

**BOARD OF DIRECTORS
SAN JACINTO RIVER AUTHORITY
MINUTES OF REGULAR MEETING
APRIL 23, 2020**

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 8:00 a.m., April 23, 2020, at the San Jacinto River Authority General and Administration Building, a notice of said meeting was posted as required by law. Pursuant to Texas Government Code, Section 551.125, as amended, and as modified by the temporary suspension of various provisions thereof effective March 16, 2020, by the Governor of Texas in accordance with the Texas Disaster Act of 1975, all as related to the Governor's proclamation on March 13, 2020, certifying that the COVID-19 pandemic poses an imminent threat of disaster and declaring a state of disaster for all counties in Texas, the San Jacinto River Authority Board of Directors meeting was held via publicly accessible webinar/telephone conference. A roll call of the Board of Directors was taken and President Lloyd Tisdale, Vice-President Ronnie Anderson, Treasurer Mark Micheletti, Secretary Kaaren Cambio, and Board Member Jim Alexander participated remotely via webinar. Assistant Secretary Ed Boulware participated in person, and Board Member Brenda Cooper was absent. Jace Houston, General Manager; Ron Kelling, Deputy General Manager; Tom Michel, Director of Financial and Administrative Services; Chuck Gilman, Director of Water Resources and Flood Management; Cynthia Bowman, Administrative Services Manager; Belinda Raindl, Risk Manager; Aaron Schindewolf, Woodlands Division Engineer; and Matt Corley, GRP Customer Service and Compliance Manager participated in person; while Heather Ramsey-Cook, Director of Communications, and Mitchell Page, General Counsel, participated remotely via webinar.

1. CALL TO ORDER

The meeting was called to order at 8:10 a.m.

2. PUBLIC COMMENTS

Mr. Dan Krueger spoke about good governance related to Pledges of Allegiance and Prayer during public meetings.

3. DIVISION UPDATES

G & A:

- a. Mr. Houston announced the passing of San Jacinto River Authority employees: Steve Fenney, Manager of Construction and Constructability, and Eric Chatham, Technical Services Inspector. Mr. Gilman provided an update related to the seasonal lowering of Lake Conroe.

b. G & A:

Ms. Cook provided no comment related to Communications and Public Affairs.

c. G & A:

Mr. Michel provided no comment related to Finance and Administration.

d. Woodlands:

Mr. Meeks provided no update related to the Woodlands Division.

e. GRP:

Mr. Meeks provided no update related to the GRP Division.

f. Lake Conroe:

Mr. Raley provided no update related to the Lake Conroe Division.

g. Highlands:

Mr. Gilman provided no update related to the Highlands Division.

h. Flood Management:

Mr. Gilman provided an update related to the San Jacinto Regional Watershed Master Drainage Plan.

4. CONSENT AGENDA

Mr. Anderson made a motion to approve the Consent Agenda, as recommended. The motion was seconded by Mr. Micheletti and carried unanimously, following a roll call of the Board of Directors.

a. Minutes

Approve Special Meeting of January 21, 2020, Regular Meeting of January 23, 2020, Special Meeting of February 20, 2020, and Regular Meeting of March 26, 2020.

b. Unaudited Financials for the Month of March, 2020

Approve the unaudited financials for the month of March, 2020.

5. REGULAR AGENDA

a. WOODLANDS

1. Professional Services Agreement and Work Order No. 1 for Engineering and Design Services for Wastewater Treatment Facility No. 2 Digester Nos. 1, 2 and 3 Rehabilitation

Mr. Kelling provided information related to the Wastewater Treatment Facility No. 2 Digester Nos. 1, 2, and 3 Rehabilitation. He stated that this project was presented to The Woodlands Trustees and was approved by same. Mr. Anderson made a motion to authorize the General Manager to execute a professional services agreement and Work Order No. 1 with Garver, LLC, in an amount not to exceed \$199,620, for engineering and design services for Wastewater Treatment Facility No. 2 Digester Nos. 1, 2, and 3 Rehabilitation in The Woodlands. The motion was seconded by Mr. Micheletti and carried unanimously, following a roll call of the Board of Directors.

2. Resolution Amending Fiscal Year 2020 Operating and Repair and Replacement Budgets for the Woodlands Division

Mr. Kelling explained that at the end of each fiscal year, The Woodlands Municipal Utility Districts (MUDs) require a review and evaluation of excess funds that exist. He stated that excess funds in the amount of \$644,423 were identified at the close of FY2019 and were accumulated from reduced salaries and wages due to unfilled positions, as well as electrical expenses being less than budgeted as a result of reduced demands. He stated that it was requested by the MUDs that the \$644,423 of excess funds be transferred to the Woodlands Division O&M Budget for the preparation of plans and specifications to replace a gravity sewer main. He stated that The Woodlands Water Trustees approved the use of these funds on March 11, 2020. Further, Mr. Kelling explained that \$230,000 of unallocated funds in the Repair and Replacement Fund was requested to be utilized to begin design and construction as part of the Waste Water Treatment Facility No. 2 Digester Rehabilitation Project. Mr. Alexander made a motion to adopt Resolution No. 2020-R-05 of the Board of Directors of the San Jacinto River Authority amending the Fiscal Year 2020 Operating and Repair and Replacement Budgets for the Woodlands Division. The motion was seconded by Mr. Micheletti and carried unanimously following a roll call of the Board of Directors.

6. BRIEFINGS AND PRESENTATIONS

a. Update regarding various activities related to America's Water and Infrastructure Act (AWIA)

Belinda Raindl, Risk Manager, provided an overview of the various activities related to America's Water and Infrastructure Act ("AWIA"). She stated that the Act applies to all community water systems serving more than 3,000 people, which must conduct Risk and Resiliency Assessments (RRA) and update and/or create Emergency Response Plans (ERP). She provided an overview of the goals and objectives completed to date and provided a timeline for the project's federally mandated completion date.

b. Receive presentation regarding the Woodlands Division 10-Year Project Plan

Woodlands Division Engineer Aaron Schindewolf presented an overview of the Woodlands Division 10-Year Project Plan. He provided information for each project scheduled for Fiscal Year 2021, detailing the funding source for same. Mr. Schindewolf summarized that the total cost of all Woodlands Division projects through Fiscal Year 2030 is \$187,589,577.

c. Receive presentation regarding GRP Division 10-Year Project Plan and Fiscal Year 2021 Operating Budget

Matt Corley, Utility Enterprise Customer Service and Compliance Manager, presented an overview of the GRP 10-Year Project Plan. He provided information for each project and summarized that the total cost of all GRP Division projects through Fiscal Year 2030 is \$3,868,000.

Mr. Kelling presented information related to the proposed Fiscal Year 2021 GRP Division operating budget and rates. He provided an overview of various events impacting the development of same, particularly, the effects of the Lone Star Groundwater Conservation District's revised Groundwater Management Plan and legal fees associated with litigation. Mr. Kelling reviewed the proposed Fiscal Year 2021 budget based on the assumption of a total annual average demand of 53.5 MGD and an annual average surface water production of 15 MGD. Mr. Kelling went on to

discuss issues related to the short-pay by the Cities of Conroe (“Conroe”) and Magnolia (“Magnolia”) and legal fees and judgments associated with the Quadvest/Conroe/Magnolia, etc., rate case; the Quadvest Federal Antitrust case; the Lone Star Groundwater Conservation District’s DFC’s/GMP/Rules; and the W2A and W2B water line leak cases. He provided actual arrears for the City of Conroe and the City of Magnolia through March 31, 2020, totaling \$4,776,921 and \$252,397, respectively, and projected arrears in the amounts of \$5,663,093 and \$295,858, respectively, through August 31, 2020. Mr. Kelling provided several scenarios resulting in various possibilities for rates in Fiscal Year 2021. Mr. Kelling concluded that the GRP Review Committee members will review all the data provided with their constituents and provide input at the May 26, 2020, meeting to develop GRP groundwater and surface water rates.

7. EXECUTIVE SESSION

The meeting was convened in executive session at 10:12 a.m., under the following provisions:

- a. Discussion regarding items identified elsewhere on the agenda pursuant to Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Real Property), 551.073 (Prospective Gifts), 551.074 (Personnel Matters), or 551.076 (Security Devices), as applicable.
- b. Consultations with attorney, pursuant to Texas Government Code, Section 551.071 regarding:
 - 1. Litigation related to Hurricane Harvey;
 - 2. Litigation related to GRP water line breaks (Line Segments W2A and W2B); and
 - 3. Expedited Declaratory Judgement Act litigation and other litigation related to GRP.

8. RECONVENE IN OPEN SESSION

The meeting was called into open session at 11:28 a.m. No action was taken regarding the items discussed in executive session.

9. ANNOUNCEMENTS / FUTURE AGENDA

Mr. Tisdale announced that the next San Jacinto River Authority Board Meeting will take place on May 28, 2020.

10. ADJOURN

Mr. Boulware made a motion to adjourn the meeting. Mr. Micheletti seconded the motion, and with no objection, the meeting was adjourned at 11:29 a.m.



for 
 Kaaren Cambio
 Secretary, Board of Directors