LONE STAR
GROUNDWATER CONSERVATION DISTRICT

December 8, 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 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 December 8, 2020.

CALL TO ORDER:

President Hardman called to order the Public Hearing on Permit Applications at 6:02 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 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. **City of Conroe**

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

2. **Montgomery County MUD #157**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 35,875,000 gallons for 2020 and 50,875,000 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. **Montgomery County MUD #8**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 99,600,000 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.

4. **T & W Water Services (Deer Pines)**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 2,000,000 gallons for 2020 and 12,200,000 gallons 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 (Grand Harbor/Gemstone)**

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 25,000,000 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 (Harbor Side)**

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.

7. **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 11,000,000 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. 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 6,000,000 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.

9. T & W Water Services (Riverwalk)
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 20,000,000 gallons for 2020 and 30,000,000 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.

10. T & W Water Services (Thousand Oaks)
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 7,000,000 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.

11. Nazu Enterprises Inc (dba Big Bears Express)
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 200,000 gallons for 2020 and 400,000 gallons for 2021 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

12. HY Properties
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 600,000 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.

13. C & R Water Supply Inc (Emerson Estates)
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. Madeley & Faith Holdings LLC
Applicant is requesting registration of a new well and production authorization in the amount of 30,000 gallons for 2020 and 500,000 gallons for 2021 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve that which is requested.

15. Rafael Chavez Monzon
Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 600,000 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. Montgomery County WC & ID #1

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 40,000,000 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.

17. Huntsman Petrochemical 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.

18. Aqua Marine Pools of Houston

Applicant is requesting registration of a new well and production authorization in the amount of 5,000 gallons for 2020 and 75,000 gallons for 2021 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration of the well and 2020 allocation as requested. Further, it is the General Manager's recommendation to authorize a **reduced** allocation of 12,000 gallons for 2021 and annually thereafter.

19. East Montgomery County MUD #5

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 35,836,000 gallons for 2020 and 152,000,000 gallons for 2021 and annually thereafter. Based on technical review of the information supplied, it is the General Manager's recommendation to approve the registration of the well and 2020 allocation as requested. Further, it is the General Manager's recommendation to authorize a **reduced** allocation of 116,500,000 gallons for 2021 and annually thereafter.

Ms. Reiter reported that there were nineteen applications for this month. Following Ms. Reiter's report, Director Spigener motioned to approve item #1-#19, as recommended by the General Manager. Director Prykryl seconded. Motion passed.

President Hardman adjourned the public hearing on permit applications at 6:06 PM.

PASSED, APPROVED, AND ADOPTED THIS 12th DAY OF JANUARY 2021.

Larry A. Rogers, Board Secretary

LONE STAR
GROUNDWATER CONSERVATION DISTRICT

December 8, 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, 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 December 8, 2020.

CALL TO ORDER:

President Hardman presided and called to order the regular Board of Directors meeting at 6:00 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. 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:

Mr. John Yoars, resident of The Woodlands, joined the meeting via ZOOM. He had submitted written comments that he wanted included in the meeting minutes. *A copy of the Yoars public comment is attached hereto as Exhibit "B".*

Mr. Webb Melder, resident of Conroe, submitted comments that were to be read at the meeting. His comments were focused on questioning how Ms. Reese and Ms. Reiter voted for specific TWCA bills.

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 6:07 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 6:47 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 seconded by Director Traylor, the Board approved the meeting minutes as presented.

a) November 10, 2020, Public Hearing on Permit Applications
b) November 10, 2020, Regular Board of Directors Meeting
c) November 17, 2020, Special Board Meeting

REVIEW OF UNAUDITED FINANCIALS FOR THE MONTH OF NOVEMBER 2020;

Ms. Samantha Reiter reported that for the month of November 2020, income was $1,243,223 and expenses were $84,393 resulting in a net income of $1,158,829. Year-to-date net income is $1,917,023. Total cash was $1,754,639.

DISCUSS, CONSIDER AND TAKE ACTION AS NECESSARY CONCERNING COMPENSATION AND/OR RESPONSIBILITIES OF THE GENERAL MANAGER:

President Hardman said that there had not been a formal review and this item would be revisited at a later time.

RECEIVE LEGISLATIVE COMMITTEE REPORT:

President Hardman apprised the Board that he had contacted the offices of local legislators to inform them of LSGCD's new rules and management plan. President Hardman highlighted HB

152 and asserted that the legislators are aware of the importance of this bill, and that will continue to stay in contact with the legislators.

DISCUSS, CONSIDER, AND TAKE ACTION AS NECESSARY CONCERNING APPROVAL OF JOINT-FUNDING AGREEMENT WITH USGS FOR THE PERIOD OF 01.01.21 THROUGH 12.31.21:

General Manager, Samantha Reiter, referred the Board to their packets for a copy of the USGS Joint-Funding Agreement. She discussed that the content of the agreement had not changed though the amount had been decreased. This decrease was due to a credit for the drilling of the proposed 2 shallow wells in Montgomery County. Since the locations were not solidified until late in 2020 and were not drilled, USGS gave LSGCD a credit of approximately $18,000. These wells will be drilled on property owned by the University of Huntsville. USGS decided to assume the managing of the water level gauge for one well further increasing the District's savings.

The motion to approve the USGS agreement was made by Director Spigener and seconded by Director Traylor. The motion passed.

DISCUSS, CONSIDER, AND TAKE ACTION AS NECESSARY ON RESOLUTION #20-010 AUTHORIZING EXTENSION OF 2020 PERMITS:

Ms. Stacey Reese, General Counsel, discussed that Rule 2.11 requires permits be reissued annually; the resolution would allow staff an additional 60 days to complete the 1,500 permit renewals. Director Bouche motioned to adopt the resolution and Director Traylor seconded. The motion passed. ***A copy of Resolution #20-010 is attached hereto as Exhibit "C".***

DISCUSS, CONSIDER, AND TAKE ACTION AS NECESSARY REGARDING NECHES AND TRINITY VALLEYS GROUNDWATER CONSERVATION DISTRICT'S REQUEST TO THE TEXAS ALLIANCE OF GROUNDWATER DISTRICTS TO FILE AN AMICUS BRIEF IN CAUSE NO. 19-0976:

Director Bouché motioned to take no action regarding the amicus brief and Director Traylor seconded. The motion passed.

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

a) Discussion, consideration, and possible action to approve Subsidence Study Phase 2 Scope of Work.

Ms. Reiter discussed the DFC Committee meeting held on December 1, 2020 and stated the comments from this committee meeting were sent to the consultants. The next step will be to schedule a meeting between the committee and the consultants to confirm the scope of Phase 2 and present these suggestions before the board.

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

Ms. Reese discussed the November 18th GMA 14 meeting, stating it had been more of an educational meeting to inform the group and public regarding legal matters. A panel of five lawyers discussed two topics: taking of groundwater claims and the property rights regarding DFC and Chapter 36 of the Texas Water Development Board. Ms. Reese encouraged the directors to view the meeting on the web. The website: https://www.youtube.com/watch?v=KTIRmNe5RJA

James Beach joins the meeting via telephone to add comments on the GMA 14 meeting. He mentioned the technical components of private property issues and reminded that pumping in Harris County has been substantially greater than in Montgomery County. Mr. Beach confirmed subsidence remains a concern for those in the southern part of Montgomery County but cautioned as there are several other factors to consider.

DISCUSSION OF POSSIBLE ACTION TO ISSUE A SHOW CAUSE ORDER DIRECTING THE FOLLOWING PERMITTEES, OR THEIR DESIGNATED REPRESENTATIVE TO APPEAR AT A SHOW CAUSE HEARING:

1) CWE Utilities – HUP057A/OP03-0015C
2) CWE Utilities (Garden West) – OP-14081801

Ms. Reiter discussed that an agreement with the permit holder is in progress and a suitable outcome is anticipated.

GENERAL MANAGER'S REPORT:

Ms. Samantha Reiter's communicated with the Board that November through March is a very busy time for District staff. Several duties are completed during this time frame such as collecting water use fees, collecting annual pumpage reports and working with any permittees that are in violation of the rules. In addition, this year's work included the reissuance of permits.

The next GMA 14 meeting is scheduled for January 20th. Ms. Reiter noted that there had been several Texas Water Conservation Association (TWCA) meetings that had recently occurred. Ms. Reiter and Ms. Reese are members of the Unreasonable DFC subcommittee, and Ms. Reese has been instrumental in promoting legislation. This subcommittee went to the Groundwater Committee for TWCA with one bill. Votes were cast for their subcommittee bill together with two other bills submitted by different subcommittees. Ms. Reiter cast neutral votes on the other two bills.

GENERAL COUNSEL'S REPORT:

Ms. Reese apprised the Board on SB 152 by Senator Perry and put forth by the Farm Bureau. This bill focuses on two concerns; giving a landowner the right to petition the GCD rules and requiring that a landowner notify neighbors of any proposed permit application.

Ms. Reese also noted two companion bills to SB152 filed by Representative Harris which are HB 666 and HB 668. The HB 668 has to do with establishing a 1-year deadline for a DFC.

NEW BUSINESS:

Ms. Reiter noted that the USGS annual presentation would be on next month's agenda.

ADJOURN:

There being no further business, Director Spigener motioned to adjourn the meeting and Director Bouché seconded. The meeting was adjourned at 8:18 PM.

PASSED, APPROVED, AND ADOPTED THIS 10th DAY OF JANUARY 2021.

Larry A. Rogers, Board Secretary

Exhibit "A"

December Board Meeting Zoom Panelists & Online Attendees

Panelists-
Jonathan Prykryl
Jennifer Thayer

Attendees:
John Yoars
Marilyn Hutton
James Beach
Simon Sequeira
Penny Bradshaw
William Dwyer
John Ellis
Tina Felkai
Matt Corley
Chris Meeks
Laura Norton
Dale Embry
832.248.6993

Exhibit "B"

LSGCD BOD PUBLIC COMMENTS

DEC. 8, 2020

My name is John Yoars, a resident of The Woodlands Texas. I want to address the Board of Directors on the following.

At the November GMA-14 meeting Stacy Reese, General Counsel for LSGCD made the following statement. "Balance: not all current and future demands can be met exclusively with groundwater, but all owners must be provided an opportunity for a fair share". I looked in the current LSGCD Approved District Rules for a definition of "Fair Share" and found none, nor was the word used anywhere in the rules document. If LSGCD is going to use this as a standard then it must be defined in the rules.

It has been repeated a number of times that LSGCD is a "Ground Water Conservation District" not a "Subsidence District". We do know however that the aquifers do not respect district boundaries. From the ground water withdrawal plan supported by LSGCD and the subsidence contours provided by LSGCD as well as those of GMA-14 we see that the impact of the water withdrawal plan extends into a "Subsidence District". As I understand it this is what GMA-14 is designed to arbitrate and see that everyone's interest is considered. The LSGCD's water plan has a significant subsidence impact on North Harris County, specifically Kingwood, even using questionably insufficient compactions factors for the Jasper Aquifer water table's planned reduction.

Knowing that Montgomery County does not currently need a MAG increase of over 150%, that the Jasper Aquifers compaction factors are understated, that the subsidence contour maps even now show nearly 3 feet of subsidence in Southern Montgomery County, and the LSGCD water plan has a significant impact on a subsidence district, the responsible action for this Board of Directors is to withdraw the "Run D" DFC proposal from consideration at the GMA-14 DFC planning work. Knowing the four factors above why should GMA-14 have to make this boards responsible decision for them?

Thank you.

Exhibit "C"

RESOLUTION NO. #20-010

RESOLUTION OF THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT TO EXTEND PERMIT TERMS

THE STATE OF TEXAS §
§
LONE STAR GROUNDWATER CONSERVATION DISTRICT §

WHEREAS, the Lone Star Groundwater Conservation District ("District") was created by the Texas Legislature through the enactment of House Bill 2362, Chapter 1321, Acts of the 77th Legislature, Regular Session, 2001 (the "Act"), pursuant to the authority of Article XVI, Section 59 of the Texas Constitution, as a groundwater conservation district operating under Chapter 36 of the Texas Water Code, Section 59, Article XVI of the Texas Constitution, and the Act;

WHEREAS, the Act and Chapter 36 of the Texas Water Code assign certain duties, rights, powers, privileges, authorities, and functions to the District;

WHEREAS, Section 36.101 of the Texas Water Code authorizes the District, after notice and hearing, to adopt and enforce rules to carry out the powers and duties provided by Chapter 36 of the Texas Water Code;

WHEREAS, following publication of notice and public hearing, the District's Board of Directors ("Board") adopted amended District Rules on September 8, 2020 effective September 8, 2020 ("Effective Date");

WHEREAS, District Rule 2.11 requires the District to reissue existing Historic Use Permits and Operating Permits as soon as practicable after the Effective Date using a process similar to what the District has used for annual renewals and shall issue such permits for a perpetual term;

WHEREAS, the existing Historic Use Permits and Operating Permits were issued under the previously adopted rules that included a one-year permit term and are set to expire on December 31, 2020;

WHEREAS, District staff have been working diligently to reissue existing permits for perpetual term along with all other permit requirements using a process similar to what the District has used for annual renewals but have not yet completed the process;

WHEREAS, to ensure all permits remain in effect and do not lapse, the Board hereby extends the terms of all 2020 permits to the earlier of sixty days (60 days or March 1, 2021) or until the permit is reissued for a perpetual term.

NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF THE LONE STAR GROUNDWATER CONSERVATION DISTRICT THAT:

1. The above recitals are true and correct;

2. The Board of Directors hereby extends the terms of all 2020 permits to the earlier of sixty days (60 days or March 1, 2021) or until the permit is reissued for a perpetual term; and

3. The District's Board, its officers, District staff, and legal counsel are further authorized to take any and all actions necessary to implement this Resolution.

AND IT IS SO ORDERED.

PASSED AND ADOPTED on this 8th day of December 2020.

LONE STAR GROUNDWATER CONSERVATION DISTRICT

By: _____
Board President

ATTEST:

_____
Board Secretary