



**GRP REVIEW COMMITTEE
MINUTES OF REGULAR MEETING**

April 25, 2022

The San Jacinto River Authority (“SJRA”) GRP Review Committee Meeting was held at 11:30 a.m., April 25, 2022, at the SJRA G&A Building – Boardroom 1577 Dam Site Rd, Conroe, Texas 77304. The meeting was also available for viewing only via a livestream on www.sjra.net/grp/meetings. 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>
Mike Mooney	Chair	Woodlands Water
Mike Stoecker		Investor-Owned Utilities
Duke Coon		City of Conroe
Jackie Chance	Vice Chair	MUDs West of I-45
Rick Moffatt		MUDs East of I-45
<u>Absent:</u>	<u>GRP Review Committee:</u>	<u>Representing:</u>
Taylor Whichard		Cities other than City of Conroe

Also present:

<u>Name:</u>	<u>Title:</u>
Chris Meeks	SJRA Utility Enterprise Manager
Mitchell Page	Schwartz, Page & Harding, L.L.P., SJRA General Counsel
Ed Shackelford, P.E.	SJRA Director of Utility Operations
Jason Williams	SJRA Utility Enterprise O&M Manager
Summer Hvasta	SJRA Customer Service Manager
Kelli Stormer	SJRA Senior Accountant
Pam Steiger	SJRA Controller
Tom Michel	SJRA Director of Financial and Administrative Services
Jennifer Thayer, M.Ed.	Lone Star Groundwater Conservation District (LSGCD), Education and Conservation Coordinator
Kirstin Hein, G.I.T.	Lone Star Groundwater Conservation District (LSGCD), Permitting Director
James Corn	Director of Public Works, City of Oak Ridge North

1. CALL TO ORDER

Mr. Mooney called the meeting to order at 11:30 am.

2. PUBLIC COMMENTS

There were no public comments.

3. APPROVAL OF MINUTES

Mr. Moffatt moved to approve the minutes from March 21, 2022, as drafted. Mr. Chance seconded the motion, which carried unanimously.

4. GRP DIVISION UPDATES

Mr. Meeks introduced Mr. Williams and Mrs. Hvasta, to provide updates regarding GRP Operations and Customer Service Engagement respectively.

Mrs. Hvasta provided updates on the 2022 GRP appointment process & general information on the schedule. There was a community engagement update from the Blinn College tour on April 1, 2022, the East Montgomery County Chamber of Commerce Luncheon, and Community Ribbon Cuttings. Upcoming projects and events were reviewed as well.

Mr. Williams stated general information related to GRP operations and maintenance.

5. DISCUSS AND ACT ON FISCAL YEAR 2023 BUDGET AND RATE ORDER

Mr. Meeks briefly reviewed the FY2023 ongoing budget schedule, and then recapped the Budget Assumptions for FY23, specifically the 54.54 MGD projected demand, surface water production of 13 MGD annual average, and the varying blend ratios for Participants. Mr. Meeks then presented the proposed GRP Division's FY23 Operating Budget and Rate Order options. Topics included the Reserve / Fund Structure and Criteria; Expenses, Capital, and Debt Service; Insurance; and Past Due Accounts Receivable.

The content was discussed accordingly amongst the GRP Review Committee. Questions occurred on the following topics. Mr. Coon asked about lobbying costs, to which Mr. Meeks confirmed the GRP Budget does not contain any lobbying costs and that SJRA does not have any plans for a legislative effort related to the GRP for the next legislative session. Mr. Stoecker asked what percentage of legal fees is associated with lawsuits, and Mr. Meeks confirmed there was no change from FY22 - \$100,000 set aside for general legal such as easements, and \$2 million set aside for the lawsuits. Mr. Mooney asked if the property insurance premium increases include water line insurance, and Mr. Meeks confirmed water line insurance is included. He also explained that chemical cost increases are due to both inflation and supply chain issues. On the topic of past due accounts receivable, Mr. Chance asked if the penalty amounts shown included attorney's fees; Mr. Meeks confirmed they only include penalties and interest per the Rate Order and not attorney's fees. There was also discussion between the members on overall blend ratios for surface water and groundwater, along with water quality effects, organics, and by-products such as trihalomethanes. Mr. Meeks summarized the associated technical details. Various slide graphs also showed where both current FY22 and proposed FY23 GRP rates land relative to other wholesale water providers in the area, and the projections from the 2019 Raftelis study.

Applying the assumption that current short paying and non-paying participants continue to do so, Mr. Meeks reviewed the recommended budget and rate order, with a groundwater increase from \$2.88 per 1,000 gallons to \$3.51 per 1,000 gallons, and a surface water increase from \$3.30 to \$3.93 per 1,000 gallons. For comparison and member consideration, Mr. Meeks also presented an alternate option that assumes all participants are paying full invoice amounts.

The Review Committee Members elected to postpone any decision on the proposed rate order and FY23 budget until the next meeting on May 16, 2022. Members were provided copies of budget materials related to both rate options for review.

6. LONE STAR GROUNDWATER CONSERVATION DISTRICT REPORT

Jennifer Thayer provided an update from LSGCD. Texas Water Development Board (TWDB) received GMA 14's Explanatory Report at the end of March. Once TWDB deems the report administratively complete, each groundwater conservation district will be required to review their rules and management plans and make any required changes. The public comment period for Task 1 and Task 2 of the second phase of LSGCD's subsidence study ended March 25, 2022. Presentation of the report will take place on May 10, 2022, at the Board meeting. Once it has received Board approval, the final report for Phase Two will be posted on LSGCD's website.

7. GROUNDWATER MANAGEMENT AREA (GMA) 14 UPDATE

See above regarding updates for GMA 14.

8. DISCUSS SJRA POSITION RELATIVE TO FUTURE PHASES OF GRP SURFACE WATER TREATMENT PLANT AND TRANSMISSION SYSTEM

Mr. Stoecker advised that he had no follow up questions at this time relative to the topic of future phases of the GRP surface water treatment plant and transmission system, as the letter provided by SJRA appeared to answer his questions.

9. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS

No items for consideration. Mr. Meeks did reiterate he is presenting a summarized version of today's Budget and Rate Order Presentation to the SJRA BOD on Thursday, April 28, 2022.

10. ATTORNEY'S UPDATE

Mr. Page provided an update on GRP related legal matters.

11. FUTURE GRP REVIEW COMMITTEE MEETING AGENDA ITEMS

No items requested for future agendas. Mr. Chance asked about a preferred communication method for questions from committee members. Mr. Meeks confirmed members are welcome to email, call, or schedule an in-person visit if they would like more detailed information on today's topics. Mr. Page reminded members to avoid copying each other on emails or otherwise engage in deliberations outside of the Review Committee's public meeting.

12. FUTURE MEETING SCHEDULE

- a. Monday, May 16, 2022

13. ADJOURN

Mr. Mooney adjourned the meeting at 12:45 pm.

A handwritten signature in black ink, appearing to read "Chris Meeks", written over a horizontal line.

Chris Meeks
SJRA Utility Enterprise Manager / GRP Administrator