LONE STAR
GROUNDWATER CONSERVATION DISTRICT

June 8, 2021

MINUTES OF SHOW CAUSE HEARING

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 June 8, 2021.

CALL TO ORDER:

President Hardman called to order the Show Cause Hearings at 6:02 PM.

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".*

President Hardman announced a Show Cause Hearing pursuant to District Rule 2.5, directing Jim and Wanda Fox to appear before the Lone Star Groundwater Conservation District Board of Directors and show cause why proposed enforcement action should not be pursued by the District. He asked if anyone was present to represent the permittees, none of which were present.

Ms. Reiter stated that the respondents had been requested to appear before the Lone Star Groundwater Conservation District to show cause why the District should not take action for failure to remit 2021 water use fees and associated penalty fines, which are invoiced in early to mid-November of the prior year and due January 1st of the current year. Multiple attempts to

contact the permittee have not been successful that of which included emails, phone calls and notice of violation. The following actions were voted on by the Board:

1. issue a cease-and-desist order pursuant to District Rule 12.6(c) failure to remit 2021 annual water use fees and/or fines associated with timely submission;
2. file a civil suit against Respondent in State District Court seeking enforcement of District rules and the collection of all due and owing water use fees, late payment penalties, other civil penalties, and attorney's fees and court costs incurred by the District in the prosecution of claims against Respondent for its violations of District Rules; and
3. take all other enforcement action that is necessary and appropriate under the laws of the State of Texas.

Director Spigener motioned to approve District staff to initiate further enforcement actions. Director Rogers seconded the motion. The motion passed.

President Hardman adjourned the Show Cause Hearing at 6:05 PM.

President Hardman announced a Show Cause Hearing pursuant to District Rule 2.5, directing Magnolia Technology Park to appear before the Lone Star Groundwater Conservation District Board of Directors and show cause why proposed enforcement action should not be pursued by the District. Tom Phillips appeared to represent Magnolia Technology as the owner of the property.

Ms. Reiter asked that the respondent why the District should not take action for failure to remit 2021 water use fees and associated penalty fines. The permittee was also cited for overpumpage of 10% or less of their 2020 permitted allocation.

Mr. Phillips explained to the board that the business has been registered with the District as an exempt well since 2005 and was permitted in 2017 for irrigation purposes with an annual allocation of 200,000 gallons. He stated the record should show since being permitted, Magnolia Technology stayed in their allocated pumpage until 2020. Due to COVID-19, the staff for the business went from 3 full time employees to 0, effective April 1, 2020.

With no staff present at the property, all notices and violations were misplaced, and Mr. Phillips acknowledged that a single bill that totaled $19.24 was not submitted, though the production reports were mailed to permitting staff. He told the board that he is willing to follow any necessary steps to pay the fees and violations, as his goal is to get the account back in good standing.

Stacey Reese, District attorney, recommended to continue the meeting at the next board meeting to allow time for the permittee to comply with the orders and be able to continue the hearing to decide if action is necessary. A motion was made by Director Prykryl and seconded by Director Thigpen. The motion passed.

President Hardman adjourned the Show Cause Hearing at 6:13 PM.

President Hardman announced a Show Cause Hearing pursuant to District Rule 2.5, directing Maverick Tube to appear before the Lone Star Groundwater Conservation District

Board of Directors and show cause why proposed enforcement action should not be pursued by the District. He asked if anyone was present to represent the permittees, none of which were present.

Ms. Reiter stated that the respondents had been requested to appear before the Lone Star Groundwater Conservation District to show cause why the District should not take action for failure to remit 2021 water use fees and associated penalty fines. Partial payment was submitted by Maverick Tube however the payment was not designated to any specific late fee and all attempts to contact the permittee have not been successful. The following actions were voted on by the Board:

1. issue a cease-and-desist order pursuant to District Rule 12.6(c) failure to remit 2021 annual water use fees and/or fines associated with timely submission;
2. file a civil suit against Respondent in State District Court seeking enforcement of District rules and the collection of all due and owing water use fees, late payment penalties, other civil penalties, and attorney's fees and court costs incurred by the District in the prosecution of claims against Respondent for its violations of District Rules; and
3. take all other enforcement action that is necessary and appropriate under the laws of the State of Texas.

Director Spigener motioned to approve District staff to initiate further enforcement actions. Director Prykryl seconded the motion. The motion passed.

President Hardman adjourned the Show Cause Hearing at 6:14 PM.

President Hardman announced a Show Cause Hearing pursuant to District Rule 2.5, directing Richard Gysler & Cailean McAlister to appear before the Lone Star Groundwater Conservation District Board of Directors and show cause why proposed enforcement action should not be pursued by the District. He asked if anyone was present to represent the permittees, none of which were present.

Ms. Reiter stated that the respondents had been requested to appear before the Lone Star Groundwater Conservation District to show cause why the District should not take action for failure to remit 2021 water use fees and associated penalty fines. Multiple attempts to contact the permittee have not been successful that of which included notices, emails, phone calls and notice of violation. The following actions were voted on by the Board:

1. issue a cease-and-desist order pursuant to District Rule 12.6(c) failure to remit 2021 annual water use fees and/or fines associated with timely submission;
2. file a civil suit against Respondent in State District Court seeking enforcement of District rules and the collection of all due and owing water use fees, late payment penalties, other civil penalties, and attorney's fees and court costs incurred by the District in the prosecution of claims against Respondent for its violations of District Rules; and
3. take all other enforcement action that is necessary and appropriate under the laws of the State of Texas.

Director Rogers motioned to approve District staff to initiate further enforcement actions. Director Bouche seconded the motion. The motion passed.

President Hardman adjourned the Show Cause Hearing at 6:15 PM.

President Hardman announced a Show Cause Hearing pursuant to District Rule 2.5, directing JJ Business Park to appear before the Lone Star Groundwater Conservation District Board of Directors and show cause why proposed enforcement action should not be pursued by the District. He asked if anyone was present to represent the permittees, none of which were present.

Ms. Reiter stated that the respondents had been requested to appear before the Lone Star Groundwater Conservation District to show cause why the District should not take action for failure to submit 2021 overproduction fees of over 10% of their annual allocation. An email was received that is in charge/owns the business which blamed leaks for over pumpage in 2020. An extension was given in April and no other contact has been made since.

The following actions were voted on by the Board:

1. issue a cease-and-desist order pursuant to District Rule 12.6(c) failure to remit the overproduction fees and fines associated with the 2020 withdrawal of groundwater in an amount which exceeded the specific amount authorized for withdrawal by ten percent (10%) or less than the authorized amount;
2. file a civil suit against Respondent in State District Court seeking enforcement of District rules and the collection of all due and owing water use fees, late payment penalties, other civil penalties, and attorney's fees and court costs incurred by the District in the prosecution of claims against Respondent for its violations of District Rules; and
3. take all other enforcement action that is necessary and appropriate under the laws of the State of Texas.

Director Prykryl motioned to approve District staff to initiate further enforcement actions. Director Bouche seconded the motion. The motion passed.

President Hardman adjourned the Show Cause Hearing at 6:17 PM.

President Hardman announced a Show Cause Hearing pursuant to District Rule 2.5, directing The Church at Woodforest to appear before the Lone Star Groundwater Conservation District Board of Directors and show cause why proposed enforcement action should not be pursued by the District. He asked if anyone was present to represent the permittees, none of which were present.

Ms. Reiter stated that the respondents had been requested to appear before the Lone Star Groundwater Conservation District to show cause why the District should not take action for failure to submit 2021 overproduction fees of over 10% of their annual allocation. Multiple attempts to contact the permittee have not been successful that of which included notices, emails, phone calls and notice of violation.

The following actions were voted on by the Board:

4. issue a cease-and-desist order pursuant to District Rule 12.6(c) failure to remit the overproduction fees and fines associated with the 2020 withdrawal of groundwater in an amount which exceeded the specific amount authorized for withdrawal by ten percent (10%) or less than the authorized amount;
5. file a civil suit against Respondent in State District Court seeking enforcement of District rules and the collection of all due and owing water use fees, late payment penalties, other civil penalties, and attorney's fees and court costs incurred by the District in the prosecution of claims against Respondent for its violations of District Rules; and
6. take all other enforcement action that is necessary and appropriate under the laws of the State of Texas.

Director Spigener motioned to approve District staff to initiate further enforcement actions. Director Rogers seconded the motion. The motion passed.

President Hardman adjourned the Show Cause Hearing at 6:19 PM.

President Hardman announced a Show Cause Hearing pursuant to District Rule 2.5, directing CWE Utilities as defined below (collectively, "CWE Utilities" and/or "Respondent"),

- CWE Utilities &/or owner, operator or manager including without limitation Brent Davis and temporary manager, Harrison Williams, associated with permits HUP057A / OP03-0015C
- CWE Utilities (Garden West) &/or owner, operator or manager including without limitation Brent Davis and temporary manager, Harrison Williams, associated with permit OP-14081801
- 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.
- 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 stated that the respondents had been requested to appear before the Lone Star Groundwater Conservation District to show cause why the District should not take action for failure to remit 2021 water use fees and associated penalty fines. CWE had current delinquent fees, dating back to 2018. A check was sent to the District for 2021 fees of the 3 permits owned by CWE.

Ms. Reese first spoke to an attorney representing CWE in February. The original owner of property passed away and was taken over by his nephew, Harrison Williams. CWE now believes they are not responsible to pay for the past due fees from 2018 and 2019. SP Utility, also owned by Harrison Williams, works in conjunction with CWE and under the same owner, have agreed to pay the past due 2020 and 2021 fees. An agreement with the District and CWE was not reached.

Stacey Reese, District attorney, recommended to continue the meeting at the next board

meeting to allow time for the permittee to comply with the orders and be able to continue the hearing to decide if action is necessary. A motion was made by Director Rogers and seconded by Director Prykryl. The motion passed.

President Hardman adjourned the Show Cause Hearing at 6:32 PM.

PASSED, APPROVED, AND ADOPTED THIS 13th DAY OF JULY 2021.

Larry Rogers, Board Secretary

LONE STAR
GROUNDWATER CONSERVATION DISTRICT

June 8, 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 June 8, 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 Spigener 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. (Benders Landing)**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 4,300,000 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. **Mustang Rental**

Applicant is requesting registration of a new well and production authorization in the amount of 570,000 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.

3. **Harold Denton, Jr**

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.

4. **T & W Water Service (Rose Hill Estates)**

Applicant is requesting registration of a new well and production authorization in the amount of 15,000,000 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.

5. **Dobbin-Plantersville WSC**

Applicant is requesting registration of a new well and production authorization in the amount of 54,700,000 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. **Ryan McCall**

Applicant is requesting registration of well not permitted with the District and registration of a new well and production authorization in the amount of 250,000 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. **Right of Way Maintenance**

Applicant is requesting registration of well not permitted with the District and production authorization in the amount of 1,900,000 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. Sohail Syed

Applicant is requesting registration of a new well and production authorization in the amount of 40,000 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. Ameritex Pipe & Production, LLC (Conroe Precast)

Applicant is requesting registration of 2 new wells and production authorization in the amount of 19,900,000 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.

Ms. Reiter reported that there were nine applications for this month. Following Ms. Reiter's report, Director Prykryl motioned to approve items #1-#9, as recommended by the General Manager. Director Spigener seconded. Motion passed.

President Hardman adjourned the public hearing on permit applications at 6:01 PM.

PASSED, APPROVED, AND ADOPTED THIS 13th DAY OF JULY 2021.

Larry Rogers, Board Secretary

LONE STAR
GROUNDWATER CONSERVATION DISTRICT

June 8, 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 June 8, 2021.

CALL TO ORDER:

President Hardman presided and called to order the regular Board of Directors meeting at 6:32 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:

No public comments.

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 6:34 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.

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) May 11, 2021, Public Hearing on Permit Applications
b) May 11, 2021, Regular Board of Directors Meeting

COMMITTEE REPORTS:

A. Budget & Finance Committee – Jim Spigener, Chair

1) Brief the Board on the Committee's activities since the last regular Board meeting- Director Spigener reported the committee met on May 25th and reviewed the 2021 Budget. The 2021 Budget is ready for board approval.

2) Review of unaudited financials for the month of May 2021 – Ms. Samantha Reiter reported that for the month of May 2021, income was $227,374 and expenses were $131,400 resulting in a net income of $95,973. Year-to-date net income is $658,221. Total cash on hand was $2.8 million.

3) Receive audit presentation for fiscal year 2020 – Jon Watson, CPA, BrooksWatson & Co., PLLC presented the board with the 2020 Fiscal Year Budget. *A copy of PowerPoint audit presentation is attached hereto as Exhibit "B".*

4) Discuss, consider and possible action to approve the Budget Committee's recommendation of audit firm to serve as the District's auditor for the fiscal years of 2021-2022 - Director Spigener motioned to approve the audit firm and Director Prykryl seconded. Motion passed.

5) Discuss, consider, and possible action regarding approval of Resolution #21-004 adopting Amended FY 2021 Operating and Capital Outlay Budgets – Ms. Reiter discussed the different sections of the 2021 Operating

and Capital Budgets and reviewed changes made in the Budget Committee. Director Traylor made a motion to approve the 2021 Operating and Capital Outlay Budget, Director Bouche seconded. Motion passed. *A copy of this Resolution #21-004 is attached hereto as Exhibit "C".*

6) Discuss, consider, and possible action regarding approval of Resolution #21-005 adopting FY 2022 Operating and Capital Outlay Budgets – Samantha Stried Reiter- Ms. Reiter explained the 2022 FY Operating and Capital Outlay Budgets are synced with the amended 2021 budget. It will move forward with the Budget Committee overseeing it, with plans to meet towards the end of the year to review. An explanation of each line item is specifically for was given to the board. Director Rogers made a motion to approve the 2022 Operating and Capital Outlay Budget, Director Traylor seconded. Motion passed. *A copy of this Resolution #21-005 is attached hereto as Exhibit "D".*

7) Discuss, consider and possible action to approve Resolution #21-006 to authorize General Manager to sign closing documents to secure line of credit – Ms. Reiter stated the line of credit with the bank had been approved and an approval from the board was needed to complete authorization. The District's office building will be used as collateral for the loan, though at this time Ms. Reiter does not foresee the need to use the line of credit. Director Bouche made a motion to approve the General Manager to sign closing documents for the line of credit, Director Spigener seconded. Motion passed. *A copy of this Resolution #21-006 is attached hereto as Exhibit "E".*

B. Communications Committee – Harry Hardman, Chair

1) Brief the Board on the Committee's activities since the last regular Board meeting- President Hardman reviewed the month, highlighting the interview with the Courier. He stated the District is looking to become more interactive on social media and had met/developed a plan with Ms. Reiter and Ms. Jennifer Thayer. Ms. Reiter referenced Mach 1 and communication to plan ahead for the district's interaction on social media.

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

1) Brief the Board on the Committee's activities since the last regular Board meeting – Ms. Reiter and Director Traylor let the board know that second round stakeholder meetings were being scheduled and planned to take place before the 90-day public comment period deadline on July 19th.

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

1) Brief the Board on the Committee's activities since the last regular Board meeting – President Hardman apprised the board that a number of water bills were not passed during the Senate. He is hopeful to have an update at the next board meeting.

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 has not met since May 5th and reminded the board that the next meeting is scheduled for November 1st.

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.

Mr. James Beach and Mr. Mike Keester informed the board that a memo had been put together for the meeting. Mr. Keester reviewed some of the questions and public comments that had been given at prior meetings regarding the District Subsidence Study. The GPS system that is being used to monitor during the study for data analysis is consistently being studied and reviewed to allow for the best possible science. Surface water and flooding have been brought up throughout discussions, and Mr. Keester reminded the public that neither are part of the Phase Two Study. The first task that will be focused on will be the Jasper Brackish Model Study that was previously done for the Harris-Galveston Subsidence District. In particular, the geo-technical parameters were applicable to Jasper compaction within Montgomery County.

Director Prykryl made a motion to approve Phase 2 Scope of Work of the Subsidence Study, Director Spigener seconded. Motion passed.

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 has not met since April and set to meet in October. The 90-day public comment period will run till July 19th.

Ms. Reese reiterated how important public comment is during this period and reflected on the previous night's DFC hearing saying all comments will be reviewed and summarized to send back to GMA 14. She asked the public for comments in writing to assist with the process.

GENERAL MANAGER'S REPORT:

Ms. Samantha Reiter announced all necessary information was available in the board's packet.

GENERAL COUNSEL'S REPORT:

Ms. Reese updated the board on the UIC protest, one of which has been resolved. The other is with Denbury application that she is hopeful will be resolved soon.

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 8:04 PM.

PASSED, APPROVED, AND ADOPTED THIS 13th DAY OF JULY 2021.

Larry Rogers, Board Secretary