

SOUTHERN MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT
SPECIAL BOARD OF DIRECTORS MEETING

Minutes of the Southern Montgomery County Municipal
Utility District Board of Directors Special Meeting held
on Wednesday, March 24, 2021 at 6:00 P.M.,
via video and telephone conference.

The Meeting of the Southern Montgomery County Municipal Utility District Board of Directors was held at the time and on the date stated above via video and telephone conference. Notice of the meeting had been given by notifying members and posting the Agenda at the Southern Montgomery County Municipal Utility District Office and on the District's website.

The President called the meeting to order at 6:00 p.m. The following members were in attendance and constituted a quorum:

Bruce Harrison	President
Terry Davis	Vice President
Patrick Joseph Atkinson	Secretary
Constance Kaylor	Treasurer
Greg Belanger	Director

Also present were: Kimberly Wright, the District's General Manager; Jorge Avila and Tim Gordy, the District's Operators; Ms. Donna Smith, the District's Administrative and Customer Service Manager; Ms. Amber Hurd, District Engineer; Lone Star Groundwater Conservation District ("Lone Star") directors Mr. John Bouché, Mr. Larry Rogers, and Mr. James Spigener; Ms. Stacey Reese, General Counsel for Lone Star; Ms. Samantha Reiter, General Manager for Lone Star; Mr. James Beach, Hydrologist for Lone Star; Ms. Jennifer Thayer, Assistant General Manager of Lone Star; and Lori G. Aylett, the District's Legal Counsel.

CALL TO ORDER:

Director Atkinson confirmed that the Certificate as to posting the notice of the meeting was executed. A copy of the Certificate is attached hereto and made a part hereof and to which reference is hereby made for all purposes (Attachment A).

INVOCATION:

Director Atkinson led the invocation.

PLEDGE OF ALLEGIANCE:

Director Davis led those present in the Pledge of Allegiance to the United States and to Texas.

COMMENTS FROM THE PUBLIC (ITEMS NOT INCLUDED ON THE AGENDA):

There were no public comments for the Board's consideration.

BREIFINGS AND PRESENTATIONS:

a) SMCMUD – Brief Overview of SMCMUD. The Board discussed the activities of the Lone Star Groundwater Conservation District. Samantha Reiter, General Manager of Lone Star, introduced the other Lone Star representatives present the meeting including Stacy Reese, General Counsel; James Beach, Hydrologist; and directors Larry Rogers, John Bouché, and James Spigener.

Kim Wright gave a brief presentation on the District, which serves 1,835 acres and a population of approximately 10,000. The District provides services to just over 1,300 homes, and 2,700 connections for apartments in nine different complexes. The District serves 450 commercial accounts. The District utilizes approximately 60% groundwater, with the remainder coming from the SJRA surface water line. The District has 24 miles of gravity sanitary sewer lines, 4,500 feet of force mains, six lift stations, five wells (two in the Evangeline, two in the Chico, and one in the Jasper) at three water plants, two elevated storage tanks, and three interconnections with other systems. The District maintains some drainage channels and a wastewater treatment plant. The District has a reclaimed water system, which provides irrigation to commercial and residential areas in portions of the District.

The District's capital improvement plan does not currently provide for any future well drilling. The District's wells are tested twice a year. Over a ten year period, data reflected that the District lost 136 feet

of well pump submergence, necessitating costly rehabilitation work on two different occasions. In 2009 and 2010, the District spent \$150,000 on well rehabilitation and 1.2 million to drill a well in the Jasper Aquifer in 2011. In 2015, the SJRA began the delivery of surface water, reducing well run time and stabilizing static water levels. In early 2020, Water Well No. 1 began producing sand, requiring the District to pull the pumping equipment and to perform a camera survey in April 2021 at a cost of approximately \$60,000.00. Further costs are anticipated to address the findings.

Ms. Wright also presented information about the various entities that regulate the activities of the District, including the EPA, TCEQ, and Montgomery County. The District is also required to adhere to City of Houston regulations, since the District is in its extraterritorial jurisdiction.

Kim Wright presented a list of the top ten taxpayers in the District and noted that the that the District has \$1 billion in assessed value. She briefly discussed the District's historical and current tax rates and statutory authority to levy and collect an annual ad valorem tax for improvements. Ms. Wright provided a list of various contracts to which the District is a party. She noted that the District continues to participate with the Regional Groundwater Science Partnership, and the District has agreed in principle to share the cost of placement of GPS stations in the District to measure ground subsidence. Ms. Wright concluded the presentation by stating that the District recognizes and embraces its duty to preserve the water resources of the state.

Samantha Reiter gave a corresponding presentation regarding the activities of the Lone Star Groundwater Conservation District. There are 100 groundwater conservation districts in the state, and they operate under Chapter 36 of the Water Code. The Groundwater Conservation District has a duty to protect property rights and manage and balance to the highest level of production and conservation. The district charges \$0.085 groundwater pumpage fee for water pumped from the Chico, Evangeline, Jasper aquifers and \$0.06 for water pumped from the Catahoula. In 2017, Lone Star became an elected board. New members were elected and immediately began to try to settle several ongoing lawsuits. Lone Star agreed in the major lawsuit settlement that the regulations adopted by the previous board were not reasonable.

Lone Star District permits wells capable of producing more than 25,000 gallons per day. Lone Star is a member of GMA-14, which is comprised of several groundwater conservation districts in the region. The GMA-14 participants must approve proposed desired future conditions (“DFCs”) of the aquifers by May 1, 2021, and final adoption of DFC's must be done by May of 2022. Lone Star is using the best available science to inform its management, and the directors from Lone Star who were present at the meeting stated that they were committed to collecting the necessary data to make informed decisions. Director Spigener stated that he was concerned that Lone Star was being asked to “do something” about subsidence in a nano second, and he did not want to gamble taxpayer money on property rights of the water owners.

Lone Star representatives asked the MUD Board about their particular concerns about the GMA-14 activities and desired future conditions. The MUD Board members noted that they were concerned about aquifer depletion, flooding, subsidence, and all related matters. The Lone Star board members noted that they had inherited many problems and lawsuits from the moment they were elected, but they were committed to the same goals as the MUD Board members. The participants agreed that this meeting was useful, productive, and informative, and that they should continue to have period discussions.

REGULAR AGENDA:

a) Discuss Follow Up Communication with GMA-14. The Board discussed its previous correspondence to GMA-14 and whether any revisions were necessary at this time in-light of the Lone Star presentation. The Board members noted the previous correspondence to GMA-14 should remain in place at this time. The Board noted that it would be important to continue meeting with Lone Star representatives to keep informed about these important matters.

ADJOURN:

There being no further business for the consideration of the Board, upon motion made by Director Kaylor, seconded by Director Davis, and unanimously carried, the meeting was adjourned at 7:58 p.m.

APPROVED this the 21st day of April, A.D., 2021.

SEAL:



B.H.
Bruce Harrison President

Patrick Joseph Atkinson
Patrick Joseph Atkinson Secretary