



## GRP REVIEW COMMITTEE MINUTES OF REGULAR MEETING

September 21, 2020

The San Jacinto River Authority (SJRA) GRP Review Committee meeting was held at 11:30 a.m., September 21, 2020 at the San Jacinto River Authority GRP Division Operations Building located at 11998 Pine Valley Drive, Conroe, Texas 77304 and via telephone conference call/webinar. Notice of said meeting was duly posted per GRP Contract requirements.

### The following Review Committee Members participated:

<u>Present:</u>	<u>GRP Review Committee:</u>	<u>Representing:</u>
Jackie Chance		MUDs West of I-45
Kerry Masson	Vice-Chair	MUDs East of I-45
Joe Sherwin		Cities other than City of Conroe
<u>Absent:</u>		
Duke Coon		City of Conroe
Mike Mooney	Chair	Woodlands Water
Melanie White		Other Well Owners

### Also participated:

<u>Name:</u>	<u>Title:</u>
Matt Corley	SJRA GRP Administrator
Ron Kelling, P.E.	SJRA Deputy General Manager
Mitchell Page	Schwartz, Page & Harding, L.L.P., SJRA General Counsel
Mark Smith	SJRA GRP Division Manager

### 1. CALL TO ORDER

The Vice-Chair then called the meeting to order at 11:34 a.m.

### 2. PUBLIC COMMENTS

There were no public comments.

### 3. APPROVAL OF MINUTES

Mr. Masson indicated that the minutes of the GRP Review Committee meeting held on August 24, 2020, were before the Committee for consideration. Motion was made by Mr. Chance and seconded by Mr. Sherwin to approve the minutes as drafted. The motion passed unanimously.

**4. RECOGNITION AND APPRECIATION OF MARK SMITH’S CONTRIBUTIONS TO THE SJRA UPON HIS RETIREMENT**

Mr. Ron Kelling, P.E. recognized Mr. Smith for his 10-year work anniversary which will occur on October 1, 2020; Mr. Smith will also be retiring on October 1, 2020.

Mr. Kelling expressed, on behalf of SJRA, his appreciation of all of Mr. Smith’s hard work and dedication within the GRP Division. Mr. Smith addressed the Review Committee, stating his appreciation of everything he has learned while at SJRA and for his interactions with all. In return, the Review Committee members who were in attendance and other attendees shared common sentiments for Mr. Smith.

**5. GRP DIVISION UPDATES**

Mr. Matt Corley gave the GRP Division’s Financial Update. Mr. Corley stated financials for August 2020 were not available due to year end. Mr. Corley reported that the Operating Fund balance at the end of August 31, 2020 was \$3,218,505 which is 2.16 months of the budgeted operating funds. The Bond Interest/Principal Payment is due October 1, 2020.

Mr. Kelling shared that the funds from W2A & B line break settlement have been received by the mediator. These funds should be remitted to SJRA by Friday, September 25, 2020.

Mr. Kelling provided a presentation to review the upcoming steps required to preserve future surface water supplies needed for Montgomery County’s long-term growth. According to the Texas Water Development Board and Region H Planning Group, Montgomery County’s total water demand projections for 2030 and 2070 140,760 and 286,183 respectively.

Mr. Kelling reviewed Desired Future Conditions (DFC) considered by GMA 14 water supplies needed to satisfy future Montgomery County demand. There are three DFCs scenarios that are being considered by GMA 14. The pumping amounts for Montgomery County that are related to those three DFCs are 97, 012 ac-ft, 61,537 ac-ft, and 115,673 ac-ft. The next meeting is on November 16. They will vote on a DFC for the region no later than May of 2021.

The GRP Division will have two options available to satisfy the future demands.

1. Preserving City of Houston’s (COH) 2/3 supply in Lake Conroe. SJRA must pay COH an annual reservation fee to retain this supply. Mr. Kelling noted that at the beginning this year, Entergy is paying to use a small portion of the COH water and is therefore reimbursing the GRP for water reserved/used.
2. Preserving Trinity River Authority’s (TRA) supply in Lake Livingston. SJRA must pay an annual option fee of approximately \$250,000. Mr. Kelling discussed additional costs to reserve and purchase such water, and costs to transfer some to Lake Conroe.

Mr. Kelling then recapped Fiscal Year 2020 discussions and actions, as follows:

- February 24 - GRP Review Committee recommended retaining annual COH Reservation Fee in FY 2021 budget.
- June 22 - GRP Review Committee recommended GRP Division FY 2021 budget and rate that included COH Reservation Fee.
- August 27 - SJRA Board approved GRP Division FY 2021 budget that included COH reservation fee.

**San Jacinto River Authority – GRP Division**  
**September 21, 2020 Minutes**

The then noted future deadlines:

- November 1, 2020 Written notice to COH regarding Notice Quantity in CY 2021.
- November 1, 2020 – Pay annual TRA Option Fee.
- December 3, 2020 Amendment to GRP FY 2021 Budget (sale of water to Entergy).
- February 1, 2021 – Pay COH Reservation Fee for CY 2021.
- December 31, 2021 Execute TRA Service Area Agreement.

Next Mr. Kelling shared GRP staff’s observations:

- ...at some point in the future, surface water in Lake Conroe owned by COH and surface water in Lake Livingston owned by TRA WILL BE REQUIRED to support the growth and economic viability of Montgomery County.
- GRP Participants represent 80% of Montgomery County water demand and are the ONLY AVAILABLE source of revenue for SJRA to pay the annual COH reservation fee.
- If the TRA option fees and the COH reservation fees are not paid, the COH will regain full control of its available surface water in Lake Conroe and the COH will likely purchase the 50,000 ac-ft of supply in Lake Livingston.

The bottom line is there has to be willingness by all involved to continue to reserve the surface water supplies necessary for Montgomery County’s long-term growth. Mr. Kelling concluded the bottom line with “the partnership among the 80 utilities in the GRP is the only mechanism available to reserve these future supplies.”

Planned actions by GRP staff are to provide written “Notice” to COH to reserve 66,667 ac-ft of their water in Lake Conroe for CY2021 and pay the corresponding fee, pay full option fee to TRA prior to November 1<sup>st</sup>, and begin the Service Area Agreement regarding the 50,000 ac-ft per year of “optioned” water with the TRA.

**6. UPDATE ON LSGCD NEWLEY ADOPTED RULES**  
**GUEST SPEAKER – SAMANTHA REITER**

Samantha Reiter, General Manager at LSGCD, was unable to attend in person but joined by phone. She shared highlights from the LSGCD newly adopted rules. A copy of the approved District Rules, a summary of the amendments and Frequently Asked Questions on the new rules can be found on the District’s Management & Rules page. For more information on the Lone Star Groundwater Conservation District, please visit [www.LoneStarGCD.org](http://www.LoneStarGCD.org)

**7. GROUNDWATER MANAGEMENT AREA (GMA) 14 UPDATE**

In July of this year, 2020, SJRA presented information to LSGCD and Harris Galveston Subsidence District and other members of GMA 14. Some analysis were what happens to production capacity when you have dropping aquifer levels on wells. SJRA noted concerns regarding the financial impacts.

A meeting to be held on November 16, 2021 to discuss property rights.

In January 2021, GMA 14 is going to meet to take up any other factors that need to be considered by that group.

**San Jacinto River Authority – GRP Division  
September 21, 2020 Minutes**

In February to May 2021 timeframe, that group will analyze and decide all those different factors and which DFC they will recommend for the region. That decision will come back to the individual groundwater conservation districts. Public Hearings will be held for them to vote on. The final decision must be before January 1, 2022.

**8. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS ON SEPTEMBER 24, 2020**

None.

**9. DISCUSSION REGARDING FUTURE AGENDA ITEMS**

November 30, 2020 There will be an adjustment to the budget regarding Entergy payment (no impact to GRP).

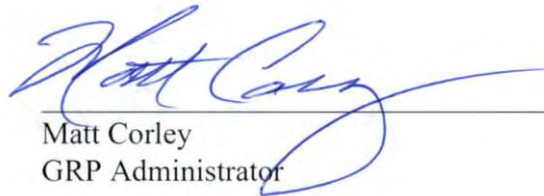
**10. FUTURE MEETING SCHEDULE**

- a. ~~October 19, 2020~~ (cancelled, confirmed with all Review Committee Members)
- b. November 30, 2020 (please note that this meeting is a week earlier than usual)
- c. January 25, 2021

Without objection, the meeting was adjourned at 12:30p.m.

*Chris Meeks*

Chris Meeks  
Utility Enterprise O&M Manager



Matt Corley  
GRP Administrator