



**GRP REVIEW COMMITTEE
MINUTES OF SPECIAL MEETING**

May 16, 2022

The San Jacinto River Authority (“SJRA”) GRP Review Committee Meeting was held at 11:30 a.m., May 16, 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
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>
Mike Stoecker		Investor-Owned Utilities
<i>Vacant</i>		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
Heather Ramsey Cook	SJRA Director of Communications & Public Affairs
James Corn	Director of Public Works, City of Oak Ridge North
Jeff Mitchell	HDR Engineering
Anita Davis	City Secretary, City of Splendor

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. Chance moved to approve the minutes from April 25, 2022, as drafted. Mr. Coon 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.

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

5. APPROVAL OF FISCAL YEAR 2023 (FY23) BUDGET AND RATE ORDER

Mr. Meeks briefly reviewed the FY23 ongoing budget schedule, and then recapped the proposed GRP Division's FY23 Operating Budget and Rate Order options, as covered in the previous April 25, 2022, Review Committee meeting. He asked if there were any further questions from the members.

Mr. Moffatt requested clarification on budgeted reserves under the rate options. Mr. Meeks confirmed that both rate options have the same amount budgeted for reserves – \$350,000 for FY22 emergency reserves, \$600,000 for FY22 R&R fund, \$350,000 for FY23 emergency reserves, and \$800,00 for FY23 R&R fund.

Mr. Coon had a question about spreading out the short-pay / no-pay amounts over multiple budget cycles. Mrs. Steiger confirmed that the \$10.4 million allocated in the budget for that category only covers FY23. Mr. Coon asked for the clarification on where past due amounts are included, and Mrs. Steiger confirmed the past due amounts are approximately \$17 million, but none of the past due amounts are included in the budget for FY23. The 10.4 million allocated for FY23 only reflects the expected revenue to be earned in FY23 from historically short-paying or non-paying participants.

Mr. Chance requested clarification on the relationship in previous fiscal years between short paying / non-paying participants, approved budgets, and reserve transfers. Mr. Meeks confirmed that when there is a budget shortfall due to short paying / non-paying participants, budgeted transfers to the reserves will not be made as those funds would be required for operations . The proposed rate increase of \$0.63 per 1,000 gallons will substantially increase the likelihood of funding the FY22 and FY23 transfers to the reserves, regardless of the status of short paying / non-paying participants.

Mr. Chance moved to recommend the option for the proposed budget and related rate increase of \$0.63 per 1,000 gallons . The motion died for lack of a second. Mr. Mooney then moved to recommend the alternate option for the proposed budget and related rate increase of \$0.11 per 1,000 gallons. Mr. Moffatt seconded the motion. There was no discussion. Mr. Mooney and Mr. Moffatt voted aye, Mr. Chance and Mr. Coon voted nay, and the motion failed to carry by majority of the members present.

Mr. Mooney asked for clarification on the next steps relative to the FY2023 budget and Rate Order. Mr. Page elaborated on the options that may follow. The SJRA Board of Directors may consider the budget and Rate Order at their May 27, 2022, meeting, as the GRP Review Committee was unable to approve a recommendation. Alternatively, the Board of Directors may defer consideration of the matter to allow time for the Review Committee to reconsider the matter at its meeting in June, with action taken at the following Board meeting.

6. LONE STAR GROUNDWATER CONSERVATION DISTRICT REPORT

There were no members of LSGCD in attendance.

7. GROUNDWATER MANAGEMENT AREA (GMA) 14 UPDATE

As there were no members of LSGCD in attendance, there were no updates provided regarding GMA 14.

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

- a. **Amended Rate Order – GRP Participants:** Consider adoption by the San Jacinto River Authority Board of Directors of an amended Rate Order for GRP Participants, effective September 1, 2022

There was no further discussion, as the topic was previously discussed under item five of the agenda.

9. ATTORNEY’S UPDATE

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

10. FUTURE GRP REVIEW COMMITTEE MEETING AGENDA ITEMS

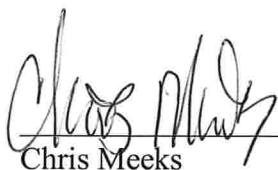
In response to Mr. Mooney, Mr. Meeks confirmed that item five will remain an item on the June Agenda if the SJRA Board of Directors elects not to take action at their May 27, 2022, meeting.

11. FUTURE MEETING SCHEDULE

- a. Monday, June 20, 2022

12. ADJOURN

Mr. Mooney adjourned the meeting at 11:43 am.



Chris Meeks

SJRA Utility Enterprise Manager / GRP Administrator