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## **SJRA WINS MAJOR RULING BY TEXAS SUPREME COURT**

Conroe, Texas—The Texas Supreme Court today ruled in favor of the San Jacinto River Authority (SJRA) in its longstanding dispute with the City of Conroe over the validity of existing Groundwater Reduction Plan (GRP) contracts.

In its ruling, the Court unanimously agreed that SJRA was entitled to file a lawsuit in Travis County and use an expedited process to have its GRP contracts declared valid. The Court also recognized current state law makes those contracts “‘incontestable’ and ‘valid, binding and enforceable according to [their] terms.’”

The Texas Supreme Court’s decision fast-tracks the resolution of a dispute that began in 2016 when Conroe and Magnolia claimed the GRP contracts were not valid and refused to pay current wholesale water rates—a term of the GRP contract—to the detriment of the more than 80 participants in the GRP program. The cities’ decision left the other GRP participants—including area cities, municipal utility districts, and ultimately citizens—to make up the shortfall. The Supreme Court ruling also helps protect the underlying Texas public bonds that were used to finance the \$500 million GRP Water Treatment Plant at Lake Conroe and pipeline system throughout Montgomery County.

“We are very pleased with the Supreme Court’s opinion,” said SJRA General Manager Jace Houston. “When 80-plus utilities join together to implement a regional project, it’s critical that everyone participates as agreed to in the contract. Every participant must fulfill its contract obligations, otherwise it puts at risk the entire legal apparatus protecting Texas public bonds for regional projects. With this decision, the Supreme Court supports public entities who step up to the plate to provide regional large-scale water and infrastructure solutions.”

The case before the Texas Supreme Court came after Conroe and Magnolia appealed a previous decision by the Austin Third Court of Appeals that determined SJRA was entitled to an expedited action declaring the validity of its GRP contracts and rates.

To address Conroe’s refusal to pay the GRP water rates, SJRA and Conroe will have to head back to a trial court in Montgomery County on the rate issue. “According to the Supreme Court’s ruling, the portion of the case related to water rates cannot be considered under the expedited time table,” said Houston. “If Conroe and Magnolia insist on not paying the rates owed under the GRP contract, that will have to go forward in a separate case, which will take longer and be more costly for all SJRA GRP Participants in Montgomery County.”

Background:

In 2010, more than 80 public and private water utilities in Montgomery County entered into a contract with SJRA to implement a joint, countywide Groundwater Reduction Plan in direct response to requirements set by Lone Star Groundwater Conservation District (LSGCD) to conserve groundwater supply. The contract specified that SJRA would deliver treated surface water from Lake Conroe to supplement existing aquifer supplies and meet growing demands. The GRP contracts also included provisions for periodic rate increases, which would be reviewed and approved by a committee comprised of GRP Participants prior to adoption by SJRA's board of directors.

The cities' refusal to pay the full amount due has forced other GRP Participants to make up over \$3.5 million in unpaid rates.

One of the major river authorities in Texas, SJRA's mission is to develop, conserve, and protect the water resources of the San Jacinto River basin. Covering all or part of seven counties, the organization's jurisdiction includes the entire San Jacinto River watershed, excluding Harris County. For additional information on SJRA visit our website at [www.sjra.net](http://www.sjra.net), like SJRA on Facebook [@SanJacintoRiverAuthority](https://www.facebook.com/SanJacintoRiverAuthority), or follow us on Twitter [@SJRA\\_1937](https://twitter.com/SJRA_1937), or find us on Instagram [@SanJacintoRiverAuthoritySJRA](https://www.instagram.com/SanJacintoRiverAuthoritySJRA).

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