

LONE STAR GROUNDWATER CONSERVATION DISTRICT

August 8, 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 August 8, 2023.

CALL TO ORDER:

President Spigener called to order the Public Hearing on Permit Applications at 6:01 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

Sevent 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 Secretary Thigpen lead the US and Texas pledges.

PUBLIC COMMENTS:

No comments were received.

Ms. Hein stated there are 12 permit applications listed for consideration. She brought attention to item #1 (Mill Creek) requesting a spacing exception under District Rule 3.4 and items # 9, 10, 11,

and 12 as they required a hydrogeological report to be submitted. It is the Permitting Director's recommendation to approve that which is requested.

August 2023 Permit Hearing GM Recommendations:

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

Applicant is requesting an amendment to an Operating Permit OP-19071801-JSPR for registration of a new Jasper Aquifer well and an increase in production authorization in the amount of 85,000,000 gallons for 2023 and annually thereafter. Due to required documentation to request exemption from spacing rules, 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. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

2. Union Processing Systems, LLC

Applicant is requesting an amendment to an Operating Permit OP-19051601-CHEV for an increase in production authorization in the amount of 2,000,000 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.

3. Tom Weir dba DNB Enterprises Inc.

Applicant is requesting an amendment to an Operating Permit OP-18090902-CHEV for an increase in production authorization in the amount of 4,000,000 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.

4. Texcon Ready Mix

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. CSWR-Texas Utility Operating Company, LLC

Applicant is requesting an amendment to an Operating Permit OP-11051301-JSPR for registration of a new Jasper Aquifer well. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

6. Church of God - 7th Day The Way

Applicant is requesting an amendment to an Operating Permit OP-15062401-CHEV for an increase in production authorization in the amount of 40,000 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. Covenant Christian School

Applicant is requesting an amendment to an Operating Permit OP-2022003-JSPR for an increase in production authorization in the amount of 2,000,000 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.

8. The Carriage House

Applicant is requesting an amendment to an Operating Permit OP-14061302-CHEV for an increase in production authorization in the amount of 800,000 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. Aqua Texas, Inc. (Black Oak)

Applicant is requesting an amendment to an Operating Permit OP-16092601-CHEV for registration of a new Evangeline Aquifer well and production authorization in the amount of 59,400,000 gallons 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. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

10. East Montgomery County MUD 4

Applicant is requesting an amendment to an Operating Permit OP-07022201-CHEV for registration of a new Evangeline Aquifer well and production authorization in the amount of 40,000,000 gallons 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. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

11. Aqua Texas, Inc. (Hidden Forest)

Applicant is requesting an amendment to an Operating Permit OP-06112802-JSPR for registration of a new Jasper Aquifer well and production authorization in the amount of 10,000,000 gallons for 2023 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

12. HMW Special Utility District (Coe Country)

Applicant is requesting an amendment to an Operating Permit OP-06122901-CHEV for registration of a new Evangleine Aquifer well. 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. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

Director Bouché moved to approve item #1-12, as recommended by the Permitting Director and Treasurer Prykryl seconded the motion. Motion passed.

ADJOURN:

Vice President Traylor moved to adjourn the August 8, 2023 Public Hearing on Permit Applications and Treasurer Prykryl seconded the motion. Motion passed. The meeting was adjourned at 6:03 pm.

PASSED, APPROVED, AND ADOPTED THIS 12th DAY OF SEPTEMBER, 2023.



Janice Thigpen, Board Secretary

**LONE STAR
GROUNDWATER CONSERVATION DISTRICT
August 8, 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 August 8, 2023.

1. Call to Order

President Spigener called to order the Regular Meeting of the Board of Directors at 6:03 PM announcing the meeting 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. 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.*

3. Public Comment

No Public Comment

4. Discuss, consider, and take action as necessary concerning approval of Meeting Minutes:

- a) July 11, 2023, Hearing on Permit and Permit Amendment Applications
- b) July 11, 2023, Regular Meeting

Vice President Traylor moved to accept the minutes as presented, Treasurer Prykryl seconded the motion, motion passed to approve the meeting as presented.

5. Receive annual report presentation for 2022-2023 Water Education Program – Joe Thrasher, Tinker LLC

Joe Thrasher with Tinker LLC gave a final report for the 2022-2023 School year. Discussion was held on the topic of growing the program to reach more schools and youth, Mr. Saenz explained the budget will be the limiting factor in growing the program.

6. Discussion, review, and action as necessary to approve the 2022 Annual Report for the Lone Star Groundwater Conservation District

Mr. Saenz informed the group that only minimal changes were made to the report, mainly in response to feedback received. He suggested featuring the new General Manager's photo in place of the previous

General Manager's to present a fresh image of the district as they engage with stakeholders and legislators in this new chapter. Secretary Thigpen moved to approve the 2022 Annual Report with the discussed changes for printing, Director Earnest seconded the motion. All were in favor and the motion passed to approve the 2022 Annual Report with discussed changes for printing.

7. Committee Reports:

A. Executive Committee

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

President Spigener introduced Sarah Kouba as the new General Manager for the Lone Star Groundwater Conservation District, sharing details of the interview process and expressing full support from the Board of Directors and office staff. He highlighted Ms. Kouba's extensive work experience, and Ms. Kouba herself expressed her enthusiasm for her new role within the district. President Spigener provided an employee update, mentioning the hiring of an Executive Assistant who started on Monday and the upcoming interview process for a Field Operations Technician scheduled for Friday. Director Bouché expressed gratitude towards Ms. Hein for her outstanding contributions during the transition period, and President Spigener echoed those sentiments, thanking Ms. Hein for her efforts in navigating challenges such as over-pumping, enforcement, and daily office management. President Spigener also extended appreciation to Ms. Reese and the District Consultant for their work during the busy month of July. Furthermore, President Spigener reported on the meetings he attended on behalf of the District, including the North Harris Water Authority, East County Chamber of Commerce, and Porter Special Utility District. He concluded by thanking the office staff, including Ms. Havran, Ms. Milstead, and Mr. Irving, for their dedicated efforts.

B. Budget & Finance Committee

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

Treasurer Prykryl presented the committee's discussion regarding Phase Three of the Subsidence Study and the necessary budget allocation. They approved a budget of \$1.5 million for fiscal year 2023 and recommended utilizing funds from the money market account to prevent budget deficits. Treasurer Prykryl stressed the need for responsible handling of these funds, considering they come from ratepayers, and advocated for a careful and thoughtful approach to their utilization. The discussion also touched upon the noticeable cost disparity between water well drillers and oil and gas drillers, with the latter being better equipped and experienced in drilling cores at the required depth for Phase Three of the Subsidence Study.

2) Review of unaudited financials for the month of July 2023

Ms. Hein disclosed that for the month of July, the income totaled \$431,806.80, with total expenses at \$98,352.18, resulting in a net income of \$333,454.162. As of July 31, 2023, the year-to-date income exceeded \$1.5 million, and the organization had a total cash balance of \$5.6 million. President Spigener provided context regarding the financial situation, highlighting that despite having \$5.6 million, they could not even afford to install two extensometers, let alone six. While they are approaching the point where they can afford two, he emphasized that this investment is substantial, underscoring the limitations of the available funds.

3) Discuss, consider, and take action on Resolution #23-005 authorizing water use fee rate schedule for 2024

Ms. Hein presented an update on the Water Use Rate Schedule, emphasizing that it's an annual process. District staff met with the Budget Committee to review this year's budget and anticipate next year's budget, considering various scenarios for water use fees in the upcoming year. Treasurer Prykryl reported that the Budget Committee's recommendation is to approve the resolution included in the packet and to maintain all water use fees at the same level as the

previous year. Director Bouché moved the accept the Budget Committee’s Recommendation to keep the water use rate the same with no changes. Director Earnest seconded the motion. All were in favor and the motion passed.

C. External Affairs Committee

1) Brief the Board on the Committee’s activities since the last regular Board meeting

President Spigener mentioned that they are currently out of the legislative session, and during the session, they dedicated a significant amount of time in Austin, engaging with various legislators. It was a hectic period, but now things have quieted down, and he expressed his satisfaction with the current calmness.

D. DFC & Technical Committee

1) Brief the Board on the Committee’s activities since the last regular Board meeting

Vice President Traylor discussed the recent updates to the Subsidence Study. He mentioned that the district is currently exploring two potential sites. While they are still considering options for the second site, Porter SUD has granted permission to use one of their sites after their July 31st board meeting. The first sampling site is likely to be in collaboration with Porter SUD, though they are finalizing the specifics and planning to release an updated RFQ soon. Regarding the second site, there are several options within the district, and they are working with their consultants to determine the most suitable location. One advantage of the Porter SUD site is that it already has a well, eliminating the need to establish a new one, which Vice President Traylor noted as a positive development. President Spigener noted that he couldn't recall the exact details provided by the consultant, but having to drill a pilot hole and conduct the necessary logs themselves would potentially cost an additional \$300,000. Therefore, the offer from Porter SUD to use their site will result in significant cost savings for the district. Ms. Reese emphasized the importance of recognizing and acknowledging anyone who provides assistance or financial support. She mentioned that all district materials should include recognition for such contributors. Specifically, when adding something to the website, She suggested coordinating with Porter SUD to ensure their logo and appropriate recognition are included, emphasizing their collaboration on the project.

E. Rules, Bylaws & Policies Committee

1) Brief the Board on the Committee’s activities since the last regular Board meeting

President Spigener provided updates on recent meetings, mentioning the receipt of over 150 individual comments during the 30-day extension period for feedback. These comments covered various aspects, including rule changes and language improvements, and the team is currently reviewing and categorizing them. Their plan is to host a stakeholder meeting, likely in early September. Ms. Reese clarified that they have a specific rule change deadline of December 1st, but they aim to propose other changes alongside the reviewed comments to streamline the process. At the stakeholder meeting, they won't have draft rules available, but they will have worked through the comments and will be prepared to hear stakeholder input. The actual draft rules are expected to be available later, probably in October, followed by a 30-day comment period and a subsequent hearing.

8. Receive information from District’s technical consultants regarding subsidence studies and/or discussion regarding the same – Jim Spigener, Board President, and/or District’s technical consultant(s).

No update from the District’s Technical consultants at this time. President Spigener commended Mr.

Keester on a job well done at the North Harris Water Authority meeting presenting our Subsidence Study and what our needs are and what we intend to accomplish. Extensive discussion was held on partnerships for the Subsidence Study: President Spigener and other participants delved into several critical aspects related to the district's groundwater management and potential collaborations with external partners. They explored the idea that core samples collected within a five-mile radius of certain sites hold higher reliability, making data collection more accurate. One intriguing point raised was the possibility of relocating core sampling sites, such as Porter SUD's location, just a mile southward with the financial support they might offer. However, they acknowledged that such a decision might warrant input from the DFC committee and careful consideration of any potential implications. The conversation also touched on the cautious approach to accepting external support, emphasizing the need to scrutinize any attached conditions or motives. They collectively prioritized the importance of maintaining unbiased, precise data over cost savings. Furthermore, the discussion emphasized the vital role of public education in helping the community understand the complexities of groundwater management. President Spigener expressed confidence in the district's committees, consultants, and administrative support, asserting that they are well-positioned to establish new standards in addressing groundwater issues while adhering to the law and safeguarding private property rights. Throughout their conversation, President Spigener conveyed gratitude to the board for their unwavering commitment and cooperation in facing the challenges associated with responsible groundwater management.

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).

President Spigener shared updates on the recent developments in cooperation with the Bluebonnet Groundwater District and the Gulf 2023 model. He mentioned that their consultants had a productive meeting with the Bluebonnet Groundwater District, where they reached alignment on actions regarding the G2023 model. They have formulated a plan for the model's modification, which will undergo review by the Texas Water Development Board (TWDB) to ensure it meets necessary criteria. Bill Hutchinson, a hydrogeologist, has been cooperative and helpful in this process. President Spigener acknowledged the contributions of various team members, including James Beach, Chris Drabek, and Mike Keester, in determining the agenda and required changes to make the Gulf 2023 Model suitable for groundwater conservation districts (GCDs) within Groundwater Management Area 14 (GMA 14). Furthermore, they are focused on involving the entire GMA 14 in the process to ensure that any modifications are beneficial and usable for all. This alignment marks significant progress, and President Spigener commended the cooperation among team members and Bluebonnet Groundwater District for achieving such coordination, which he considered a remarkable accomplishment. It was noted that such collaborative efforts have been rare in GMA 14, making this cooperation all the more notable.

10. 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 provided a brief update, mentioning that the financial audit is nearing completion, with only the final invoice for the 2022 election pending. She anticipated receiving the draft audit report in the following week. She also highlighted the current drought conditions in the area, sharing a map in the report to illustrate the preconditions for drought. Additionally, Ms. Hein noted that several entities have initiated drought reductions to address the current weather conditions, emphasizing the importance of ongoing education on this matter. Ms. Hein mentioned the recent addition of Lillie Guichard to the district and encouraged potential candidates to apply for the remaining open positions listed on the district's website. Lastly, she reminded everyone about the upcoming showcase hearing on August 9th at 9:00 AM and the Texas Groundwater Summit scheduled for the end of the month.

Mr. Saenz provided an update on various communication initiatives within the district. He mentioned that professional photos have been taken and will be used for the website and the annual report. Additionally, they plan to increase their presence on social media platforms to engage with constituents more effectively. One exciting development was the revival of the district's YouTube channel, which

had not seen activity for a decade. They plan to post content regularly to improve visibility on social media platforms. Mr. Saenz also mentioned the use of drought maps and weekly forecasts on social media to keep the public informed about local conditions. They have implemented weekly watering recommendations based on data from Texas A&M AgriLife Extension ET weather stations. Regarding networking at events, they introduced digital business cards that can be easily accessed on smartphones, allowing for seamless information exchange and customization to suit specific communication needs. President Spigener expressed his appreciation for Mr. Saenz's work, highlighting the significant impact he has had on improving communication efforts within the district and expecting more positive outcomes in the future.

11. General Counsel's Report –

Nothing to report on at this time.

12. The Board recessed to Executive Session at 7:06 PM.

13. The Board Re-convened in Open Session at 8:46 PM

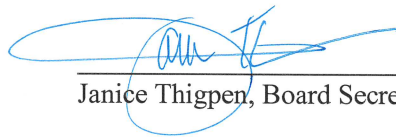
14. New Business.

No New Business to report.

15. Adjourn.

Vice President Traylor moved to adjourn, Director Earnest seconded the motion. Motion passed and the Regular Meeting of the Board of Directors adjourned at 8:47 PM

PASSED, APPROVED, AND ADOPTED THIS 12th DAY OF SEPTEMBER, 2023.



Janice Thigpen, Board Secretary

