LONE STAR
GROUNDWATER CONSERVATION DISTRICT

April 13, 2021

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 April 13, 2021.

CALL TO ORDER:

President Hardman 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:

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. Also, in attendance at said meeting were Samantha Reiter, General Manager; Stacey V. Reese, District Counsel; District staff; 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:

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

PUBLIC COMMENTS:

No comments were received.

Ms. Reiter briefed the Board on permit applications received for the month. Applications for consideration and recommended for possible approval included the below:

1. **Quadvest, LP (Caddo Village)**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 6,000,000 gallons for 2020 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. **Quadvest, LP (Indigo Lakes)**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 2,700,000 gallons for 2020 and 7,000,000 gallons annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

3. **Quadvest, LP (Magnolia Reserve)**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 9,000,000 gallons for 2020 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. **Quadvest, LP 1 (Mostyn Manor)**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 9,000,000 gallons for 2020 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. **Quadvest, LP 1 (Sendera Ranch)**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 2,500,000 gallons for 2020 and 6,500,000 gallons annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

6. **Montgomery County MUD #24**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 5,000,000 gallons for 2020 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. **Montgomery County MUD #89 (Also MUD 88)**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 75,000,000 gallons for 2020 and annually thereafter. Based on

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

8. Montgomery County MUD #99

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 111,679,000 gallons for 2020 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

9. Montgomery County MUD #112

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 33,850,000 gallons for 2020 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

10. Rayford Road MUD

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 105,072,000 gallons for 2020 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

11. White Oak Water Supply Corporation

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 10,500,000 gallons for 2020 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. WMC Steel, LLC

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 2,900,000 gallons for 2020 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

13. Montgomery County MUD #139

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 8,000,000 gallons for 2020 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

~~**14. Gerado Calderon**~~

15. C & R Water Supply Inc (Rogers Road WS)

Applicant is requesting an amendment to an Operating Permit for drilling authorization only. No additional production authorization is being requested at this time. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

~~16. Alejandra & Jose Garcia~~
~~17. Felix Carrillo~~

~~18. Dos Aguas Water System~~

19. Montgomery County MUD #164
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,000,000 gallons for 2020 and 33,500,000 gallons annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

20. Northside IA Investments LLC
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 358,000 gallons for 2021 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

21. Southern Star Concrete
Applicant is requesting an amendment to an Operating Permit for drilling authorization only. No additional production authorization is being requested at this time. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

Ms. Reiter reported that there were twenty-one applications for this month. She explained that Items #14, #16, #17, and #18 would be addressed at the next meeting. Following Ms. Reiter's report, Director Spigener motioned to approve items #1-#13 and #15, #19-#21 as recommended by the General Manager. Director Bouché seconded. Motion passed.

President Hardman adjourned the public hearing on permit applications at 6:03 PM.

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

Larry A. Rogers, Board Secretary

LONE STAR
GROUNDWATER CONSERVATION DISTRICT

April 13, 2021

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 April 13, 2021.

CALL TO ORDER:

President Hardman presided and called to order the regular Board of Directors meeting at 6:00 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; District staff; and members of the public. *Copies of the public sign-in sheets and comment cards received are attached hereto as Exhibit "A".*

PUBLIC COMMENTS:

Doug Miller representing HMW Special Utility District (a large portion of which is in Southwest Montgomery County), thanked the board for the convenience of scheduling evening meetings, which allows many in the public the opportunity to attend. He praised the District's decision to provide remote participation in its meetings and encouraged the board to continue offering this service. Mr. Miller mentioned that at the previous meeting the communications consulting agency, Mach 1, received approval and asked that the board make public the cost of hiring Mach 1, in the interest of transparency.

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 6:21 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 7:02 PM. He recognized the newest member of the board, Janice Thigpen.

APPROVAL OF THE MINUTES:

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

a) March 9, 2021, Public Hearing on Permit Applications
b) March 9, 2021, Regular Board of Directors Meeting

REVIEW OF UNAUDITED FINANCIALS FOR THE MONTH OF MARCH 2021:

Ms. Samantha Reiter reported that for the month of March 2021, income was $313,446 and expenses were $157,512 resulting in a net income of $155,934. Year-to-date net income is $425,097.

a) Review of 1st Quarterly Investment Report 2021
Ms. Reiter referred the directors to the report; included within the packet.

RECEIVE LEGISLATIVE COMMITTEE REPORT:

Stacey Reese, District Counsel, updated the Board on SB152 which is making its way through the committee process. Representative Metcalf is commissioning House Bill focused on Unreasonable DFCs, while Senator Creighton's bill has not progressed from the committee.

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

a) Discussion, consideration, and possible action to approve Subsidence Study Phase 2 Scope of Work.

Ms. Reiter stated she's had several meetings to firm up the scope of work in Phase 2 of the study. She related that the committee now feels it is ready to publish the scope of work for the 30-day public comments period, which is available on the District's website. Director Spigener motioned to approve the 30-day period for public comments concerning the scope of work for the Phase 2 Subsidence Study. Director Bouché seconded. Motion passed. *A copy of the proposed Phase 2 Scope of Work is attached hereto as Exhibit "B".*

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

a) Discussion , consideration, and possible action on any items related to Lone Star GCD's proposal(s) to and/or participation in GMA 14.

Samantha Reiter summarized the April 9th meeting and explained that she made various motions to the GMA 14 on behalf of the District as drawn from the April 7th Special Meeting and discussions, but none passed. The GMA 14 did release a DFC statement without resolution, and as follows: "no less than 70% median of available drawdown remaining in 2080 and no more than 1.0 additional foot of average subsidence between 2009 and 2080." The DFC statement is ready for the 90-day public comment period and is not final nor binding at this time. Based on comments received, the resolution submitted by LSGCD was turned down by some of the voting members of GMA, due in part, to a lack of time for proper review.

Ms. Reiter rehearsed an important statement in which the District believes is vital for each GCD to be able to use the applicable limiting factors as they apply to their respective county versus being tied down to something that does not necessarily apply to their District's jurisdiction.

Director Spigener described the stakeholder's meeting as one which held a range of positions and came to realize that the District held more commonality with the stakeholders than he first thought. Some stakeholders believed subsidence was not an issue in the whole of Montgomery County but rather concentrated in The Woodlands area. Some stakeholders were worried about the socio-economic factor in which if a DFC is adopted it could potentially limit their pumping, raise surface water usage and increase costs. He summarized that the stakeholder's need LSGCD to do more outreach, have better communication and use the best available science in its decisions. He added that the comprehensive SJRA 2020 Flood Basin Study did not mention subsidence.

Director Bouché attended a stakeholder meeting and admittedly came with some pre-conceived notions, as he had heard accusations directed at the LSGCD Board for making decisions that would cause sinking throughout the county. However, he felt that everyone left the meetings with more understanding of the issues. He recounted that some stakeholders were enlightened to know that LSGCD had an ongoing subsidence study and recognized the issue of flooding and importance of getting out correct information.

Director Prykryl summarized the stakeholders main concern is related to planning for the future and that many were prepared to spend money on their local infrastructure. They sought clarity in the future outlook and impacts of groundwater management and further the DFC data.

Director Rogers gathered from the input of the meetings that future groundwater outlook is not only Lone Star's dilemma but affects all citizens of Montgomery County. He recognized the need for more communication and education.

Director Traylor commented from attending the stakeholders meeting that no one should be forced to put the element of subsidence in a DFC. He echoes the need for education.

President Hardman motioned for LSGCD's General Manager and/or any consultants to continue engaging in communications with the stakeholders of GMA 14. He mentioned this could be one-on-one, attending their public meetings and making public comment in a collaborative style, commensurate with Texas Open Meeting Act (TOMA) compliance to further transmit better understanding of LSGCD's perspective. Director Prykryl seconds. Motion passed.

GENERAL MANAGER'S REPORT:

Ms. Samantha Reiter announced TAGD is having a Groundwater Summit in San Antonio from August 31-September 2. Also, TWDB is having its "2021 Water for Texas" conference September 27-29 in Austin.

GENERAL COUNSEL'S REPORT:

Ms. Reese apprised the Board of the protest for Denbury's application for an injection well that Lone Star filed; is still pending. Additional information from Denbury is forthcoming.

NEW BUSINESS:

President Hardman addressed Mr. Miller's inquiry during public comments and announced that beginning next month, the meeting will include a standing agenda item for each subcommittee. At that specified time, the Communications Committee will disclose the criteria and financial parameters of the communications consulting agreement.

ADJOURN:

There being no further business, Director Traylor motioned to adjourn the meeting and Director Prykryl seconded. The meeting was adjourned at 7:51 PM.

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

Larry A. Rogers, Board Secretary