

LONE STAR GROUNDWATER CONSERVATION DISTRICT

March 9, 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 March 9, 2021.

CALL TO ORDER:

President Hardman called to order the Public Hearing on Permit Applications at 6:03 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 Traylor 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. Sprint Montgomery County Landfill LP

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 120,000 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. Slater McEachern

Applicant is requesting registration of a new well and production authorization in the amount of 25,000 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. Alfred Limani

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 150,000 gallons for 2020 and 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.

4. Premier Shell Investments, LLC

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 100,000 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. 1314 Sawdust, LLC

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 100,000 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. 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 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.

7. WGB RV Park on the Lake LLC

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 1,000,000 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. Watercrest at Kingwood Phase II, LP

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 65,000 gallons for 2020 and 442,000 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. IMT Woodland Meadows

Applicant is requesting an amendment to an Operating Permit for an increase in production authorization in the amount of 3,700,000 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.

10. City of Conroe

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.

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

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

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


Larry A. Rogers, Board Secretary

LONE STAR GROUNDWATER CONSERVATION DISTRICT

March 9, 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 March 9, 2021.

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
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:

Doug Miller representing Southwest Montgomery County, thanked the board for the convenience of having its meetings in the evening so many in the public have an opportunity to attend. He encouraged the board to consider permanently moving the Executive Session to another part of the board agenda.

John Yoars, a resident of The Woodlands, submitted written comments to be included in the board minutes. *A copy of Yoars' comments is attached hereto as Exhibit "B".*

Laura Norton, South County resident, stated her concern about subsidence in her area. She contended that there is an apparent lack of concern about subsidence from the LSGCD board members.

Mark Unland publicly thanked Ms. Reiter for providing him certain requested information. He has concerns over subsidence and advised to include subsidence in the DFC criteria. He observed there is irreversible damage due to subsidence and urged the board to vote for the lowest level of pumping which can satisfy water needs and avoid subsidence.

Dr. Shelley Sekula-Gibbs serves on The Woodlands Township board. She encouraged the board to work with Houston Area Research Center (HARC) to study subsidence in Montgomery County and utilize their data. She urged the board to use subsidence as one of the 9 factors in developing a DFC and highlighted several areas as particularly susceptible to subsidence including Spring Creek, Rayford Rd., Hammond Rd, Hwy 59 and Hwy 99.

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 6:23 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. He recognized the newest member of the board, Janice Thigpen.

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 to approve as amended and seconded by Director Prykryl, the Board approved the meeting minutes as presented.

- a) February 9, 2021, Public Hearing on Permit Applications
- b) February 9, 2021, Regular Board of Directors Meeting

REVIEW OF UNAUDITED FINANCIALS FOR THE MONTH OF FEBRUARY 2021:

Ms. Samantha Reiter reported that for the month of February 2021, income was \$240,635 and expenses were \$92,870 resulting in a net income of \$147,764. Year-to-date net income is \$307,526. Total cash was \$2,665,618.

DISCUSSION, CONSIDERATION, AND POSSIBLE ACTION ON BOARD COMMITTEES AND APPOINTMENT OF COMMITTEE CHAIRS:

President Hardman discussed the need for all board members to participate in committees. He named the five committees with suggested members. The committee breakdown is as follows:

- Budget & Finance Committee – Directors Spigener (chair), Rogers and Thigpen
- Communications Committee – Directors Hardman (chair), Prykryl and Spigener
- DFC & Technical Committee – Directors Traylor (chair), Bouché and Rogers
- Legislative Committee – Directors Hardman (chair), Bouché and Traylor
- Rules, Bylaws & Policies Committee – Directors Rogers (chair), Prykryl and Thigpen

President Hardman emphasized that these committees serve to gather information and study subject matters in greater depth and not be decision makers.

DISCUSS, CONSIDER, AND TAKE ACTION AS NECESSARY ON A CONSULTING SERVICES AGREEMENT WITH A STRATEGIC COMMUNICATIONS FIRM AND DISCUSS, CONSIDER, AND TAKE ACTION AS NECESSARY ON AN AMENDMENT TO THE 2021 OPERATING AND CAPITAL OUTLAY BUDGET:

President Hardman tabled this item until next month.

RECEIVE LEGISLATIVE COMMITTEE REPORT:

President Hardman apprised the Board that he is in communication with Senator Creighton and Representative Metcalf regarding the Districts interests in two bills and was assured that the creation of each bills is progressing.

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 stated she and the consultants have reviewed the revision of the Phase 2 Scope, which noted considerations from the HARC report. Currently, the consultants are revising the scope and updating the Phase 2 timetable. Upon receipt of this revision, the scope of work will be reviewed by the DFC & Technical Committee. The last step will be board approval at the April meeting.

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.

Samantha Reiter summarized the February 24th meeting and guided the directors to their board packet for copies of all presentations given at the meeting. Ms. Reiter explained that she had requested additional time prior to taking a vote on any specific DFC, and the vote will take place at the next meeting on March 31st. She is currently in the process of scheduling several stakeholder meetings throughout Montgomery County to enable a dialogue between interested stakeholders and the District.

Director Bouché explained his remarks concerning The Woodlands and subsidence published on his FB page on February 12th and subsequently published in The Golden Hammer as strictly his own opinions and should not be construed as those reflecting the District's position regarding subsidence in The Woodlands. Those suggestions were a direct response to claims that groundwater production in The Woodlands was responsible for fault line instability and subsidence throughout Montgomery County. Director Bouche referenced Judge McCorkle's Final Judgement on Large Volume Groundwater User rules under the District's previous Regulatory Plan being ruled unlawful and void. He further explained that he felt a duty to give the residents of The Woodlands the information to allow citizens to make an informed decision via a referendum rather than having a government board dictating terms for them.

Director Spigener commended the Board's diligence in studying the science, the legal aspects and history of DFCs.

Ms. Reese reported the progress on two legal issues from the 2016 DFC petition. The petitioners are still waiting for the revision of the DFC.

One issue was the process by which the DFC was derived and its use of the common reservoir approach. This seems to be resolved as the other GMA 14 districts have embraced the common reservoir approach in establishing the DFC.

The second issue concerns the District's DFCs being representative of the balance between the highest practical level of water production and the other nine factors in establishing a DFC. This issue is yet to be resolved.

James Beach, LSGCD consultant, reiterated sentiments from Reiter and Reese in that there has been progress in addressing the issues of the petition. He advised that the stakeholders' input is critical in progressing through this round of DFC discussions.

GENERAL MANAGER'S REPORT:

Ms. Samantha Reiter's explained that the District was busy with re-issuing 2021 well permits, stakeholder meetings and work on the GMA 14 presentations surrounding the DFC discussions.

GENERAL COUNSEL'S REPORT:

Ms. Reese apprised the Board of Denbury's application for an injection well and the subsequent protest that Lone Star filed. The legislative session bill filing deadline is Friday, March 12th. It is her recommendation that the Legislative Committee reconvene to discuss the recent bills.

NEW BUSINESS:

No new business.

ADJOURN:

There being no further business, Director Rogers motioned to adjourn the meeting and Director Prykryl seconded. The meeting was adjourned at 7:21 PM.

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



Larry A. Rogers, Board Secretary

March 9, 2021 Board Meeting Zoom Online Attendees

Panelist:

James Beach

Attendees:

Laura Norton

Tina Felkai

Wade Oliver

Heather Ramsey-Cook

Lance Stahl

Dr. Shelley Sekula-Gibbs

Travis Walker

John Yoars

Neil Gaynor

Mark Unland

Susan Cochran

James Beach

Neil Gaynor

Simon Sequeira

281-217-8112

936-525-7567

832-257-9199

Betty Daugherty

ANALYSIS OF LSGCD's MANAGEMENT PLAN

FEBRUARY 26, 2021

I would like to offer my thoughts on the current state of where LSGCD Board of Directors are on a reasonable Groundwater Management Plan for Montgomery County. LSGCD has lost control of the narrative and is spending all its time defending actions and not promoting a plan that can shift the thought process.

Firstly, even though the "RUN D" option was prepared by the prior appointed Board of Directors when the elected Board of Directors decided to put it forward as their plan the elected board took ownership of the plan and all its so-called warts. You own it and quit blaming it on the prior board. One thing I am sure of is the appointed board would have easily recognized the issues the plan had for southeast Montgomery county and because they saw the need for surface water as a tool to manage MoCo's future water demand needs they would have extended the surface water delivery system into the area and reduced groundwater mumping and then controlled the excessive subsidence. The new elected board however decided not to appeal the judges LGWU (GRP) lawsuit which I believe would have been overturned and this effectively removed one of the tools the elected LSGCS board had to manage the current issue. Now you have to figure out how you are going to control southeast MoCo subsidence without surface water at least not from the SJRA.

Director Bouche's recent article clearly shown a misunderstanding of how the economics of the Surface Water Treatment Unit (SWTU) work and how aquifer flow is occurring. If The Woodlands switched to all surface water, as he proposes, because aquifer flow is predominately in a southerly direction any ground water saved would not move east where you need it but in about 1000 years show up in Harris County. Also ,do you realize The Woodlands pumps in one year less water from the Evangeline than North West Harris County Water Plant (NWHCWP) county pumps in 2 days. Also, the NWHCWP is directly south of Magnolia. Looking at water tables in Magnolia using your data base (Which by the way is very user unfriendly) shows no loss in water table in those wells. By the

fact that The Woodlands switched to a GW/SW blend and restored the water table and the Magnolia water table data indicated that NWHCWP is not depleting the Evangeline aquifer to the detriment of MoCo and is not the cause of subsidence in MoCo.

The financial health of the SWTU depends on the GRP revenue to pay off the unit debt. It cannot survive with all the debt coverage built into the cost of surface water. If you think the Texas Water development Board and the State of Texas are going to let the SWTU go into default you need better advice. That would make ever financing another SWTU in the state nearly impossible. The State cannot let that happen.

So now to my next point. Consultants tell you what you want to hear and they are not being asked the right questions. The recent HARC study report should create a great concern on this issue for you. HARC's credible panel debunked many of the statements the current consultants have made and you are using them as facts to support your positions. Use that as a basis to say you may have been led astray and fire them all. Starting over with a new consultant deck is the only way in the future you can get away from uselessly defending their work.

A crisis management group would tell you to change the narrative and get away from defending and trying to rewrite history. Create a plan that moves the thinking away from where it is today. Here is how:

1. For the near term quit worrying about the SJRA. Those issues do not impact LSGCD and separate them from your plan. Do not let others draw their issues into what you are trying to project for the MoCo management plan.
2. Acknowledge that 2-3 feet of subsidence in southeast MoCo is not acceptable. Do not keep replying that less than a 1 foot average is an acceptable target. No one can believe you think that! Controlling southeast MOCO subsidence makes the 1 foot average easily attainable.

3. MoCo has three completely different segments for ground water management.
 - a. Magnolia west. Doing fine
 - b. Central Conroe-Woodlands Corridor. They have surface water assets in ground. Can manage subsidence and well pumping's to control their future. Doing fine acknowledge progress.
 - c. East MoCo. Here is the problem child. Develop a plan that does the following.
 - i. Extend the SJRA surface water delivery system on east and cover the areas that RUN D show potential of 1-2 feet of subsidence.
 - ii. Work with Porter Special Utility District to bring East Fork San Jacinto River Water into their system and get the RUN D area of 3-3.75 feet off ground water.
 - iii. LSGCD will get great credit for being proactive here and receive credit for having a real plan. You can pump all the water you want but just having that alone as a plan is not a good thing. People are smarter than you are giving them credit for.
4. Accept any one of the three DFC's in front of GMA-14.
 - a. MAG is not an issue. You can permit all the wells you want. Nobody from the public is watching the monthly well approvals but me.
 - b. Less that one-foot average subsidence can easily be met by doing what I suggest above. 3.c.i.&ii.
 - c. You have already agreed to the 70% and 80% drawdown concept.
5. Start talking about what you are going to do and no longer defend irrelevant issues.

Thanks for reading!