for the City of Conroe representative on the Board also known as Place 6. Mr. Hardman is unable to holdover in this position because he was elected to another public office making him ineligible to holdover.

Ms. Reese stated Director Bouché has been holding over in the vacancy in Precinct 3 or Place 3. The District received a resume from an interested person, Mr. Kenneth Earnest, who currently lives in Precinct 3. Bouché has moved to Conroe and is eligible to serve in Place 6 if he is no longer holding over in Place 3. Ms. Reese included that there are no deadlines in TAC Chapter 36 to fill the vacancies on the Board. The Board has the option to consider filling neither, one, or both of the vacancies on the Board. After the Board accepts the resignation of Mr. Hardman, Ms. Reese suggested the Board consider whether it wants to fill the vacancy in Place 3 first, and then consider Place 6.

Director Jim Spigener motioned to accept Mr. Hardman's resignation and seconded by Director Prykryl. The Board approved the motion.

Director Bouché motioned to appoint Mr. Kenneth Earnest as representative for Place 3. Director Spigener and Director Rogers commented in favor of the appointment of Mr. Earnest. Motion was seconded by Director Prykryl. The Board approved the motion. Mr. Earnest took the Oath of Office delivered by Ms. Reiter.

Director Prykryl motioned to appoint Mr. Jon Paul Bouché as representative for Place 6. Motion was seconded by Director Earnest. Director Spigener commented in favor of the appointment of Mr. Bouché. The Board approved the motion. Mr. Bouché took the Oath of Office delivered by Ms. Reiter.

DESIGNATE DIRECTORS FOR COMMITTEES AND APPOINT COMMITTEE CHAIRS

Ms. Reese recommended that, with the resignation of Mr. Hardman and the appointment of Directors Earnest and Bouché, that the board consider selecting a member of the board to fill the board president vacancy and any potential officer vacancies that may result from either selection or president or a director voluntarily stepping down from an officer position.

Director Bouché nominated Director Spigener for the position of Board President. Director Rogers seconded the motion, and the Board approved the motion.

Director Spigener selection to the position of Board President resulted in a vacancy in the Treasurer officer position. Director Bouché nominated Director Prykryl for the officer position of Board Treasurer. Director Rogers seconded the motion, and the Board approved the motion.

Vice President Traylor and Secretary Rogers confirmed their wiliness to serve in their existing officer positions.

The Board President has the sole discretion of appointing committee members and chairs. The president can fill the vacant positions or restructure the committees altogether. No changes to the committees were approved during the board meeting.

APPROVAL OF THE MINUTES:

President Spigener stated the Board would consider the meeting minutes as listed for approval on today's agenda. Without further discussion, upon a motion by Vice-President Traylor to approve as amended and seconded by Treasurer Prykryl, the Board approved the meeting minutes as presented.

- a) June 08, 2022, Public Hearing on Permit Applications
- b) June 08, 2022, Hearing on Rulemaking
- c) June 08, 2022, Regular Board of Directors Meeting

COMMITTEE REPORTS:

A. Budget & Finance Committee –

- 1) Brief the Board on the Committee's activities since the last regular Board meeting — Ms. Reiter stated that given the recent changes in the District's board, many of the committees have not met since the last board meeting, including the Budget Committee
- 2) Review of unaudited financials for the month of June 2022 – Ms. Reiter reported that for the month of June 2022, income was \$226,597.64 and expenses were \$139,897.68 resulting in a net income of \$86,699.96. Year-to-date net income is \$866,400.01. Total cash on hand was \$4,262,630.65
- 3) Review of 2nd Quarterly Investment Report – Ms. Reiter stated the report is included in board packets and she is happy to answer any questions.
- 4) Discussion, consideration, and possible action regarding outstanding debts collection write off – Ms. Reiter stated this item is for a previous enforcement matter that the Board approved writing-off the outstanding debt collection as it was deemed “not probable for collection” during the recent financial audit. A memo was included from the District's bookkeeper as well as copies of the invoices and Judgement that was received in 2013. The Judgement and subsequent Abstract of Judgment allows the District to collect on the sale of real property. The person and business whom the enforcement action was taken against is no longer in business and the permit has been taken over by the actual landowner in 2016. Ms. Reiter agrees with the auditor's recommendation to remove from our books for ease and due to the length of time without and action. Director Bouché motioned to approve, and Treasurer Prykryl seconded. The Board approved the motion.

- 5) Discussion, consideration, and possible action regarding Resolution #22-004 Reviewing and Approving Investment Policy and Investment Strategies
- A copy of Resolution #22-004 was included in the packet. This was recommended during the financial audit. Director Earnest motioned that the Resolution be approved as included, and Treasurer Prykryl seconded. The Board approved the motion.

Secretary Rogers requested a copy of the financial audit report as amended from the June 7, 2022, meeting.

B. Communications Committee –

- 1) Brief the Board on the Committee’s activities since the last regular Board meeting
- The Communication Committee continues to work diligently with our communication team regarding District messaging and being prepared for future events and messaging that may be required.

C. DFC & Technical Committee – Stuart Traylor, Chair

- 1) Brief the Board on the Committee’s activities since the last regular Board meeting
- The DFC Committee has not met but is planning to reconvene towards the end of the summer.

D. Legislative Committee –

- 1) Brief the Board on the Committee’s activities since the last regular Board meeting
– District staff and Ms. Reese continue to meet regularly with the District’s Legislative Consulting Team with plans for a full committee meeting in August.

E. Rules, Bylaws & Policies Committee – Larry A. Rogers, Chair

- 1) Brief the Board on the Committee’s activities since the last regular Board meeting
– The committee has not met since the last board meeting

RECEIVE INFORMATION FROM DISTRICT’S TECHNICAL CONSULTANTS REGARDING SUBSIDENCE STUDIES AND/OR DISCUSSION REGARDING THE SAME:

Receive presentation on the Subsidence Study Phase 2 Draft Report Ms. Reiter stated there is no update as we are awaiting committee appointments and potential changes to them.

GROUNDWATER MANAGEMENT AREA 14 - UPDATE THE BOARD ON THE ISSUES RELATED TO JOINT PLANNING ACTIVITIES AND DEVELOPMENT OF DESIRED FUTURE CONDITIONS IN GMA 14:

Ms. Reiter shared that GMA 14 representatives received notification from TWDB on June 20, 2022, that our DFCs were deemed administratively complete. The Board will have the option to discuss and adopt the DFCs during the August Board Meeting. Ms. Reese stated that after adoption, there would be a 120-day petition period. Action on the DFCs was delayed until the August board meeting to allow for board vacancies to be filled during the July meeting.

GENERAL MANAGER'S REPORT:

Ms. Reiter stated that her report is included in your packets. Ms. Reiter reminded the board and the public that the District has the upcoming election in November of this year for the following positions:

- Place 2 (Montgomery County Precinct #2)
- Place 3 (Montgomery County Precinct #3)
- Place 4 (Montgomery County Precinct #4)
- Place 7 (The Woodlands Township)

Ms. Reiter stated that the District is slowly starting to receive election information and, as information is received, it will be posted to the Elections page of the District's website.

The deadline to file applications for place on the ballot opens on July 23rd and ends of August 22nd.

GENERAL COUNSEL'S REPORT:

Ms. Reese gave an update on the outstanding KOA Enforcement action. Ms. Reese update is that District Legal Counsel and staff are anticipating resolution by the August board meeting.

NEW BUSINESS:

Director Bouché commented to the Board of Directors that during his time as Chair for the Civil and Criminal Justice Subcommittee at the last convention of the Republican Party of Texas. Director Bouché motioned that the Republican Party Platform should include that any government board in charge with flood mitigation should be elected not appointed. That motion was approved and is now part of the Republican Party of Texas.

EXECUTIVE SESSION:

The Board recessed at 6:46 PM into a closed Executive Session 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 regarding any agenda item on any of the board meetings or hearing posted for today.

RECONVENE IN OPEN SESSION:

Following Executive Session, the Board reconvened in Open Session and President Spigener declared it open to the public at 8:04 PM

ADJOURN:

There being no further business, Vice-President Traylor motioned to adjourn the meeting and Secretary Rogers seconded. The meeting was adjourned at 8:05 PM.

PASSED, APPROVED, AND ADOPTED THIS 8th DAY OF August 2022.



Larry Rogers, Board Secretary