

SLR Property 1, LP



Sandow Lakes Ranch Permit Applications

1. Operating Permit to be used in conjunction with SLR's 15,000 af/yr Historic Use Permit No. 0330
2. Simsboro & Hooper Drilling and Operating Permit for 9,000 af/yr

SLR Property 1, LP



Who is Sandow Lakes Ranch Properties 1 LP (SLR)?

- A group of multiple equity investors

What are their plans for the future of the property?

- Under ongoing study and consideration

Background

- SLR acquired the Alcoa property in October 2021.
- SLR acquired the Luminant property in December 2022.
- SLR owns nearly 33,000 acres of land and water rights(surface and groundwater) in Milam and Lee Counties.
- Just over 25,000 of these acres are in Milam County and the Post Oak Savannah GCD.

Business Case

- SLR is developing long-term leases with new tenants on the property to revitalize and generate economic stimuli.
- SLR's objectives include significant long-term economic development within the property and nearby communities.
- SLR has an existing contract with a utility company (EPCOR) to allow for groundwater to be sent to Eastern Williamson County.
- SLR plans for all remaining groundwater resources to be utilized on site or within the POSGCD district.
- SLR is not requesting a transportation permit.

Application for a 15,000 af / yr Simsboro Operating Permit to be used in conjunction with SLR's 15,000 af / yr Historic Use Permit No. 0330

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- This application **does request a change of use and location**. The request is to allow location use anywhere in the district rather than just on the property, and other uses to include municipal, manufacturing, and commercial rather than just industrial.
- This application **does not request any increase** to already approved pumping of the Simsboro above SLR's existing 15,000 acre-feet per year Historic Use Permit No. 0330.
- The 56 existing wells that will produce the water are the same 56 wells that are currently authorized under the existing permit.
- No increase in either the authorized aggregate annual production or the rate of production from any well is requested.

Application for a 15,000 af / yr Simsboro Operating Permit to be used in conjunction with SLR's 15,000 af / yr Historic Use Permit No. 0330

Current Permitted State

15,000 ac / ft Historic Permit
Use: Industrial
Location: On SLR property only

Total permitted production:

15,000 ac / ft per year

Possible Future State

10,000 ac / ft Historic Permit
Use: Industrial
Location: On SLR property only

5,000 ac / ft New Operating Permit
Use: Industrial, Municipal, Commercial
Location: Anywhere in Milam or Burleson County

Total permitted production:

15,000 ac / ft per year



NO CHANGE

Application for a new 9,000 af / yr Simsboro Operating Permit

Application for a new 9,000 af / yr Simsboro Operating Permit

- This application requests the approval of pumping the Simsboro and Hooper aquifers for a maximum of 9,000 acre-feet per year.
- The location of use would be anywhere within the POSGCD District - Milam or Burleson counties.
- The purpose of use would be municipal, industrial, manufacturing, commercial.
- The ability to develop both the Simsboro or Hooper formations but not to exceed a total of 9,000 acre-feet.
- The water use for municipal, commercial and manufacturing.

- SLR has been made aware of potential questions from the Post Oak Savannah District staff as well as the general public.
- For the benefit of the Board and public participants SLR has prepared the following Q & A.

Question: Why did SLR publish a supplement to the District's published notice?

- District's published notice mistakenly stated that the Historic use permit ends—in fact, the permit **term** is through December 31, 2038.
- Per District Rule, the historic use permit, an operating permit, may be renewed by timely application for renewal.
- The information related to requesting a contested case hearing was misplaced in the notice, barely readable and incomplete.
- The existing SLR HU permit 0330 “confers only the right to use the Permit under the provisions of the Rules and according to the provisions of the terms of this Permit. The Permit terms may be modified or amended pursuant to the Rules.”

Question: What reasons does SLR have for where the wells are located on their property?

1. SLR's well locations meet the District's well spacing requirements.
2. These wells are in the deepest part of the aquifer that exist on SLR's property and further away from the recharge regions of the aquifer.
3. These well locations are the best locations as determined by hydrologic and geologic technical reviews.
4. These well locations complement the future development plans.

Question: What is the quality of groundwater from SLR's property?

Groundwater Quality Sampling & Analysis

In 2019 and in 2021 samples were collected from several Sandow Lakes Ranch permitted groundwater wells and analyzed by two independent laboratories. Review of the data by an independent third-party environmental engineering firm concluded (other than naturally occurring levels of iron and manganese):

“None of the wells yielded samples with constituent concentrations that exceeded federal or state drinking water standards”.



SLR Well Monitoring



Question: What assistance is there to the public if their wells are impacted?

- The POSGCD has a well assistance program.
- SLR permit No. 0148 has mitigation requirements for impact to wells that might apply.

Question: Will Simsboro Pumping Adversely Impact Trees in the Shallow Calvert Bluff?

No, historical experience at the Sandow Mine clearly indicated pumping from the Simsboro does not affect shallow Calvert Bluff water levels.

Today, there is ample evidence that wells constructed in the shallow Calvert Bluff typically have different water levels than wells constructed in the underlying Simsboro.

The shallow Calvert Bluff sands act as a separate aquifer system from the deeper Simsboro.

Question: Why does SLR seek 40-year terms for both permits?

1. The ultimate customer of the water will be seeking long-term bonds or financing for their respective water supply projects; 40-year terms allow for typical long-term financing of the required major water infrastructure without having to subsequently renew the permits; 30-year terms may be too short for the customers required financing structure.
2. 40-year terms generate confidence in the project by other governmental entities, water utilities, and the public general and financial institutions.
3. District rule number 7.1.9. provides for 40-year permit terms.
4. All of the above should result in lower financing costs for the infrastructure and result in lower cost to the ultimate customers / users.
5. The Post Oak Savannah District asked SLR to show 40-year drawdown in the modeling.

Question: How does SLR believe that this project will facilitate the economic development of surrounding counties?

- SLR sees this project as an enabler to creating new industrial, manufacturing, commercial and residential economic engines both in the immediate area.
- SLR has new interest for additional development opportunities associated with its Sandow Lakes Ranch properties.
- This project has the potential to stimulate economic vibrance beyond that formerly enjoyed by the region for decades.

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Rockdale's economy: where we started to present

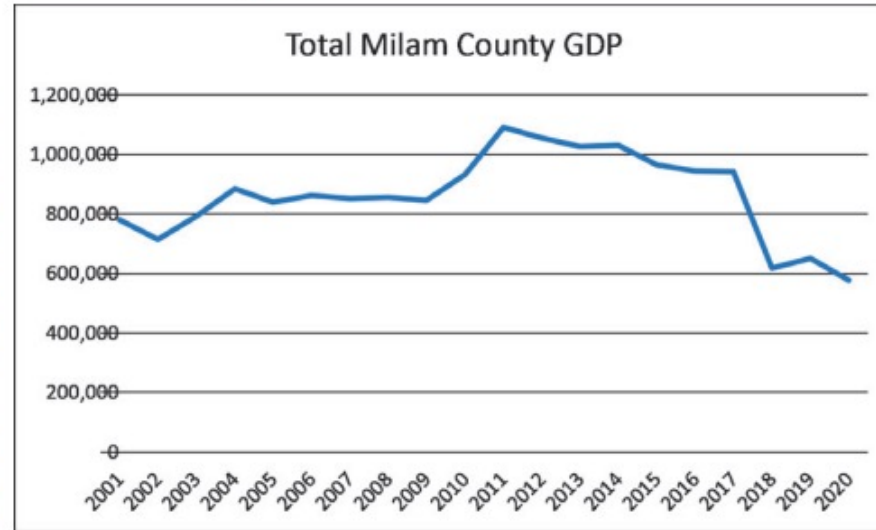
By JIM GIBSON

MDD Economic Development Director

Rockdale grew from a sleepy farming and railroad stop to a manufacturing town in the 1950's when Alcoa started. In the early 2000's, both Alcoa and the Luminant power plants shut down and the town has not been the same since. Some may call this a negative economic adjustment — you will soon see this was an economic trauma.

Please grab your Dec. 22, 2022, edition of *The Reporter* to read a republished article from Mike Brown who described the final Luminant plant closing trauma in graphic detail.

Economic growth theory states that an economy expands when there is more activity in “traded” industries such as manufacturing, agriculture, or mining, and “primary jobs” are created. These primary jobs create goods which are then sold outside the local market — in return, dollars are imported into the community. Imported dollars then get spun around in “local” industries such as restaurants, hair salons, and retail stores. As a result, the total economy



grows and can be prosperous.

The opposite happens when primary jobs are eliminated. There are less goods sold and fewer dollars imported. With less money circulating, the local industries suffer and some eventually close.

Economists measure an economy's size by Gross Domestic Product (GDP), the total amount of goods and services produced over a given period. The federal government publishes data on Milam County's GDP going

back to 2001. Therefore, we can measure the size of the local economy and see if it is expanding or contracting, and which sectors are changing.

You can see in the chart how GDP rose shortly after Alcoa's closure. (GDP does not always equate to job growth or loss.) From the bottom in 2020, Milam County's economy is half what it was from its peak around 2011.

Oddly, after Alcoa closed, it was the utilities industry that experienced

offsetting growth which allowed total GDP to rise to the 2011 peak.

The Milam County economy would need to grow by \$514 million to return to its 2011 peak. Particularly, manufacturing would need to grow by \$195 million and the utility industry would need to expand by \$319 million to return to how things were.

Now that we understand the extent of the economic trauma, we can start to discuss what can be done. Simply, the remedy is economic growth — particularly in the manufacturing sector. Or, differently put — Rockdale needs a new, modern manufacturing sector. The utility industry is unlikely to return as the Sandow Lakes power plants were coal fired. This places greater emphasis on diversifying the local economy not only with different employers, but with manufacturing businesses operating within different industries.

There are many reasons to expect that this can be achieved, but that will be for a different article.

Even though Rockdale was knocked down, this will be a great comeback story. We are going to do great things in Rockdale.

...the remedy is economic growth — particularly in the manufacturing section...Rockdale needs a new, modern manufacturing section.

THE FOLLOWING SLIDES WILL BE HIDDEN