



GRP REVIEW COMMITTEE MINUTES OF REGULAR MEETING

JANUARY 25, 2021

The San Jacinto River Authority (SJRA) GRP Review Committee meeting was held at 11:30 a.m., January 25, 2021 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
Duke Coon		City of Conroe
Mike Mooney	Chair	Woodlands Water
Joe Sherwin		Cities other than City of Conroe

<u>Absent:</u>	
Rick Moffatt	MUDs East of I-45
Mike Stoecker	Private Well Owners

Also participated:

<u>Name:</u>	<u>Title:</u>
Matt Corley	SJRA GRP Administrator
Ron Kelling, P.E.	SJRA Deputy General Manager
Norman McGuire	City of Conroe
Chris Meeks	SJRA Utility Enterprise Operations & Maintenance Manager
Jason Miller	City of Conroe
Mitchell Page (via webinar)	Schwartz, Page & Harding, L.L.P., SJRA General Counsel
Samantha Reiter	General Manager, LSGCD
Pam Steiger	SJRA Controller

1. CALL TO ORDER

The Chair called the meeting to order at 11:30 a.m.

2. GRP REVIEW COMMITTEE MEMBERS

- a. Pursuant to the GRP Contract (Sections 2.07 and 2.08) with Participants, the GRP Administrator will seat the following members:
 - Duke Coon – Appointment for City of Conroe
 - Mike Stoecker – Appointment for Lone Star Groundwater Conservation District
 - Rick Moffatt – Election for MUDs East of I-45

Matt Corley, GRP Administrator, seated the City of Conroe’s appointment, Mr. Duke Coon. Mr. Matt Corley noted Mr. Mike Stoecker and Mr. Rick Moffatt were absent from the meeting and will be seated at February’s GRP Review Committee Meeting.

b. Consider election of officer(s):

The GRP Review Committee Chair deferred this item until February’s GRP Review Committee Meeting due to the absence of Mr. Mike Stoecker and Mr. Rick Moffatt.

3. PUBLIC COMMENTS

There were no public comments.

4. APPROVAL OF MINUTES

- a. Mr. Mike Mooney indicated that the minutes of the GRP Review Committee meeting held on November 30, 2020, were before the Committee for consideration. Motion was made by Mr. Duke Coon and seconded by Mr. Jackie Chance to approve the minutes as drafted. The motion passed unanimously, four (4) to zero (0).

**5. PRESENTATION AND REVIEW OF THE GRP DIVISION’S FISCAL YEAR BUDGET
CONSIDERATIONS AND PROCESS**

- a. The Fiscal Year (FY) Budget considerations and processes were presented by Mr. Matt Corley. He reviewed the sources of GRP Revenues and Expenses and the FY21 Budget Assumptions. The largest portion of the FY21 budget resides with debt services at 64.2%. The FY21 Budget projected total demand is at 51.5 Million Gallons per Day (MGD) with a 12 MGD annual average Surface Water (SW) production. He also shared that the potential projects and funding requirements have been identified in the GRP 10-Year Project Plan. On July 22, 2019 the Review Committee recommended approval of these \$10,000,000 GRP Reserve Targets. The FY22 Budget projected total demand is at 52.7 MGD, this amount was determined by a 3-Year average.

Mr. Ron Kelling shared three letters exchanged between Assured Guaranty Municipal Corp. (AGM), a bondholder insurance company for the open market bonds, and SJRA. In the most recent letter dated January 15, 2021, AGM requests that, “... commencing February 1, 2021, AGM be provided with monthly statements showing the amounts on deposit in the Debt Service Fund...” Copies of the letters were shared with the Review Committee. Mr. Ron Kelling advised that GRP bondholders will insist that rates be set so that revenues cover O&M Expenses and Debt Services.

Mr. Matt Corley then highlighted the steps involved in the FY22 Budget Development, 10-Year Project Plan Development and the associated Presentations and Notifications. He also shared that you may view the GRP budget and billing details, dates for upcoming public meetings, past presentations and more at the following web addresses:

- <https://www.sjra.net/rates/>
- <https://www.sjra.net/grp/participant/>

6. RECEIVE AND CONSIDER INFORMATION FROM THE CITY OF CONROE REGARDING SURFACE WATER DELIVERY QUANTITY FOR FISCAL YEAR 2022

- a. Mr. Jason Miller and Mr. Norman McGuire, City of Conroe, approached the Review Committee to request a letter verifying the amount of surface water that is capable of being delivered to City of Conroe’s Water Plant No. 22. A response was requested as quickly as possible. Mr. Jackie Chance moved that the GRP Administrator be authorized to provide a letter confirming capacity to the City of Conroe. The motion was seconded by Mr. Duke Coon and passed unanimously, four (4) to zero (0).

7. UPDATE ON LONE STAR GROUNDWATER CONSERVATION DISTRICT’S RECENTLY ADOPTED DISTRICT RULES - Invited Guest Speaker – Samantha Reiter, General Manager, LSGCD

- a. Ms. Samantha Reiter shared a few updates:
- The GMA-14 Joint Planning is ongoing, in the third round of the Desired Future Condition (DFC) planning. Next meeting is scheduled mid-February, at which time LSGCD hopes to propose a DFC to be taken back to the Groundwater Conservation Districts (GCD) and their representatives for approval.
 - In 2021 every permit holder will receive a new permit that includes the new rules.
 - There is an ongoing subsidence study for Montgomery County. LSGCD hopes to receive a draft for its Board meeting to be held in February.

8. GROUNDWATER MANAGEMENT AREA (GMA) 14 UPDATE

- a. Mr. Ron Kelling reminded all that GMA 14 consists of five GCDs, of which will establish DFCs and utilize them in development of groundwater management plans and rules. He proceeded to share that at the recent May 2020 meeting there were three DFCs unanimously approved:
- 70% remaining drawdown & 1 foot average subsidence using “Run D” pumpage distribution (MAG = 115,000+ afpy)
 - 70% remaining drawdown & 1 foot average subsidence using 2016 base pumpage distribution (MAG = 97,000+ afpy)
 - 80% remaining drawdown & 1 foot average subsidence using 2016 base pumpage distribution (MAG = 61,000+ afpy)

He also noted that GMA 14 spent approximately \$100,000 analyzing the proposed DFCs.

Mr. Kelling advised that Mr. Simon Sequeira, Quadvest, sent a letter to the Lone Star Board in December 2020 summarizing three points, including opposition to limiting subsidence to 1 foot average.

After two hours of discussion at the January 20, 2021 GMA-14 meeting, LSGCD's GM and Consultant informed GMA 14 members that the LSGCD Board wanted to express the following position:

- "...problematic to set a DFC for subsidence before appropriate monitoring networks are in place..."
- "...cannot support use of DFC statement for subsidence in Montgomery County..."

One of LSGCD's arguments as to why they can't include subsidence criteria in their DFC is that there is no monitoring. Mr. Kelling pointed out that there are 15 GPS monitoring sites, some with 20 years of data which is easily accessible on HGSD website. Therefore, SJRA has the following questions:

- Why did LSGCD wait until after the analysis of the three DFC scenarios were completed to raise an issue about a component of each DFC scenario after the LSGCD GM supported the scenarios 8months earlier?
Samantha responded that there has not been waiting, LSGCD has been trying to gather all of the information before a decision may be made.
- When did the LSGCD Board discuss their opposition to the use of subsidence as a component of a DFC in open session to allow the public to hear their discussion?
Samantha responded that the LSGCD Board has not voted that discussion was from the LSGCD DFC Committee.
- Why does the LSGCD Board feel it is acceptable to have no limiting factors for subsidence in the development of future groundwater management when many residents of Montgomery County have been devastated by flooding?

Ms. Reiter responded that groundwater subsidence and flooding are very convoluted issues; one is not a direct cause of the other. She repeated that the Board has not voted officially. She also said that the before mentioned quotes are incorrect and not an official statement from the Board.

Mr. Kelling encouraged interested parties to watch the video, obtain and review the available information, formulate their own opinion and engage in the discussion.

- Video Link: https://www.youtube.com/watch?v=B_6Jdvr06cI
- LSGCD February 9, 2021, 6pm (in-person and online)
- GMA 14 Joint Planning Committee February 24, 2021, 9am (online only)

**9. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS ON
JANUARY 28, 2021**

a. Work Order No. 2 - Regulatory Support:

Motioned was made by Mr. Duke Coon, seconded by Mr. Joe Sherwin Consider, to recommend the SJRA Board authorize the General Manager to execute Work Order No. 2 for Regulatory Support. (Plummer, Contract No. 20-0098, Matt C.). The motion passed unanimously, four (4) to zero (0).

10. FUTURE MEETING SCHEDULE

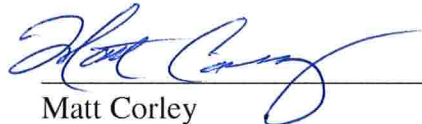
- a. FEBRUARY 22, 2021
- b. MARCH 22, 2021
- c. APRIL 26, 2021

11. ADJOURN

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



Chris Meeks
Utility Enterprise O&M Manager



Matt Corley
GRP Administrator