LONE STAR
GROUNDWATER CONSERVATION DISTRICT

July 23, 2024

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 July 23, 2024.

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 (*Virtual*)
Gary Dent

Seven members of the Board were present, thus constituting a quorum of the Board of Directors. In attendance at said meeting were Sarah Kouba, General Manager; Tiffany White, Director of Operations; Kirstin Hein, Permitting Director; Justin Saenz, Education & Conservation Coordinator; Stacey Reese, District Counsel *(virtual)*; Chris Drabek, District Technical Consultant, *(virtual)* Mike Keester, District Technical Consultant, *(virtual)*; and members of the public. ***Copies of the public sign-in sheets and comment cards received are attached hereto as Exhibit "A".***

Director Bouché led the prayer and Secretary Thigpen lead the United States and Texas pledges.

PUBLIC COMMENTS:

No comments were received.

DISCUSSION, CONSIDERATION, AND POSSIBLE ACTION ON THE FOLLOWING OPERATING PERMITS and/or EXEMPTIONS:

Ms. Kouba provided an overview of the 13 applications listed. Applications numbered 1-3 included applications that are considered administratively complete and have been reviewed by District Staff. No hydrogeological reports were required for those items and they comply with the District's Spacing Rules. The General Manager reviewed the applications, and she recommended that the Board grant those which is requested for Items 1 - 3.

Director Bouché moved to approve that which is requested for Items 1-3. Treasurer Prykryl seconded the motion. President Spigener called for a voice vote. Motion passed.

i. Allaudin Maknojia, for a proposed new operating permit not to exceed 1.5 mg annually, and for a proposed well to be drilled at 17470 State Highway 242, Conroe, Public Supply Use, District Aquifer: Chicot/Evangeline (CHEV), (Driller of record: To Be Determined); and

ii. Steven J. Gibson, for a proposed amendment to OPAG-23101701-CHEV, well to be drilled at 597 ft north of FM1488 and 50 ft west of Community Road Magnolia, (Lat. 30/13/30 Long. -95/40/19) not to exceed 5.5 mg annually, Irrigation (Agriculture) Use, District Aquifer: Chicot/Evangline (CHEV), (Driller of record: Hildebrandt Drilling LLC); and

iii. Fuel Maxx 104, for a proposed new operating permit not to exceed 3 mg annually, and for a proposed well to be drilled at 11900 Seven Coves Rd., Willis, Public Supply Use, District Aquifer: Chicot/Evangeline (CHEV), (Driller of record: To Be Determined); and

Ms. Kouba provided an overview of application number 4 – EG21, LLC (Emory Glen). Ms. Kouba requested the Board's consideration of the item presented.

Ms. Kouba provided an overview of application numbered 5 – Quadvest (Colony at Pinehurst). Due to the volume of water requested, Ms. Kouba requested the Board's consideration of the item presented.

Ms. Kouba provided an overview of application numbered 6 – City of Magnolia. Hydrogeological Report was submitted with the application. Due to the volume of water requested, Ms. Kouba requested the Board's consideration of the item presented. Director Thigpen asked if this was the same application that was heard in June. Ms. Kouba confirmed that it was for a different aquifer and therefore a different permit.

Ms. Kouba provided an overview of application numbered 7 – Wood Trace MUD 1 (CHEV). Hydrogeological Report was submitted with the application. Due to the volume of water requested, Ms. Kouba requested the Board's consideration of the item presented.

Ms. Kouba provided an overview of application numbered 8 - Wood Trace MUD 1 (JSPR). Hydrogeological Report was submitted with the application. Due to the volume of water requested, Ms. Kouba requested the Board's consideration of the item presented. President Spigener noted for the Board, Wood Trace MUD 1 had the same requested increase for both the Chicot/Evangeline and the Jasper.

Ms. Kouba provided an overview of application numbered 9 – Ranchcrest Water System. Hydrogeological Report was submitted with the application. Due to the volume of water requested, Ms. Kouba requested the Board's consideration of the item presented.

Ms. Kouba provided an overview of application numbered 10 – Montgomery County MUD No. 157 (JSPR). Hydrogeological Report was submitted with the application. Due to the volume of water requested, Ms. Kouba requested the Board's consideration of the item presented.

Ms. Kouba provided an overview of application numbered 11 – Montgomery County MUD No. 157 (CHEV). Hydrogeological Report was submitted with the application. Due to the volume of water requested, Ms. Kouba requested the Board's consideration of the item presented.

Ms. Kouba provided an overview of application numbered 12 – City of Shenandoah. Hydrogeological Report was submitted with the application. Due to the volume of water requested, Ms. Kouba requested the Board's consideration of the item presented. Secretary Thigpen asked for clarification if the permit included a new well, Ms. Kouba confirmed a new well included.

Ms. Kouba provided an overview of application numbered 13 – Magnolia Woods MUD No. 1. Hydrogeological Report was submitted with the application. Due to the volume of water requested, Ms. Kouba requested the Board's consideration of the item presented.

Treasurer Prykryl moved to approve that which is requested for application numbered 4 - 13 and Secretary Thigpen seconded. President Spigener asked for discussion, Vice President Traylor inquired about the total gallons being requested, Ms. Kouba confirmed 1,107,932,387 gallons. President Spigener called for a voice vote. Motion passed.

ADJOURN:

Vice President Traylor moved to adjourn the July 23rd, 2024, Public Hearing on Permit Applications and Treasurer Prykryl seconded the motion. Motion passed. The meeting was adjourned at 6:17 pm.

PASSED, APPROVED, AND ADOPTED THIS 13th DAY OF AUGUST 2024.

Janice Thigpen, Board Secretary

LONE STAR
GROUNDWATER CONSERVATION DISTRICT

July 23, 2024

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 23, 2024.

CALL TO ORDER:

President Spigener presided and called to order the regular Board of Directors meeting at 6:18 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:

Jim Spigener
Stuart Traylor
Jonathan Prykryl
Janice Thigpen
Jon Paul Bouché
Kenneth Ernest *(Virtual)*
Garry Dent

Seven members of the Board were present, thus constituting a quorum of the Board of Directors. In attendance at said meeting were Sarah Kouba, General Manager; Kirstin Hein, Permitting Director; Justin Saenz, Education & Conservation Coordinator; Stacey V. Reese, District Counsel *(virtual)*; Mike Keester, District Technical Consultant *(virtual)*; Chris Drabek, District Technical Consultant *(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.

APPROVAL OF THE MINUTES:

President Spigener stated the Board would consider the meeting minutes as listed for approval on the agenda. Without further discussion, Vice President Traylor moved to accept the minutes as presented, and Treasure Prykryl seconded the motion. President Spigener called for

a voice vote. Motion passed to approve the meeting minutes as presented.

- June 11, 2024, Public Hearing on Permit and Permit Amendment Applications
- June 11, 2024, Regular Meeting of the Board of Directors

COMMITTEE REPORTS:

A. Executive Committee

1) Brief the Board on the Committee's activities since the last regular board meeting. President Spigener reported that the Executive Committee met on June 26th, 2024. The District is continuing to working on both the new database and website.

B. Budget & Finance Committee

1) Brief the Board on the Committee's activities since the last regular board meeting. Treasure Prykryl reported that the Budget Committee had not met and no updates since the last Board of Directors meeting.

2) Review of unaudited financials for the month of June 2024
Ms. Kouba presented the financial review for June 2024. The income for the month was $304,367.06, with expenses totaling $167,760.20, resulting in a net income of $136,606.86. The year-to-date net income as of June 30th, 2024, amounted to -$856,897.93. Additionally, the total cash on hand as of June 30th, 2024, was $5,857,177.20.

3) Summary of the 2nd Quarter Summary. Ms. Kouba presented the financial review for 2nd Quarter 2024. At the beginning of the 2nd Quarter, the Money Market and TexPool accounts totaled 7,358,647.02. At the end of the 2nd quarter those accounts totaled $5,645,760.07. Expenses exceeded income by -$1,715,160.87. Interest earned was $2,273.92. First Financial Bank has provided safekeeping reports that indicate all District deposits are adequately covered by their pledge securities.

4) Receive Audit Presentation for Fiscal Year 2023 Jon Watson, CPA provided a summary to the Board of the results of the Fiscal Year 2023 audit. Mr. Watson provided a summary of the audit process for the report. The District received an unmodified report for the 2023 Fiscal Year. Mr. Watson then provided the board with highlights of findings for the previous year.

C. External Affairs Committee

1) Brief the Board on the Committee's activities since the last regular Board meeting President Spigener reported the committee has met on weekly regarding public relations. Working on external processes and materials for public education. President Spigener and Mrs. Kouba also presented during a scheduled MUD 89 Board Meeting on July 11th, 2024. Ms. Kouba also provided a summary of the discussions during the San Jacinto River Authority (SJRA) GRP committee meeting discussion concerning MUD 89.

D) DFC & Technical Committee

1) Brief the Board on the Committee's activities since the last regular Board meeting. Vice President Traylor provided a report of the ongoing weekly DFC and Technical Committee meetings. The next steps for Site 1 are waiting on the lab results. For Site 2, the SJRA PAM 13 location, the Environmental Study conducted on site is finalized and are now moving on to the next steps. Ms. Kouba added that the environmental study was given to SJRA and that she is working on a meeting with SJRA to discuss the site.

2) Discuss consider and action the addition study for Phase III. Ms. Kouba indicated that there was no action required at this time.

3) Technical Consultants Update – Receive updates from Technical Consultants on ongoing projects and development of desired future conditions in GMA 14. Mr. Keester updated the Board that the model update is on track with deadlines. Mr. Drabek indicated that there were no additional updates at this time.

4) Groundwater Management Area 14 Update – update the Board on the Issues related to joint planning activities and development of desired future conditions in GMA 14. Ms. Kouba provided the update from Groundwater Management Area 14 the planned area at the time. Ms. Reese provide an update that the Board President received a letter from Senator Perry regarding the inclusion of counties not represented by a GCD in GMA 14.

5) Discussion, Consider, and take action as necessary for GMA 14 items. Ms. Reese indicated that no action was required at this time.

E) Rules, Bylaws & Policies Committee

1) Brief the Board on the Committee's activities since the last regular Board meeting Ms. Kouba reported the District is internally working on potential rule revisions in preparation for a management plan update later this year.

Discuss, consider, and take action as necessary concerning approval of Resolution #24-003 Order of Election for the General Election positions that are up for election.

Ms. Kouba specified that there are three positions up for election based upon their regular election cycles, which include Place 1 (Montgomery County Precinct 1), Place 5 (County At-Large), and Place 6 (City of Conroe). The Board is required by law to order the election and this resolution meets the statutory requirements for ordering the election for the three general election positions that will be on the November election ballot. Treasurer Prykryl moved to approve Resolution #24-003 Order of Election for the General Election. Director Earnest seconded the motion. President Spigener called for voice vote; motion passed.

Discuss, consider, and take action as necessary concerning approval of Resolution #24-004 Order of Election for the Special Election position that is up for election.

Ms. Kouba specified that the special election position that must be ordered to be on the November election ballot. Place 7 (The Woodlands) is up for election due to Section 36.051(c) of the Water Code, which requires a special election to fill the remainder of the unexpired term due a vacancy that was filled by an appointment by the board with more than 2 years left in the term. The term for this special election position will end December 1, 2026. The Board is required by law to order the special election and this resolution meets the statutory requirements for ordering the election for the one special election position that will be on the November election ballot. Treasurer Prykryl moved to approve Resolution #24-004 Order of Election for the Special Election. Vice Preisdent Traylor seconded the motion. President Spigener called for voice vote; motion passed.

GENERAL MANAGER'S REPORT:

Ms. Kouba provided operational updates, including progress on enforcement, permit audits, system efficiencies within the District, application updates, and database upgrades. Ms. Kouba provided an update on the election procedure for elections 1, 5 6, and 7. Ms. Kouba provided an update of items that occurred since the last meeting. Mr. Seanz provided a summary of the 4-H Water Ambassadors tour and presentation of the District held on June 25, 2024 . Ms. Kouba also provided an update on field and permitting operations.

GENERAL COUNSEL'S REPORT:

Ms. Reese stated that she had no updates for the Board.

EXECUTIVE SESSION:

The Board recessed at 6:54 PM into a closed Executive Session pursuant to Texas Government Code, Sections 551.074 to discuss personnel matters and annual review of the General Manager, and 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 7:37 PM

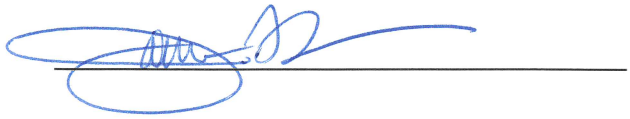
NEW BUSINESS:

No new business

ADJOURN:

There being no further business Vice President Traylor moved to adjourn the meeting and Director Dent seconded the motion. President Spigener called for a voice vote, motion carried. The meeting was adjourned at 7:38 PM.

PASSED, APPROVED, AND ADOPTED THIS 13th DAY OF August 2024.



Janice Thigpen, Board Secretary

RESOLUTION NO. #24-005

LONE STAR GROUNDWATER CONSERVATION DISTRICT

RESOLUTION ADOPTING 2025 WATER USE FEES FOR THE LONE STAR GROUNDWATER CONSERVATION DISTRICT PURSUANT TO THE RULES OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT

THE STATE OF TEXAS §

COUNTY OF MONTGOMERY §

WHEREAS, the Lone Star Groundwater Conservation District ("District") was created by the Legislature of the State of Texas in Acts 2001, 77th Leg., R.S., ch. 1321, p. 3246, § 1(a), as amended (the "Enabling Act"), as a groundwater conservation district operating under Chapter 36, Texas Water Code, and the Enabling Act; and

WHEREAS, pursuant to said Enabling Act, § 5(a), the District Board of Directors of the District (the "Board") has the permitting and general management powers granted under Chapter 36 of the Texas Water Code;

WHEREAS, § 36.101 of the Texas Water Code authorizes a groundwater conservation district to make and enforce rules to provide for conserving, preserving, protecting, and recharging of the groundwater or of a groundwater reservoir or its subdivisions in order to control subsidence or prevent waste of groundwater and to carry out the powers and duties provided by Chapter 36 of the Texas Water Code;

WHEREAS, §§ 36.205 and 36.122 of the Texas Water Code and the Enabling Act authorize the District to assess fees on the production of groundwater within its jurisdiction and for the transfer of such water for use outside of the District;

WHEREAS, the assessment of such fees serves a legitimate regulatory purpose;

WHEREAS, the rules of the District authorize the Board to establish by resolution a regulatory water use fee to accomplish the purposes of the District;

WHEREAS, the rules of the District authorize the Board to establish by resolution a groundwater transport fee for the transportation of groundwater out of the District;

WHEREAS, the District staff have worked diligently to forecast all reasonably anticipated revenues, expenses, and activities; and after giving much consideration to these important factors, the Board recommends a regulatory water use fee of $0.085 per 1,000 gallons for all groundwater permitted in the Chicot, Evangeline, and Jasper Aquifers, other than agricultural use for the calendar year 2025;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT AS FOLLOWS:

1. The following fees are hereby adopted as the regulatory water use fees of the District for calendar year 2025.

   - A regulatory water use fee of $1 per acre-foot of groundwater permitted in any aquifer for "agricultural use" as that term is defined by § 36.001(20), TEX. WATER CODE ANN. (Vernon Supp. 2004);

   - a regulatory water use fee of $0.085 per 1,000 gallons for all uses, other than "agricultural use", of groundwater permitted in the Chicot, Evangeline, and Jasper Aquifers; and

   - a regulatory water use fee of $0.06 per 1,000 gallons for all uses, other than "agricultural use", of groundwater permitted in the Catahoula Aquifer,

2. Notwithstanding subsection(1), in the event that the application of these adopted rates results in a total annual regulatory water use fee payment of less than ($10.00) for an individual permit issued by the District, the regulatory water use fee payment to be assessed to such a permit shall be the Minimum Regulatory Water Use Fee, which is hereby established as ($10.00) and so adopted.

3. The District shall impose a 50 percent export surcharge in addition to the District's regulatory water use fee for in-District use for transportation of groundwater for use outside of the District, subject to the Enabling Act and District Rules. Such fees set forth above shall be assessed as set forth in the Rules of the District for the time period of January 1, 2025, through December 31, 2025;

4. The regulatory water use and groundwater transport fees so adopted shall be effective January 1, 2025, and continue in effect until modified by the Board;

5. The regulatory water use and groundwater transport fees so adopted shall supersede any and all such fees previously adopted by Resolution or other action of the Board; and

6. The General Manager is further authorized to take any and all reasonable action necessary for the implementation of this resolution.

7. The Board reserves the right to review these fees as needed and make changes by resolution at any time.

AND IT IS SO ORDERED.

PASSED AND ADOPTED this 13th day of August 2024.

LONE STAR GROUNDWATER CONSERVATION DISTRICT

By: _____
James Spigener, President

ATTEST:

_____
Janice Thigpen, Board Secretary