LONE STAR
GROUNDWATER CONSERVATION DISTRICT

May 11, 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 May 11, 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 Thigpen 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. **JMAX, LLC**

Applicant is requesting registration of a new well and production authorization in the amount of 2,300,000 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.

2. **San Jacinto River Authority**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 90,430,000 gallons for **2020 only**. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

3. **Gerardo Calderon**

Applicant is requesting registration of a new well and production authorization in the amount of 5,040,000 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.

4. **Alejandra & Jose Garcia**

Applicant is requesting registration of a new well and production authorization in the amount of 600,000 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.

5. **Felix Carrillo**

Applicant is requesting registration of a new well and production authorization in the amount of 150,000 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.

6. **Dos Aguas Water System**

Applicant is requesting registration of a new well and production authorization in the amount of 32,000,000 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.

7. **Mekonnen Sisay**

Applicant is requesting registration of a new well and production authorization in the amount of 400,000 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.

8. **Antonio Renilla**

Applicant is requesting registration of a new well and production authorization in the amount of 300,000 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.

9. Destin Drywall and Paint Inc.

Applicant is requesting registration of a new well and production authorization in the amount of 100,000 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.

10. HMW Special Utility District (Hunters Retreat)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 33,000,000 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.

11. HMW Special Utility District (Pleasant Forest)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 10,000,000 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.

12. HMW Special Utility District (Allenwood)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 6,000,000 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.

13. HMW Special Utility District (Kipling Oaks #2)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 13,000,000 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.

14. HMW Special Utility District (Kipling Oaks #1)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 33,735,000 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.

15. Butera RV Park

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 fifteen applications for this month. Following Ms. Reiter's report, Director Prykryl motioned to approve items #1-#15, as recommended by the General Manager. Director Spigener seconded. Motion passed.

President Hardman adjourned the public hearing on permit applications at 6:02 PM.

PASSED, APPROVED, AND ADOPTED THIS 8th DAY OF JUNE 2021.

Larry Rogers, Board Secretary

LONE STAR
GROUNDWATER CONSERVATION DISTRICT

May 11, 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 May 11, 2021.

CALL TO ORDER:

President Hardman presided and called to order the regular Board of Directors meeting at 6:02 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:

Mark Meinrath, resident of The Woodlands, who lives in a subsidence induced fault and been there since 1992. The past 20 years his house has dipped to the northwest at a rate of a half inch a year. He stated this rate of dipping is exactly the same rate as is seen in PAM #13. After GRP pipeline opened in 2015, subsidence almost stopped at the PAM #13 site and at his home. Since the beginning of the GRP pipeline the ratio of 65/30 ratio using surface to groundwater mix (almost no fault activity) to a 50/50 surface to groundwater ratio, and then to 35/65 ratio. With the increased use of groundwater there has been an increase in faulting to the area. Meinrath requested

LSGCD, San Jacinto River Authority and GMA 14 to consider placing a CORS station on the downside of the fault. *A copy of Meinrath's written comments is attached hereto as Exhibit "B".*

Laura Norton, resident of The Woodlands and web developer for www.stopoursinking.com speaks to the land surface measuring station called TXCM. This station reports a drop of .66 centimetres per year, and already has dropped 8 inches from this area in last 15 years. HAGM predicts only 3 inches of subsidence from this area through 2080. She believes the stats from this TXCM is proof that subsidence is occurring. Her complaint is that LSGCD has entered into an uncontrollable experiment with damaging results to subsidence in her area of Montgomery County and stated she favors using surface water.

One note, several additional comments were submitted via email, and copies made for each director to consider but were not read aloud. *A copy of these comments is attached hereto as Exhibits "C - I".*

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 6:13 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. Director Bouché departs the meeting at 7:01 PM.

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 Spigener to approve as amended and seconded by Director Traylor, the Board approved the meeting minutes as presented.

a) April 7, 2021, Special Board of Directors Meeting
b) April 13, 2021, Public Hearing on Permit Applications
c) April 13, 2021, Regular Board of Directors Meeting

COMMITTEE REPORTS:

A. <u>Budget & Finance Committee – Jim Spigener, Chair</u>

1) Brief the Board on the Committee's activities since the last regular Board meeting– Director Spigener reported the committee met on April 28 and discussed the 2021 Budget. A second meeting is planned to review the 2021 Budget before getting board approval.

2) Review of unaudited Financials for the month of April 2021 -
Ms. Samantha Reiter reported that for the month of April 2021, income was $279,440 and expenses were $106,328 resulting in a net income of $173,112. Year-to-date net income is $573,069. Total cash on hand was $2.8 million.

B. Communications Committee – Harry Hardman, Chair

1) Brief the Board on the Committee's activities since the last regular Board meeting- President Hardman read from the following prepared statement:

"Over the past two decades Lone Star GW Conservation Board and Montgomery County residents have seen first-hand the harm of misinformation. As a board we recognize one of the best ways to combat this information is to share our processes and goals through the power of Mo. Co. citizens to make informed decisions regarding groundwater property rights. Each member of this elected board represents and serves a region of our community. Our board assists, collects and analyses data to plan for all of our futures. We need to get better at making you, the citizens of Montgomery County part of that process, which is precisely where it should be, and the communication initiative aims to do.

Last month we voted to engage the Mach I Group to break down any remaining barriers between our board and the public. Our current agreement goes to the balance of 2021 at a rate of $8,100 a month. Next year we will review our own requirements moving forward and make the appropriate adjustments to that.

Through our work with Mach I it is our goal to provide you with regular communications initiative or update to help explain all the different facets of our district and to all our constituents to learn all about groundwater management processes; your rights as a property owner and feel more prepared for the future. The Mach I Group is a nationally recognized public affairs communications firm. As a government entity we are subject to a lot of stipulations and regulations. Their firm is well versed in working with governmental organization which is the key reason why we chose them. They're helping us to revamp our messaging and make it more inviting to those without engineering backgrounds and finding opportunities for us to engage with the public through events and media ops opportunities.

As our partnership continues, we plan to continue to provide updates and show our processes as part of this committee work. As always, we welcome your input as to how well we're doing".

C. **DFC & Technical Committee – Stuart Traylor, Chair**

1) Brief the Board on the Committee's activities since the last regular Board meeting – General Manager, Samantha Reiter, reviewed the progress of the committee. She highlighted the call on May 6th to discuss the subsidence study and public comments. The committee asked if staff could follow up with a status update from the stakeholders in the first round of stakeholders' meetings. There is also interest and discussion on hosting a second round of these meetings to include some stakeholders not in the first round of meetings.

D. **Legislative Committee – Harry Hardman, Chair**

1) Brief the Board on the Committee's activities since the last regular Board meeting – Stacey Reese, General Counsel, gave the committee report with overview of three bills. The first is the unreasonable DFC bill which was incorporated into Senate Bill 152. The second is a stand-alone bill by Representative Metcalf. The third is a stand-alone bill by Senator Creighton. SB 152 is further along in the adoption process and has the language that LSGCD endorses.

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

1) Brief the Board on the Committee's activities since the last regular Board meeting – Director Rogers reported that the committee met for the first time on May 5th. They discussed committee work and announced the next meeting is scheduled for November 1st.

DISCUSSION, REVIEW, AND POSSIBLE APPROVAL OF 2020 ANNUAL REPORT FOR THE LONE STAR GROUNDWATER DISTRICT:

Jennifer Thayer, LSGCD Education & Conservation Coordinator, pointed the directors to the draft copy of the 2020 Annual Report. Director Prykryl motioned to grant conditional approval for the 2020 Annual Report. Director Spigener seconded. Motion passed. 6-for; 1 absent.

Director Rogers departed the meeting at 7:10 pm.

DISCUSS, CONSIDER, AND TAKE ACTION AS NECESSARY CONCERNING REPLACEMENT APPOINTMENT OF ASSISTANT SECRETARY:

Samantha Reiter discussed the need to replace her as assistant secretary, as her position as General Manager leave the position vacant. She stressed the need to have an assistant secretary for when the board secretary's signature is required. She recommended Jennifer Thayer be appointed as her replacement in this role. Director Spigener motioned to appoint Jennifer Thayer as the Assistant Board Secretary. Director Prykryl seconded. Motion passed.

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 discussed that the scope was reviewed at the last board meeting and approved for a 30-day public comment period. That period ended on Thursday, May 6th, however the DFC Committee's recommended to extend this comment period until the May 28th at 5:00 pm. This will allow time for more public comments and also the committee and consultants to review all comments. The committee will present a full report to the board for its approval at the June board meeting.

Director Prykryl motioned to extend the comment period until May 28th. Director Thigpen seconded. Motion passed with 5 for and 2 absences.

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

Samantha Reiter reported that the GMA 14 had not met since the April meeting. and explained that she reached out to the GMA 14 GCD members about scheduling the next meeting. She had a scheduling conflict arise and also preferred the meeting take place earlier than originally set and indicated she has not received many responses to her request.

She also recounted correspondence with the groundwater districts that voted against Lone Star's proposed DFC statement, asking reason for their opposition. Their response was that they needed to get with their board to document their reasoning to Lone Star. In addition to her own letters, President Hardman wrote the same GCD board presidents requesting a meeting to discuss District Rules. Currently, District is awaiting responses.

President Hardman directed GM Reiter to follow up with the other GCDs if responses are not received in a timely manner.

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

Ms. Reiter discussed the 90-day public comment period of the GMA 14 proposed DFC statement which began April 20th. She requested that if public comments were sent that the subject line use the phrase "GMA Comments" or "DFC Comments".

Samantha Reiter apprised the group of the need for a hearing on the public DFC comments. Ms. Reese added that the 90-day hearing needs to be held during the same 90-day period. Ms. Reese suggested the hearing be held around the June board meeting since the public comment period closes July 19th which would allow for a second hearing if necessary. Further, that she anticipated a lengthy public comment discussion

so that the hearing could be the same day as the June board meeting or perhaps the following day. The hearing date is to be determined.

DISCUSSION OF POSSIBLE ACTION TO ISSUE A SHOW CAUSE ORDER DIRECTING THE FOLLLOWING PERMITTEES, OR THEIR DESIGNATED REPRESENTATIVE, TO APPEAR AT A SHOW CAUSE HEARING FOR THAT PURPOSE AND SHOW CAUSE WHY APPROPRIATE ENFORCEMENT ACTION SHOULD NOT BE TAKEN, INCLUDING WITHOUT LIMITATION INITIATING A LAWSUIT AGAINST IT FOR FAILURE TO REMIT 2021 WATER USE FEES AND/OR FINES ASSOCIATED WITH UNTIMELY SUBMISSIONS:

1) Jim (Wanda) Fox – OP-07120501
2) Magnolia Technology Park – OP-17061401
3) Maverick Tube – HUP131/OP-08081201
4) Richard Gysler & Cailean McAlister – HUP

Ms. Reiter discussed the four permittees under this enforcement Show Cause Order for Failure to Remit 2021 Water Use Fees. It is the General Manager's recommendation to direct all four permittees to the Show Cause Hearing on June 8th and show cause why action not be taken. Director Spigener motioned to take action for the Show Cause Hearing. Director Prykryl seconded. Motion passed 5 for and 2 absences.

DISCUSSION AND POSSIBLE ACTION TO ISSUE A SHOW CAUSE ORDER DIRECTING THE FOLLOWING PERMITTEES, OR THEIR DESIGNATED REPRESENTATIVE, TO APPEAR AT A SHOW CAUSE HEARING FOR THAT PURPOSE AND SHOW CAUSE WHY APPROPRIATE ENFORCEMENT ACTION SHOULD NOT BE TAKEN INCLUDING WITHOUT LIMITATION INITIATING A LAWSUIT AGAINST IT FOR OVERPRODUCTION OF 2020 PERMITTED ALLOCATION AND/OR FINES ASSOCIATED WITH UNTIMELY SUBMISSIONS:

1) JJ Business Park – OP-13032001
2) Magnolia Technology Park – OP-17061401
3) ~~Ricky Bates – OP-19042902~~
4) The Church at Woodforest – OP-19022203

Ms. Reiter discussed the three permittees under this enforcement Show Cause Order for 2020 Overproduction. It is the General Manager's recommendation to direct all three permittees to the Show Cause Hearing on June 8th and show cause why action not be taken. Director Prykryl motioned to take action for the Show Cause Hearing. Director Thigpen seconded. Motion passed 5 for and 2 absences.

DISCUSSION OF POSSIBLE ACTION TO ISSUE A SHOW CAUSE ORDER DIRECTING THE FOLLOWING PERMITTEES, OR THEIR DESIGNATED REPRESENTATIVE, TO APPEAR AT A SHOW CAUSE HEARING FOR THAT PURPOSE AND SHOW CAUSE WHY APPROPRIATE ENFORCEMENT ACTION SHOULD NOT BE TAKEN, INCLUDING WITHOUT LIMITATION INITIATING A

LAWSUIT AGAINST IT FOR FAILURE TO SUBMIT PERMIT RENEWAL(S), OPERATING WITHOUT A VALID PERMIT, FAILURE TO SUBMIT ANNUAL PRODUCTION REPORT(S), FAILURE TO REMIT PAST DUE WATER USE FEES AND/OR FINES ASSOCIATED WITH UNTIMELY SUBMISSIONS:

1) CWE Utilities &/or owner, operator or manager including without limitation Brent Davis and temporary manager, Harrison Williams, associated with permits HUP057A / OP03-0015C
2) CWE Utilities (Garden West) &/or owner, operator or manager including without limitation Brent Davis and temporary manager, Harrison Williams, associated with permit OP-14081801
3) Drew T. Spencer d/b/a Cypresswood Estates Water System, Davis Irrigation Services, & or holder of CCN No. 12978 which serves Cypresswood Estates Subdivision associated with permits HUP057A / OP03-0015C.
4) Drew T. Spencer d/b/a Cypresswood Estates Water System, Davis Irrigation Services, & or holder of CCN No. 12978 which serves Garden West associated with permit OP-14081801.

Ms. Reiter discussed the permittee under this enforcement Show Cause Order for failure to submit permit renewals, operating without a valid permit, failure to submit annual production reports, failure to remit past due water use fee and/or fines associated with untimely submissions. Ms. Reiter cited receipt of 2021 permit renewals and water use fees but lacking water use fees for 2018 through 2020. It is the General Manager's recommendation to direct permittee to the Show Cause Hearing on June 8th and show cause why action not be taken. Director Prykryl motioned to take action for the Show Cause Hearing. Director Traylor seconded. Motion passed 5 for and 2 absences.

GENERAL MANAGER'S REPORT:

Ms. Samantha Reiter predicted that next month's June meeting will be lengthy and will include presentations from both LSGCD's auditor and USGS; also Show Cause Hearing, Budget discussion and the 90-day DFC Public Comment Hearing.

She also announced four upcoming water related meetings: TWCA Summer Conference in Horseshoe Bay -June 9-11; TGWA Annual Convention, San Marcos, August 1-4; TAGD Groundwater Summit in San Antonio August 31-September 2 and TWDB's Annual Summit, "2021 Water for Texas" in Austin, September 27-29.

GENERAL COUNSEL'S REPORT:

Ms. Reese apprised the Board of the protest for Denbury's application for an injection well which is still pending. In the meantime, Denbury has applied for another injections well. She has reached out to the Denbury Council to request additional information.

NEW BUSINESS:

No new business.

ADJOURN:

There being no further business, Director Traylor motioned to adjourn the meeting and Director Prykryl seconded. The meeting was adjourned at 7:25 PM.

PASSED, APPROVED, AND ADOPTED THIS 8th DAY OF JUNE 2021.

Larry Rogers, Board Secretary