LONE STAR
GROUNDWATER CONSERVATION DISTRICT

February 11, 2020

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, in the Lone Star GCD – James B. "Jim" Wesley Board Room located at 655 Conroe Park North Drive, Conroe, Texas, within the boundaries of the District on February 11, 2020.

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
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; Kristen O. Fancher, District Public Information and Election Attorney, 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 Prykryl 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. **Undine Texas LLC (Peach Creek Oaks)**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 937,000 gallons for 2019 and 2,500,000 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.

2. **1314 Sawdust, LLC**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 313,000 gallons for 2019 and 790,000 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.

3. **Modern Home Development**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 27,000 gallons for 2019 **only.** Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

4. **MSEC Enterprises (Highland Ranch/Lake Forest/Shoreline)**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 188,877,400 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. **Woodland Lakes POA**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 3,781,000 gallons for 2019 **only**. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

6. **S & K Enterprises, Inc. (Lake Conroe Food Mart)**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 50,000 gallons for 2019 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. **Quadvest, LP. (Magnolia Reserve)**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 5,000,000 gallons for 2019 and 10,000,000 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. Country Food Mart
Applicant is requesting an amendment to an Operating Permit to register an existing well and for an increase in production authorization in the amount of 295,110 gallons for 2019 **only**. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

9. Hindu Temple of The Woodlands
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 100,000 gallons for 2019 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. Western Rim Property Services (Towers Woodland)**~~

11. W3 (Mansion Woodlands V)
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 220,000 gallons for 2019 **only**. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

12. W3 (Grand Estates in the Forest)
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 230,000 gallons for 2019 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. Indigo Lake Estates POA
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.

14. I Make It Happen
Applicant is requesting registration of a new well and production authorization in the amount of 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 the registration and construction of the well as requested and further authorize a **reduced** production allocation of 135,000 gallons for 2020 and annually thereafter.

Ms. Reiter reported that there were fourteen applications for this month. There was no action taken on item #10. Also, items #5, #8, and #11 requested increase of production for 2019 only. Item #4 was a request for a reduction in production. It was taken separately. Following Ms. Reiter's report, Director Traylor motioned to approve items #1-13 excluding #10, as recommended by the General Manager. Director Prykryl seconded. Motion approved. Director Traylor

motioned to approve Item #14's construction of the well and authorized a reduced production allocation for 2020 and annually thereafter. Director Prykryl seconded. Motion approved.

President Hardman adjourned the public hearing on permit applications at 6:04 PM.

PASSED, APPROVED, AND ADOPTED THIS 10th DAY OF MARCH 2020.

Larry A. Rogers, Board Secretary

LONE STAR
GROUNDWATER CONSERVATION DISTRICT

February 11, 2020

MINUTES OF REGULAR MEETING

The Board of Directors of the Lone Star Groundwater Conservation District ("District") met in regular session, open to the public, in the Lone Star GCD - James B. "Jim" Wesley Board Room located at 655 Conroe Park North Drive, Conroe, Texas, within the boundaries of the District on February 11, 2020.

CALL TO ORDER:

President Hardman presided and called to order the regular Board of Directors meeting at 6:04 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
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; Kristen O. Fancher, District Public Information and Election Attorney, 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:

Penny Bradshaw, resident of The Woodlands, voiced her disappointment at the mechanisms of the newly elected board. She detailed that her water is very costly and that she's unsatisfied with how this board is currently working. Ms. Bradshaw questioned if business was being handled under the table and if certain individual's perspectives held precedence with the current board. President Hardman suggested that Ms. Bradshaw call the office to work with Ms. Reiter in scheduling an appointment.

Kristen O. Fancher, District Public Information Attorney, began to explain the District's handling of any Public Information Request but was asked to delay the explanation until after the next public speaker commented.

James Ridgway, resident of The Woodlands and former District employee from 2015-2018, expressed to the Board that he held no angst toward the District. He stated that the District had accused him of committing a crime of allegedly tampering with a government document. He claimed he had committed no such crime because the document sent to him was inadequately redacted. Mr. Ridgway attested that any advanced technique was unnecessary to read the redacted document. He relayed that the said document had been shared with him, a member of the public, and that he exercised his First Amendment right to publish and post the unredacted document online.

Mr. Ridgway petitioned the Board to remember their oath of office to serve and not sue their constituents. He stated his belief that public officials are not to threaten citizens with civil and criminal litigation or oppress their freedom of speech. Mr. Ridgway asked for each Board member to take personal responsibility in righting the wrong that he believes had taken place.

Kristen O. Fancher, District Public Information and Election Attorney, clarified the District's response to Public Information requests. She cited §551.042 of the Texas Government Code; a provision of the Texas Open Meetings Act, which allows the District to respond with facts or existing policy information to public comments at board meetings. Ms. Fancher explained that there would be no deliberation or decision made on the public comments, as there was no specific agenda item related to this specific topic.

Ms. Fancher acknowledged that she was aware of the inaccurate and/or incomplete information related to the matter and found it necessary to provide accurate information to the public. She stated that Mr. Ridgway is a former employee of the District and is currently an elected member of a MUD in Montgomery County. Mr. Ridgway filed a Public Information Request with the District in December 2019 asking for communications between a District consultant and a District Board Member. The documents requested are directly related with two pending lawsuits involving the District. The District sought to withhold certain confidential information in order to protect its legal position and is standard practice of governmental entities in similar situations.

Historically, the specific nature of the redacted information detailed in the requested documents has been considered confidential by the Attorney General and was recently ruled as such by The Texas Attorney General's office. Per the statute, the District was required to send a redacted letter to Mr. Ridgway that removed the confidential information related to the lawsuit. The redactions were encrypted using a standard and reasonable industry method to protect that information, and it appears the information was decrypted using advanced techniques. Per an information technology consultant, this was not a case of inadvertent disclosure. Rather, the District believes significant means were taken to gain access to the confidential information.

Mr. Ridgway received training and gained experience on Public Information Act matters during his employment at the District and by virtue of being a current elected board member at a local MUD. Therefore, he is very familiar with the District's process related to Public

Information Requests and has requested documents through a Public Information Act Request five times in the last month alone. The District's intent to keep the information confidential is apparent from the face of the document and due to the fact that the redacted text recites the information is to remain classified.

Ms. Fancher took full responsibility for the fact that the document had the ability to be redacted through the cyber savvy techniques or software. In the future, measures will be taken to insure there will be no ability to decrypt or alter similar confidential information. The District recognizes that cyber hacking remains a threat and ongoing review of these practices will continue.

Upon learning the unredacted had been posted on social media, Ms. Fancher attempted to directly contact Mr. Ridgway to request removal of the posted document. She sought to inform him of the issues of this matter which included decryption, misuse of official information, tampering and altering a governmental record by a public official and former employee of the District. These actions have far-reaching implications beyond just Mr. Ridgway, the District, and Ms. Fancher and may constitute official business of the MUD under the Public Information Act and have required the District to expend significant resources regarding this issue. Once Ms. Fancher was able to contact Mr. Ridgway, he intentionally recorded the phone conversation and posted portions of the recording on social media.

Ms. Stacey Reese, District Counsel, discussed that she agreed with Ms. Fancher's recitation of the facts and existing policies. She added that she had written a letter to Mr. Ridgway on behalf of the District; requesting that he remove the information and invited him to come in and discuss his issues in person with District staff and officials, which to date Mr Ridgway had not responded to. Ms. Reese also stated Mr. Ridgway initiated involvement with the D.A. by copying the D.A. on email correspondence with the District.

Ms. Reese confirmed The District has a policy of fully cooperating with law enforcement officials in connection with any requests for information and/or an investigation. Ms. Reese has been District Counsel for a little over a year, and two things have been abundantly clear to her with this board since becoming the General Counsel. They call for transparency and intend to follow the law. The law acknowledges that although most government information is available to the public, exceptions to access do exist. The Public Information Act has 70 exceptions to disclosure in Public Information Request and this specific request had reason for information to be kept confidential and not disclosed to Mr. Ridgway. Prime examples of confidential information being undisclosed include information regarding pending lawsuits and drafts of documents that are being prepared for litigation.

Ms. Reese asked Mr. Ridgway to imagine the harm that could be done if the District's legal strategy and attorney client communication were to be disclosed to the public while the litigation is pending, and the additional attorney fees that would be incurred to mitigate the harm caused by that disclosure. These are the basis for the exceptions and the reasons not to disclosure the information.

The Open Meetings Act requires that all District business be discussed openly to the public and further in open government. The District encourages people to come to their

meetings and support residents to make public comments. Consistent with the District's mission to provide transparency, all meetings are recorded and streamed live. Board meeting minutes and pertinent information are on the District's website and board meeting recordings are archived and put on the website to ensure convenient access to the public.

President Hardman commented that Mr. Ridgway requested a special agenda item after the agenda had been set and approved, and an invitation was given to Mr. Ridgway to meet and discuss his concerns with Ms. Reiter and President Hardman. To date no response to the invitation had been made by Mr. Ridgway. President Hardman voiced to Mr. Ridgway that he would stay after the board meeting to find a mutually acceptable date for such a meeting.

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 6:30 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 7:30 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 Bouché; seconded by Director Prykryl, the Board approved the meeting minutes as presented.

a) January 14, 2020, Public Hearing on Permit Applications
b) January 14, 2020, Regular Board of Directors Meeting

REVIEW OF UNAUDITED FINANCIALS FOR THE MONTH OF JANUARY 2020:

Ms. Samantha Reiter reported that for the month of January 2020, income was $164,233 and expenses were $149,973 resulting in a net income of $14,259. Year-to-date net income is $14,259. Total cash was $1,606,163.

DISCUSS, CONSIDER AND TAKE ACTION REGARDING APPOVAL OF FIRST FINANCIAL BANK, N.A. RESOLUTION APPROVING AND AMENDING AUTHORIZED BANKING SIGNORS:

Ms. Reiter discussed this item as a routine resolution from the bank requiring authorization of the new signers; since resent changes were made to the Board's officer list. Director Traylor motioned to approve the resolution. Director Prykryl seconded. The motion carried.

PRESENTATION TO RECEIVE AND TAKE ACTION TO PROCLAIM MARCH 8-14, 2020 AS "NATIONAL GROUNDWATER AWARENESS WEEK" IN MONTGOMERY COUNTY, STATE OF TEXAS. RESOLUTION #20-001:

Ms. Thayer, Education and Conservation Outreach Coordinator, discussed this year's theme as: "Groundwater Awareness is Important to You". She explained the four events at which the District would be hosting and distributing educational materials during this awareness week. Director Traylor motioned to approve the resolution to proclaim March 8-14 as "National Groundwater Awareness Week" in Montgomery County. Director Bouché seconded. Motion carried. ***Copy of Resolution #20-001 is attached hereto as Exhibit "B".***

DISSUSS, CONSIDER AND POSSIBLE ACTION REGARDING PARTICIPATION IN THE HARRIS GALVESTON SUBSIDENCE DISTRICT'S REGIONAL GROUNDWATER MODEL UPDATE:

Ms. Reiter reported receiving a letter in January 2020 from Harris-Galveston Subsidence District informing the District of a study begun to review the regulatory plan. This review assesses the availability of alternative sources of water, projects population magnitude of migration based on the 2020 census information and is also used to simulate water use scenarios. The scope of the study includes Harris, Galveston, Ft. Bend, Montgomery and Brazoria counties as well as a few counties adjacent to the subsidence district. The study will predict population water demand through 2100. The study aims to understand the impacts of future population growth and how it effects our groundwater resources.

Ms. Reiter explained that the District had participated in the last study done in 2010-2013. The District had an interlocal agreement contributing funding of 20% of each invoice with the total amount not to exceed $500,000.

President Hardman requested more information about how much the District is bound to use this study's information. Ms. Reiter will gather such information and bring back to the Board.

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

Mr. Thornhill reported that the completion of Phase I of the subsidence study should be ready at the end of February. Phase I consists of a summary of the history of subsidence studies and the different types of studies that have been conducted. His work this month would also consist of collecting information to use in Phase II where analysis of the data would be reported. Also, a meeting with other stakeholders to gather input for Phase II is being planned.

RECEIVE INFORMATION AND/OR STATUS UPDATE REGARDING THE TWO STUDY GROUPS ON PROPOSED DRAFT RULES:

Ms. Stacey Reese reported a meeting with new consultant, James Beech of WSP and Mike Thornhill. Another meeting is scheduled later this month to receive Mr. Beech's recommendations as to steps moving forward and determine when the two study groups can resume work on draft rules.

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
Ms. Reiter reported that the GMA 14 was scheduled to meet on January 29th, but that meeting was postponed to February 24th at 10:00 a.m.

GENERAL MANAGER'S REPORT:

Ms. Reiter announced that this is a busy time of year for permitting staff, particularly from October to March. Ms. Reiter also announced that the 2019 Annual Pumpage Report is due February 15, 2020.

She noted a few upcoming meeting dates: GMA 14 meeting is February 24th at 10 am., TWCA Convention March 4th – 6th, The Woodlands Water Forum is March 17th, Region H Water Plan Public Hearing on April 23rd or 28th, and the next meeting of Region H is on June 3rd.

GENERAL COUNSEL'S REPORT:

Ms. Reese announced the San Antonio conference, "Changing Face of Water Law 2020, held on Feb 20th – 21st. She also reported on the mediation meeting regarding the Management Plan appeal with Texas Water Development Board (TWDB) on January 23rd and said negotiations are ongoing.

Ms. Reese attended the Senate Hearings in January and heard the TWDB testify on several matters. Mr. French testified on Joint Planning and Science. He gave two interesting reports to the legislature that directly affect Lone Star. He reported that Chapter 36 does not say what to do if a proposed new DFC is not approved by a two-thirds vote of the GMA. He also conveyed that the statute does not address how a district is supposed to deal with DFCs in the management plan when the DFC has been found to be no longer reasonable. It is hoped that the senate committee will review these testimonies and refer to the TWDB for recommendations to fill in the instructions.

Ms. Reese apprised the Board of the U.S.C. application with the Railroad Commission for Denbury which are still pending. The Denbury permit has not been issued formally. Denbury has reached out to the District and agreed to two of the three terms to safeguard the groundwater. The deadline for Denbury to request a formal hearing is Friday, February 14. Another U.S.C.

application filed was for Galloway Lonestar LLC.; but the consultant advised the District that the groundwater seemed to be adequately protected; so Lone Star will not file a protest.

Finally, Ms. Reese had no update regarding the two legal water cases of which she has been reporting but expects a decision any day now.

NEW BUSINESS:

There was none.

ADJOURN:

There being no further business, upon a motion made by Director Bouché and seconded by Director Prykryl, the meeting was adjourned at 7:43 PM.

PASSED, APPROVED, AND ADOPTED THIS 10th DAY OF MARCH 2020.

Larry A. Rogers, Board Secretary

SIGN IN SHEET

February 11, 2020
Board Meeting

Do you wish to speak on an agenda item?	NAME	CITY, STATE, ZIP	E-Mail	Would you like to receive LSGCD updates & information?
	Doug Miller	Pinehurst TX 77362	dfwash e gmail. com	Y
	Kenny Eickelberg	Shenandoah, TX	KEICKELBERG@SHENANDOAHTX.US	N.
N	TINA FELKAI	CONROE TX	ON FILE	
	GLENNA SLOAN	SHENANDOAH	faith12943@yahoo.com	Y
N	Mark Smith	Conroe TX	msmith@sjrz.net	
	Sueller Myers	The Woodlands	suellenmyers3@gmail..com	yes
N	Michael Sullivan	Conroe		N
Y	Penny Bradshaw	The Woodlands	pipjbradshaw@gmail.com	yes
	James Ridgway			

Exhibit "A"