

**BOARD OF DIRECTORS
SAN JACINTO RIVER AUTHORITY
MINUTES OF REGULAR MEETING
MAY 23, 2019**

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 8:00 a.m., May 23, 2019, at the San Jacinto River Authority General and Administration Building, a notice of said meeting was posted as required by law. President Lloyd Tisdale, Vice-President Ronnie Anderson, Treasurer Mark Micheletti, Secretary Kaaren Cambio, Assistant Secretary Ed Boulware, Board Members Brenda Cooper and Jim Alexander were present. General Manager Jace Houston, Deputy General Manager Ron Kelling, Director of Financial and Administrative Services Tom Michel, Director of Water Resources and Flood Management Chuck Gilman, Director of Communications and Public Affairs Heather Ramsey Cook, Woodlands Division Manager Chris Meeks, GRP Division Manager Mark Smith, Lake Conroe Division Manager Bret Raley, Highlands Division Manager Kimberly Wright, Administrative Services Manager Cynthia Bowman, General Counsel Mitchell Page, and Financial Advisor Jan Bartholomew were in attendance.

1. CALL TO ORDER

The meeting was called to order at 8:05 a.m.

2. PLEDGES OF ALLEGIANCE

The Pledges of Allegiance were led by Mr. Alexander.

3. PUBLIC COMMENTS

Mr. Dan Krueger of Houston spoke in regards to the Lake Conroe seasonal lake lowering strategy.

4. DIVISION UPDATES

a. G & A:

Mr. Houston provided an update related to the legislative session and reported on the recent rainfall event.

b. G & A:

Ms. Cook reported numerous media coverage during the recent rainfall event as well as social media statistics. Communications Manager Michelle Simpson reported on the launch of the new website and provided an overview of same.

c. G & A:

Mr. Michel provided an overview of the budget development process, monthly financials, and the Sunset Review Commission documentation process.

d. Woodlands:

No update was provided by the Woodlands Division.

e. GRP:

Mr. Smith provided information located in the GRP Monthly Operations Report and provided an overview of the GRP financials. He stated that staff has had a series of meetings with GRP participants related to Lone Star Groundwater Conservation District's rule changes.

f. Lake Conroe:

Mr. Raley extended kudos to the Lake Conroe Operations staff and SCADA staff regarding the Conrail system. He provided updates related to the Lake Conroe dam crest repairs, Lake Conroe office rehabilitation, and the relief well projects.

g. Highlands:

Ms. Wright reported on recent improvements to data collection processes and their impact on division operations.

h. Flood Management:

Mr. Gilman presented data comparing lake level to rainfall at Lake Conroe dam during the recent rainfall event.

5. CONSENT AGENDA

Mr. Anderson made a motion to approve the consent agenda as recommended. The motion was seconded by Mr. Micheletti and carried unanimously.

a. Approval of Minutes

Approve minutes of Regular Meeting of April 25, 2019.

b. Unaudited Financials for the Month of April, 2019

Approve the unaudited financials for the month of April, 2019.

c. Resolution Amending Employee Handbook

Adoption of Resolution No. 2019-R-06, attached hereto as Exhibit A, amending the San Jacinto River Authority Employee Handbook.

d. Lake Conroe Surplus Property

Declare to be surplus and authorize the disposal by sale of a 0.610 acre tract of real property located in the William C. Clark Survey, A-6, near Montgomery, Texas, and authorize the General Manager to execute all necessary documents to complete the transaction.

6. REGULAR AGENDA

a. G&A

1. San Jacinto River Authority Strategic Plan

Ms. Cambio made a motion to adopt the San Jacinto River Authority Strategic Plan. The motion was seconded by Mr. Boulware and carried unanimously.

b. RAW WATER ENTERPRISE

1. Potential Refunding of Raw Water Enterprise Revenue Bonds

Ms. Bartholomew presented information regarding the potential refunding of three San Jacinto River Authority Raw Water Enterprise Revenue Bonds. She explained that the bonds would be sold in the open market and proceeds from the sale would be used to pay off the three existing bonds at a lower rate. Ms. Bartholomew estimated savings of more than 7%, equating to roughly \$140,000 average annual savings.

7. BRIEFINGS AND PRESENTATIONS

a. Presentation regarding General and Administration 10-Year Project Plan

Mr. Sina Arjmand, Technical Services Engineer, presented an overview of the General and Administration (G&A) 10-Year Project Plan. He provided information for each project and detailed funding sources for each. Mr. Arjmand summarized that the total cost of all G&A projects through Fiscal Year 2029 is \$1,211,000.

b. Presentation on the Annual Field Investigations for the Highlands Division

Ms. Wright and Mr. Hilderbrandt presented information related to the Highlands Division annual field investigations. Ms. Wright explained that the purpose of this exercise is to document the condition of the Highlands Canal System infrastructure using consistent reporting methods; to develop, maintain, and improve the Highlands GIS viewer; to assist in project planning and budgeting; to incorporate additional data into the Highlands Division's formal Division Asset Management Plan; and to ensure a reliable system to meet customers' demand quantities. Mr. Hilderbrandt provided an overview of the evaluation methods and utilization of GIS, field investigation data sets, and utilization of the GIS Viewer and Mapbooks, which are all used in compiling the Highlands Canal Intrusion Report and the Highlands Structures Survey Report. Ms. Wright summarized that the field investigations assist with planning and budgeting, and incorporate efforts into a formalized Highlands Division Asset Management Plan.

c. Receive presentation regarding proposed GRP Fiscal Year 2020 Budget and Rate Order Amendment

Angie Flores of Raftelis presented an overview of the rate study's scope of work, which included benchmarking and best practices, risk assessment and reserve analysis, rate differential review, a rate development model, and rate recommendations. Ms. Flores explained the proposed reserve structure and criteria that was recommended by the GRP Review Committee on February 25, 2019, which included Operating and Rate Stabilization Reserve (3 months of annual Operations and Maintenance budget in the amount of \$4,600,000), Emergency Reserve (approximate cost of water line break repair costs in the amount of \$2,000,000), and Repair and Replacement Reserve (based

on a 10-year R&R Plan in the amount of \$3,400,000). Ms. Flores went on to explain the methodology used for funding reserves and provided a brief overview of the initial recommendations to fund said reserves over a five-year period. She stated the proposed rate differential between groundwater fees and surface water fees is \$0.42/1,000 gallons and cited factors such as updated actual cost data from GRP participants who receive surface water and pump groundwater for a blend provided to their retail customers, and the elimination of cost to address alkalinity in wastewater treatment process due to lower percentage of surface water in raw wastewater, as justification for the rate differential adjustment. Mr. Matt Corley, GRP Compliance and Administrative Manager, provided an overview of impactful changes to various aspects of the GRP Division. Mr. Corley reported that currently, the total uncollected revenue from Fiscal Year 2017 through April, 2019, is \$3,074,387, and projected uncollected revenue for Fiscal Year 2020 in the amount of \$1,726,605. He announced the proposed groundwater pumpage fee and treated surface water fee for Fiscal Year 2020 is \$2.73/1,000 gallons and \$3.15/1,000 gallons, respectively, and went on to provide regional data, further demonstrating the proposed Fiscal Year 2020 rates are comparable to other Authority rates.

8. EXECUTIVE SESSION

The Board of Directors did not convene in Executive Session.

9. RECONVENE IN OPEN SESSION FOR ACTION FOLLOWING EXECUTIVE SESSION

Because the Board did not convene in Executive Session, there was no action.

10. ANNOUNCEMENTS / FUTURE AGENDA

Mr. Tisdale announced that the next San Jacinto River Authority Board Meeting will take place on June 27, 2019.

11. ADJOURN

Without objection, the meeting was adjourned at 10:53 a.m.


Kaaren Cambio
Secretary, Board of Directors



Exhibit A

RESOLUTION NO. 2019-R-06

A RESOLUTION AMENDING THE SAN JACINTO RIVER AUTHORITY EMPLOYEE HANDBOOK ADOPTED APRIL 27, 2017, BY REPLACING SECTION 11.0, "PAY PRACTICES", SUBSECTION 11.8, "LICENSE PREMIUMS", WITH SECTION 11.0, "PAY PRACTICES", SUBSECTION 11.8, "LICENSES AND CERTIFICATIONS" AND AUTHORIZING THE GENERAL MANAGER TO FACILITATE SUCH CHANGE.

WHEREAS, the Board of Directors updated and adopted the San Jacinto River Authority Employee Handbook on April 27, 2017; and

WHEREAS, the Board has determined the need to replace Section 11.0, "Pay Practices", Subsection 11.8, "License Premiums" and replace with Section 11.0, "Pay Practices", Subsection 11.8, "License and Certifications" by revising the requirements for licenses and certifications.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN JACINTO RIVER AUTHORITY THAT:

Section 1: Section 11.0, "Pay Practices", Subsection 11.8, "Licenses and Certifications" of the San Jacinto River Authority Employee Handbook is hereby amended and restated in its entirety to read as set forth on "Exhibit A" attached hereto.

Section 2: The San Jacinto River Authority Employee Handbook, as amended hereby, is ratified and affirmed and shall remain in force and effect until modified by further action of the Board of Directors.

Section 3: This Resolution shall be effective from and after its adoption and shall remain in force and effect until modified by further action of the Board of Directors. Any similar resolution heretofore adopted by the Board of Directors shall be and is hereby repealed, revoked and rescinded.

APPROVED AND ADOPTED by the Board of Directors of the San Jacinto River Authority, on this 23rd day of May, 2019.

ATTEST:



Kaaren Cambio
Secretary, Board of Directors

SAN JACINTO RIVER AUTHORITY



Lloyd B. Tisdale
President, Board of Directors



Exhibit "A"

Section 11.0 Pay Practices, Sub-section 11.8 Licenses and Certifications

Effective June 1, 2019, employees whose jobs require certain licenses or certifications are responsible for maintaining those license including taking responsibility to ensure that any training requirements are met. Managers and the Human Resource Department are responsible for tracking and ensuring that the licenses and certifications are maintained. To facilitate those activities, employees are required to upload licenses and certifications to the designated human resource information system in a timely manner. Managers are required to routinely monitor their employee's required licenses. The Human Resource Department will perform an annual audit of licenses. The findings will be reported to Managers and the appropriate Senior Manager. Employees who allow required licenses or certifications to expire may be subject to disciplinary action up to and including demotion or termination. Employees who allow non-required licenses or certifications to expire may be subject to a reduction in pay corresponding to any positive adjustment in pay received for attaining that license or certification.

Employees who would like to pursue an optional license or certification not required of their current job must request approval by completing the prescribed form provided for this activity. Employees may contact their manager or Human Resource staff for direction to the appropriate form.

The list of additional licenses, determined to be beneficial to the Authority and eligible for a certain pay adjustment will be maintained by the Human Resource Department, recommended by the Senior Management Team and approved by the General Manager. Managers may request changes and/or additional licenses or certifications be added to that list by contacting the Human Resource Manager who will initiate the review of that request with the Senior Management Team and approval by the General Manager if recommended.

Proposed New Policy

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