LONE STAR
GROUNDWATER CONSERVATION DISTRICT

April 14, 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, but held via a publicly accessible webinar/telephone conference call, within the boundaries of the District on April 14, 2020.

CALL TO ORDER:

President Hardman called to order the Public Hearing on Permit Applications at 6:20 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, with the exception of Director(s) Rogers, 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 Hardman 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 (Pine Acre Trails)
Applicant is requesting registration of a new well and production authorization in the amount of 864,000 gallons for 2020 and 5,622,000 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. Lake Bonanza Water Supply Corp.**~~
~~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. New Caney MUD
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 100,118,100 gallons for 2020 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

4. T & W Water Services (Hidden Springs Ranch)
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 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.

5. T & W Water Services (Rio Vista)
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 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.

6. T & W Water Services (Riverwalk)
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 11,992,000 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. Monarch Utilities, Inc. (Decker Hills/Park Place/Champions Glen)
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.

8. Nerro Supply, LLC (Hazy Hallow)
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 2,350,300 gallons for 2020 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

9. Nerro Supply, LLC (White Oak Valley)
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 963,037 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. City of Cut and Shoot
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 2,116,000 gallons for 2020 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

11. East Montgomery County MUD #5
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 28,000,000 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.

12. Wood Trace MUD #1
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 79,407,200 gallons for 2020 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

13. Pinehurst Decker Prairie
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 2,015,936 gallons for 2020 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

14. Quadvest, LP. (Benders Landing)
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 27,622,000 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.

15. Quadvest, LP. (McCall Sound)
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 7,049,000 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.

16. Quadvest, LP. (Mostyn Manor)
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 27,500,000 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.

17. Blaketree MUD #1
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 27,550,000 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.

18. Aqua Texas, Inc. (Westwood 1&2/Old Egypt)
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 26,355,000 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.

19. Aqua Texas, Inc. (Greenfield Forest)
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 26,355,000 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.

20. Woodland Oaks Utility Co. Inc.
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 14,974,000 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.

21. Montgomery County MUD #15
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 67,144,000 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.

22. Montgomery County MUD #139
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 115,000,000 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.

23. Montgomery County MUD #96
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 30,000,000 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.

24. Montgomery County MUD #105
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 45,000,000 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.

25. Montgomery County MUD #119
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 175,000,000 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.

26. Montgomery County MUD #137
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 33,800,000 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.

27. City of Montgomery
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 49,733,000 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.

28. Sherwood Sporthorses Inc.
Applicant is requesting registration of a new well and production authorization in the amount of 600,000 gallons for 2020 and 800,000 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.

29. Undine Texas LLC (Porter Terrace)
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 7,491,000 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.

30. Montgomery County MUD #111
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 2,200,000 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.

Ms. Reiter reported that there were thirty applications for this month. Item #2 was withdrawn as an incorrect address was given. Following Ms. Reiter's report, Director Spigener motioned to approve items #1, 3-30, as recommended by the General Manager. Director Traylor seconded. Motion approved.

President Hardman adjourned the public hearing on permit applications at 6:27 PM.

PASSED, APPROVED, AND ADOPTED THIS 12th DAY OF MAY 2020.

Larry A. Rogers, Board Secretary

LONE STAR
GROUNDWATER CONSERVATION DISTRICT

April 14, 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, but held via a publicly accessible webinar/telephone conference call, within the boundaries of the District on April 14, 2020.

CALL TO ORDER:

President Hardman presided and called to order the regular Board of Directors meeting at 6:27 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, with the exception of Director(s) Rogers, 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:

Webb Melder, former President of Lone Star GCD, submitted a written comment which President Hardman read. ***A copy of the public comment is attached hereto as Exhibit "D".***

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 6:28 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 7:15 PM. Director Rogers joined the meeting during Executive Session.

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 Prykryl seconded by Director Spigener, the Board approved the meeting minutes as presented.

a) March 10, 2020, Public Hearing on Permit Applications
b) March 10, 2020, Regular Board of Directors Meeting

REVIEW OF UNAUDITED FINANCIALS FOR THE MONTH OF MARCH 2020;

Ms. Samantha Reiter reported that for the month of March 2020, income was $268,906 and expenses were $120,865 resulting in a net income of $148,040. Year-to-date net income is $260,259. Total cash was $1,388,278.

a) Review of 1st Quarterly Investment Report 2020
Ms. Reiter stated that at the beginning of March the Money Markey and the TexPool accounts balance was $1,245,959. March deposits totalled $88,790. At the end of the month earned interest was $1,524.

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 and the few items yet to be finalized. President Hardman announced the tabling of this item until next month.

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

Mr. Mike Thornhill explained the absence of a report due to the Stay At Home/Stop the Spread order. He cited the future need to meet with agencies and stakeholders.

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

Ms. Stacey Reese gave a presentation reviewing the rules in developing groundwater district rules. This presentation explained the purpose of GCDs, the ownership of wells, the rulemaking section along with. the tools used in rulemaking and well permitting.

Mr. James Beach gave a presentation discussing district data and the process used in making rules for the District. He summarized the next steps in the rule making process and itemized specific areas for the LSGCD Technical Study Group to consider. The considerations for the LSGCD Technical Group included the following steps:

- per Day, one purpose of groundwater regulation is to afford each owner of water in a common, subsurface reservoir an opportunity for a fair share
- impact of allocations on HUP/OP and vice versa
- feasibility of achieving DFC with various allocations
- impact of potential future rollback of HUP/OP as total permit volume grows
- evaluate impact on existing investment backed expectations
- Other factors

A copy of the combined presentation is attached hereto as Exhibit "E".

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 cancelled the March 24th meeting. However, the April 29th meeting will take place via a webinar where it is anticipated that action will be taken to approve DFC options. The DFC Committee has continued to host important meetings regarding DFC discussions. Ms. Reiter and Ms. Reese and consultants have joined these meetings.

a) Presentation(s) by District's technical consultant(s) on model scenarios

Ms. Reiter explained that the work of determining a DFC had been commissioned among the three consultants. Mike Thornhill's specific area is the DFC process. Mike Keester's concentration is on modeling. James Beach's piece includes the factors to consider in reaching a DFC.

Mr. Thornhill presented an outline of the process of forming a DFC which included the following:

1. Select Potential DFCs
    - An aquifer condition – not pumping amount or distribution
    - Measurable in real life at proper monitoring sites
    - Can be selected prior to/independent of any model runs
    - Process should be applicable in other aquifers and areas
2. Assess Per Statutory Factors Using GAM/Other Information
    - Is the proposed DFC viable and acceptable in light of conditions/factors?
    - How do potential DFCs affect common reservoir/other proposed DFCs?

- Results in deriving at least one pumping amount/distribution (possible MAG)
- Note that MAG values can change with varying models/statistical approaches

3. Submit Approved Request for DFC Model Run(s) to GMA 14

Mr. Keester showed slides illustrating and explaining the different models and way to develop models. He summarized the recent modeling conclusions in the flowing three points:

1. Model assumptions affect results
2. DFC statement can be simple
   - Determining the MAG can be complicated
   - Results will vary with the model and assumptions
3. Will need to provide GMA 14 specific instructions to limit uncertainty

Mr. Beach gave a presentation regarding the factors in forming a DFC. He mentioned the May 2021 deadline for the GMA 14 in establishing a DFC. The following is a list of the nine factors he explored in discussing formation of a DFC:

1. Aquifer Uses or Conditions
2. Supply Needs & Management Strategies
3. Hydrological Conditions
4. Environmental Impacts
5. Subsidence Impacts
6. Socioeconomic Impacts
7. Private Property Rights
8. DFC Feasibility
9. Other Relevant Information

A copy of the combined presentation is attached hereto as Exhibit "F".

b) 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 drew attention to the potential DFCs as remaining available drawdowns. She opened the discussion by presenting the three options that LSGCD would present at the next GMA 14 meeting. These are: 1) Baseline – Run "D"; 2) Moderate and 3) Aggressive Jasper. Following some discussion, the Board chose all three options with preferences for Option #2 and Option #3. Director Spigener motioned to use all three options in a specified priority. Director Prykryl.

Ms. Reese suggested that a meeting of the DFC Committee convene before the GMA 14 next meeting.

GENERAL MANAGER'S REPORT:

Ms. Reiter announced three upcoming meetings: April 23rd is a Region H public hearing for the regional water plan; April 29th is GMA 14 meeting; and on June 3 is Region H meeting.

She discussed the missing Show Cause Order from the April agenda. The notices of violation were mailed out March 1st with a deadline of April 1st. Due to the Stay At Home order, it was decided to extend the deadline through April 30th and postpone the Show Cause Hearing until May's board meeting.

GENERAL COUNSEL'S REPORT:

Ms. Reese apprised the group of one legal case regarding a GRP rate litigation. It concerns the reasonableness of the rate. The ruling was made from Travis County but case will be heard in Montgomery County.

NEW BUSINESS:

Ms. Reese suggested that the Technical Study Group resume their meetings in the near future.

ADJOURN:

There being no further business, President Hardman announced the meeting was adjourned at 9:14 PM.

PASSED, APPROVED, AND ADOPTED THIS 12th DAY OF MAY 2020.

Larry A. Rogers, Board Secretary