LONE STAR
GROUNDWATER CONSERVATION DISTRICT

April 7, 2021

MINUTES OF SPECIAL MEETING

The Board of Directors of the Lone Star Groundwater Conservation District ("District") met in special 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 April 7, 2021.

CALL TO ORDER:

President Hardman presided and called to order the regular Board of Directors meeting at 4:00 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
Harry Hardman
Jonathan Prykryl
Larry A. Rogers
Jim Spigener
Janice Thigpen
Stuart Traylor

All 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; James Beach, District Consultant; District staff; and members of the public. *Copies of the public sign-in sheets and comment cards received are attached hereto as Exhibit "A".*

PRAYER AND PLEDGES OF ALLEGIANCE:

President Hardman called on Director Rogers for the opening prayer and Director Thigpen to lead the Pledge of Allegiance and the Pledge of Allegiance to the state flag.

PUBLIC COMMENTS:

Councilman Duke Coon, representing the City of Conroe, expressed appreciation for the stance the LSGCD Board has taken on the subsidence issues of south county. He recommended that the subsidence in South Montgomery County should be managed by a regional partnership. He mentioned that SJRA operates 35 wells in Southern Montgomery County and calls on them to lower the pumpage amount and supply more surface water to Southern Montgomery County. He expressed hope a consortium could be created for the South Montgomery County/Northern Harris County team related to subsidence.

Suellen Myers, resident of The Woodlands, encouraged the Board to stop stalling and use the groundwater studies that were previously done. She pointed to an individual who she believes is having undue influence over this board and urged the Board to maintain a subsidence component in its management plan and to use a maximum drawdown figure with no more than 64,000 acre-feet.

John Bleyl, representing the City of Shenandoah, recounted a short historical review as he a past director of the LSGCD Board, serving on the board from 2011-2018. He noted that a Strategic Water Plan study was used to adopt a DFC and was unanimously approved by all 9 directors. Mr. Bleyl stated he had discussions with City of Shenandoah Public Works Director, Joseph Peart and City Administrator, Kathie Reyer. Subsidence is not an apparent issue in Shenandoah, wells are working properly and affirmed that the City of Shenandoah Council and staff are in support of this current board. Since subsidence is not an issue in Shenandoah, its Council is against the idea of a DFC being tied to an arbitrary and unscientific number.

Marty Jones spoke on behalf of Quadvest and Woodland Oaks, sharing that his clients can support a DFC based on Run "D" assuming that the Board continues with the understanding that it is a desired future condition. Quadvest and Woodland Oaks are opposed to a DFC that contains any subsidence component for Montgomery County and discourage using a production limit of 64,000 acre-feet. He contended that preventing groundwater owners from producing their constitutionally protected property will not benefit private interests and anticipates that everyone will do the right thing in honoring private property rights. He concluded he has no present plan to file a DFC appeal.

A few additional comments were submitted via email regarding the upcoming GMA 14 meeting, and copies made for each director to consider but were not read aloud. *A copy of these comments is attached hereto as Exhibits "B & C".*

EXECUTIVE SESSION:

After a proper and legally sufficient announcement to the public by President Hardman, the Board of Directors recessed into a Closed Executive Session at 4:35 PM pursuant to Texas Government Code, Sections 551.071, to consult with the District's attorney regarding pending or contemplated litigation, settlement offers, personnel matters (§551.074), 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.

RECONVENE IN OPEN SESSION:

Following Executive Session, the Board reconvened in Open Session and President Hardman declared it open to the public at 5:23 PM.

DISCUSS, CONSIDER, AND TAKE ACTION AS NECESSARY TO APPROVE PROPOSED DFCs FOR GMA 14 AND ANY RELATED ITEMS AND/OR PARTICIPATION RELATED TO GMA 14:

General Manager, Samantha Reiter, gave an overview of stakeholder meetings held over the past two months. Stakeholder meetings were convened with Porter SUD, The Woodlands Township, Southern Montgomery County MUD, Woodlands Water, City of Conroe and SJRA. Previously, she gave the board a summary of these stakeholder meetings. Consensus was that meetings went well with a lot of useful information exchanged. Cited was a need for long-term planning and better messaging, however the desire to work together remains a top priority. She also mentioned the stakeholders wish to partner on additional monitoring, including sites, CORS, PAM and future funding.

Director Bouché commented that he thought the meetings went very well and that these meetings are an avenue by which misconceptions can be clarified. He concluded the meetings very beneficial and in favor of having more of these type discussions.

Director Rogers emphasized that the stakeholders all wanted to work together with Lone Star.

Director Hardman spoke to the honest and candid conversations that were had and of the partnership Lone Star has with the stakeholders. He stressed the need for improved communication with the public and offered that as a best practice, to hold such stakeholder meetings bi-annually or quarterly.

Director Spigener stated agreement with the preceding assessments of the meetings, before adding that the normal channels of communication have proved inadequate. He echoed the sentiment for the need to have better communication with the community.

James Beach, district consultant, reviewed the rules of Chapter 36 Texas Water Law in which there is a balancing test between the highest practicable level of groundwater production and conservation, preservation, protection, recharging and prevention of waste of groundwater. He reviewed the 9 factors to achieve a DFC and summarized some of steps in the work that the GMA 14 has remained focused on. He highlighted Run D with a 100,00 acre-feet volume that was derived from the LSGCD Strategic Planning Study, while discussing the three different runs which are being considered in conjunction with formulating a DFC. He reviewed each scenario but summarized that Run D was reasonable and justified for several reasons, citing North Harris County's 1 foot subsidence from 2000-2016. He indicated that subsidence was not the limiting

factor but rather the remaining available drawdown. *A copy of the presentation is attached hereto as Exhibit "D".*

Stacey Reese, District Counsel, presented an update on the development of DFCs with GMA 14 voting districts. She examined the next steps in the DFC formation, as the voting is scheduled at the next meeting GMA 14 meeting on April 9, 2021. The next step will be the District to hold a hearing on the proposed DFCs and a 90-day public comment period, as January 5, 2022 is the deadline for the final DFCs to be adopted. Ultimately, the DFC and explanatory report are submitted to Texas Water Development Board and each GCD must adopt their DFC. One slide illustrated the DFC process and Ms. Reese explained the resolution of the two main issues from the 2016 DFC Petition. Further she discussed LSGCD Board Policy and its Management Plan and Mission. She mentioned that there are concerns that approving a subsidence DFC statement would not protect property rights of users in Montgomery County. She cited Wade Oliver's statement that metrics used in a DFC statement must be measured and meaningful. It is his opinion that subsidence is not a meaningful metric for a DFC statement, as the District does not have sufficient monitoring equipment to properly measure subsidence accurately throughout the entire county. She cited also that a new model is being developed for consideration in the next round of DFC discussions. *A copy of the presentation is attached hereto as Exhibit "E".*

Director Bouché made a motion, on behalf of the DFC Committee, that LSGCD accept the DFC Committee's recommendation of using Run "D" well file with 70% remaining available drawdown and that while LSGCD does not have a subsidence metric in its DFC, it does not oppose a subsidence element. Director Rogers seconded. Motion carried.
President Hardman offered a secondary motion with the inclusion that authorizes GM to represent LSGCD in the GMA 14 vote for the above-described DFC option.

Additional comments from Director Bouché focused on the investment LSGCD has made in studying subsidence. President Hardman added his support in funding more measuring devices for subsidence in the county.

DISCUSS, CONSIDER, AND TAKE ACTION AS NECESSARY ON A CONSULTING SERVICES AGREEMENT WITH A STRATEGIC COMMUNICATIONS FIRM:

President Hardman prefaced this agenda item by affirming the need for LSGCD to be represented by a strategic communications group. The Communication Committee researched and interviewed several firms. Director Prykryl, committee member, agreed with accepting the proposed Mach I Group as LSGCD's representatives. Director Prykryl motioned to engage the Mach I Group for LSGCD strategic communication along with adopting their Master Services Agreement. Director Bouché seconded. Motion carried.

NEW BUSINESS:

No new business.

ADJOURN:

There being no further business, Director Rogers motioned to adjourn the meeting and Director Spigener seconded. The meeting was adjourned at 6:37 PM.

PASSED, APPROVED, AND ADOPTED THIS 11th DAY OF MAY 2021.

Jennifer Thayer, Assistant Board Secretary