LONE STAR
GROUNDWATER CONSERVATION DISTRICT

March 10, 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 March 10, 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; 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 Traylor 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. Roger Torabi

Applicant is requesting registration of a new well and production authorization in the amount of 100,000 gallons for 2020 and 119,000 gallons annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

2. River Plantation MUD

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.

3. Montgomery County MUD #157

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.

4. Undine Texas LLC (Peach Creek Oaks)

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.

5. DDR, LLC

Applicant is requesting registration of two new wells and production authorization in the amount of 7,000,000 gallons for 2020 and 11,125,000 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. Crystal Springs Water (Monterrey Oaks)

Applicant is requesting registration of a new well and production authorization in the amount of 9,995,000 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. Covenant Christian School

Applicant is requesting registration of a new well and production authorization in the amount of 3,000,000 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. Rio Verde Mobile Home Services

Applicant is requesting registration of a new well and production authorization in the amount of 25,000 gallons for 2020 and 30,000 gallons annually thereafter. Based on technical review of the

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

9. Stapleton Steel Services, Inc.

Applicant is requesting registration of a new well and production authorization in the amount of 330,000 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. Western Rim Property Services (Towers Woodland)

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,576,726 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.

Ms. Reiter reported that there were ten applications for this month. Item #10 requested increase of production for 2019 only. Following Ms. Reiter's report, Director Prykryl motioned to approve items #1-10, as recommended by the General Manager. Director Spigener seconded. Motion approved.

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

PASSED, APPROVED, AND ADOPTED THIS 14th DAY OF APRIL 2020.

Larry A. Rogers, Board Secretary

LONE STAR
GROUNDWATER CONSERVATION DISTRICT

March 10, 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 March 10, 2020.

CALL TO ORDER:

President Hardman presided and called to order the regular Board of Directors meeting at 6:03 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; 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:

Rusty Smith, of The Lakewood Falls POA and Chair of the Compliance Committee, spoke concerning unused water credits purchased from Bentwater. Lakewood Falls opted out of joining the LVGU to become its user-owned public water supplier with 200 connections. Because they needed to reduce usage by 30%, as directed by LSGCD, the decision was made to purchase $300,000 water credits. Their reduction plan was submitted to The Lone Star Groundwater Conservation District and approved. The District also approved the purchase of these water credits. Mr. Smith asked how they might recover some of the money spent for these water credits, as they have received no service or product for this expenditure and incurred debt.

John Yoars, a Director of the Grogan's Mill Village POA, discussed concerns of the impact of greater water table reductions and greater subsidence averages to the lower Grogan's Mill Village areas. In addition, Mr. Yoars mentioned the POA's proposed subsidence measuring device for the lower Grogan's Mill Village. He relayed a message from the POA for Directors of LSGCD to remain strong in resisting further authorization of increased ground water withdrawal from their area. *A copy of the public comment is attached hereto as Exhibit "B".*

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 6:12 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 6:54 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) February 11, 2020, Public Hearing on Permit Applications
b) February 11, 2020, Regular Board of Directors Meeting

REVIEW OF UNAUDITED FINANCIALS FOR THE MONTH OF FEBRUARY 2020:

Ms. Samantha Reiter reported that for the month of February 2020, income was $187,397 and expenses were $79,057 resulting in a net income of $108,340. Year-to-date net income is $158,789. Total cash was $1,463,145.

DISCUSSION, REVIEW AND POSSIBLE APPROVAL OF 2019 ANNUAL REPORT FOR THE LONE STAR GROUNDWATER DISTRICT:

Ms. Jennifer Thayer, Education and Conservation Outreach Coordinator, discussed the annual report draft recognizing the layout and color scheme will be finalized. Ms. Reiter asked that any director comments concerning the annual report be sent to the District by March 30th. Director Rogers requested an update on the educational supplies contracted with Resource Action. Ms. Thayer reported that there are currently 649 students enrolled in the LSGCD WaterWise

program in Montgomery County. The educational kits have not been shipped but program is still on schedule. The 5th grader's STAAR Test will not be completed until mid-May.

PRESENTATION BY HARRIS GALVESTON SUBSIDENCE DISTRICT ON REGIONAL GROUNDWATER MODEL REVIEW:

Mr. Mike Turco, General Manager of Harris-Galveston Subsidence District, gave a presentation discussing the subsidence district; the regulatory plan review and science and research that may be of interest to LSGCD.

He stressed the need to follow the timeline of 2025 whereby the groundwater usage in Area 3 would be reduced to 40% of the Total Water Demand. He further stated that by 2035, groundwater usage would be reduced to 20% of Total Water Demand in Area 3. These timelines are required to stop future subsidence in Area 3.

Mr. Turco discussed in detail the tasks for the Regulatory Plan Review which included the following:

- Task A – Development of 2020 to 2100 Projected Water Needs
- Task B – Alternative Water Supply Availability
- Task C – PRESS Assessment
- Task D – Conversion Scenario Development
- Task E – Project Coordination
-

The discussion concluded with a task timeline finishing in 2023.

The presentation ended with emphasis on the educational arm of the Harris-Galveston Subsidence District and collaboration with the Texas Living Waters Project and announcing their website address: smarteraboutwater.org. to learn more about saving water.

DISSUSS, CONSIDER AND POSSIBLE ACTION REGARDING PARTICIPATION IN THE HARRIS GALVESTON SUBSIDENCE DISTRICT'S REGIONAL GROUNDWATER MODEL REVIEW TO TAKE PLACE 2020-2023:

Ms. Reiter reported that the District had participated in the last study done in 2010-2013. She was in favor of remaining a participant in this model review.

Director Spigener motioned that the District participate but the monetary level was TBD. Director Traylor seconded. The motion carried.

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

Mr. Mike Thornhill gave a slide presentation reviewing the progress in Phase I of the subsidence investigation. One slide gave a diagram of a extensometer and noting that by using this method was the only way to get true compaction figures. He mentioned that there were 14 such extensometers being utilized.

The last piece of Phase I requires the stakeholders and agencies to have input into the final report and presentation. He projected the plan for Phase 2 as:
1) address specific issues related to Montgomery County;
2) Verify and/or correct some data, information and/or representation; and
3) Develop analyses of distributions of subsidence a s related to three-dimensional aquifer/clay conditions and distribution (in space and time) of pumping.

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

Ms. Stacey Reese reported a meeting with Ms. Reiter and the new consultant, James Beach of WSP. Mr. Beach will give a presentation of the status of the draft rules at next month's Board of Directors meeting.

a) Discussion, consideration and possible action regarding members assigned to study group on technical rules:

There are two study groups: the technical and the non-technical. Since a Director resigned, there is a vacancy in the technical study group. Director Traylor motioned to have Director Hardman join the Technical Study Group. Director Rogers seconded. The motion carried.

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

Ms. Reiter, General Manager, reported that the GMA 14 group met on February 24th and no action was taken. LSGCD consultants presented model run data at that meeting.

Next, Mr. James Beach, senior hydrogeologist with WSP, gave a presentation to the LSGCD Board outlining the joint groundwater planning process. GMA 14 is composed of five districts. So, four out of five districts must agree to approve the DFC statement.

Lastly, Mr. Mike Keester, hydrogeologist with LRE Water and District consultant, discussed more technical information focusing within the GMA 14 boundaries. He defined the "water management strategy is a plan to meet a water need (potential shortage) of a water user group". GMA 14 Management Strategies was to:
1) Identified 43 strategies to simulate as groundwater ("alt WMS");
2) Consider the DFC and water supply needs as described in (TWC §36.108(d)(2);
3)WMS types: 4 groundwater desalination, 3 new major reservoir, 36 other surface water; and the comparison of the need for 75,771-acre-feet in 2020 to 260,579 acre-feet in 2070.

Mr. Keester discussed the two primary pumping simulations as the "Alt WMS 1" – used 2016 MAG as base pumping file and the "Alt WMS 5" – used 2016 MAG with 2010 MAG for Montgomery County as base pumping file.

Of importance are the next steps in defining the DFC adoption and compliance. These considerations included:

a) Average drawdown in model cells;
b) remaining available drawdown;
c) any subsidence; and
d) water levels at monitory locations.

Mr. Keester concluded by stating the need to draw upon the information from the identification and simulation of water management strategies from the 2017 State Water Plan.

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 need for a committee to meet with the consultants and digest the GMA 14 information in a timely manner in preparation for determining a DFC.

b) Discussion, consideration, and possible action regarding the formation of a desired future condition (DFC) committee and the selection of members to serve on any committee:

Director Bouché motioned to select members for a DFC committee. Director Spigener seconded. The motion passed. Directors Bouché, Spigener and Rogers will form the new standing committee.

DISCUSSION, CONSIDERATION, AND POSSIBLE ACTION ON A MANAGEMENT PLAN:

Ms. Stacey Reese the board on the mediation meeting with the Texas Water Development Board (TWDB). A tentative resolution was reached that includes some agreed language in the management plan. Ms. Reese noted sections 7 and 10 of the management plan as areas that needed specific and time-based standards and performance objectives. She pointed directors to their copy of the management plan draft as it was adopted last March with the redline changes reached with the newly agreed upon language. In Section 7, the District explained where the 2016 DFCs were determined to be unreasonable. The plan attached the 2010 DFCs because those were the last adopted DFCs. In Section 10, the District declared its commitment to work with the GMA 14 to adopt a DFC that is consistent with the district's regulatory mission to afford a fair share to each owner in a common subsurface reservoir. The district is committed to adopting well spacing and production allocation rules. The district will continue to collect and examine monitoring well data and analyze the historical data. The district will review annually as to whether the current plan and rules are working. The collected data will be shared with the GMA 14 District and be used to make any adjustments for the DFC in the future.

Ms. Reese explained that if the board was comfortable with the changes, the next step to take would be to approve the management plan for publication. That process would provide the public with review and comment with anticipation of a hearing on the management plan. After

this hearing, if the management plan is adopted then the plan is submitted to the TWDB for final approval.

Director Traylor moved that the management plan be approved and submitted for publication. Director Prykryl seconded. The motion carried.

GENERAL MANAGER'S REPORT:

Ms. Reiter announced that March is a busy time of year for the permitting department. Thirteen violation notices for non-payment for 2020 water use fees and 14 notices for over pumpage violations. Staff is working diligently to bring these permittees into compliance. The district received a letter from a permit holder, SJRA, requesting that the board investigate some of SJRA's considerations as the DFC discussions move forward.

Ms. Reiter noted a few upcoming meeting dates: The Woodlands Water Forum is March 17th, GMA 14 meeting is March 24th ; and the Mobile Lab will visit The Texas Wildlife & Woodlands Expo on March 28th. Also, on March 28th Ms. Reiter and Bluebonnet GCD General Manager will be speaking to water well drillers as part of TGWA's Continuing Education Class course. The HGSD is hosting a stakeholder's joint regulatory plan review meeting on March 31st.

GENERAL COUNSEL'S REPORT:

Ms. Reese apprised the Board of the U.S.C. application with the Railroad Commission for Denbury. Denbury agreed to all three of the terms by the District so the application for permitting has now been completely resolved.

Ms. Reese had no update regarding the two legal water cases of which she has been reporting but expects a decision soon.

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 8:40 PM.

PASSED, APPROVED, AND ADOPTED THIS 14th DAY OF APRIL 2020.

Larry A. Rogers, Board Secretary